The Ensuring Continued Access to Student Loans Act of 2008

In recent months, turmoil in the U.S. credit markets has made it difficult for some lenders in the federally guaranteed student loan program to secure the capital needed to finance college loans, leading some lenders to scale back their lending activity. While no student or college has reported any problems accessing federal student aid to date, it is only prudent for the federal government to make sure that contingency plans are in place that would provide students and families with continued, uninterrupted access to federal loans, regardless of what's happening in the credit markets. The Ensuring Continued Access to Student Loans Act of 2008 would provide new protections, in addition to those in current law, to ensure that families can continue to access the loans they need to pay for college.

H.R. 5715 would:

Reduce borrowers' reliance on costlier private college loans and encourage responsible borrowing

- Under current law, dependent undergraduate students can borrow up to $3,500 in subsidized and unsubsidized federal loans during their first year of college; $4,500 during their second year; and $5,500 during their final two years of college. Over the course of their education, dependent undergraduate students can currently borrow up to $23,000 in total federal student loans (both subsidized and unsubsidized) and independent undergraduates can borrow up to $46,000 in total loans.
- H.R. 5715 would increase the annual loan limits on federal unsubsidized student loans by $2,000 for undergraduate students, and increase the aggregate loan limits (the total loan limit over the course of a student's education) to $31,000 for dependent undergraduates and to $57,500 for independent undergraduates.

Give parent borrowers more time to begin paying off their federal PLUS college loans

- Under current law, parent borrowers must begin repayment of federal PLUS college loans 60 days after the disbursement of the loan.
- H.R. 5715 would give parents the option to defer repayment until up to six months after their children leave school, giving families more flexibility in hard economic times.

Help struggling families pay for college

- Under current law, parents with an adverse credit history are ineligible to receive a parent PLUS loan, except under extenuating circumstances.
- H.R. 5715 would temporarily classify as an extenuating circumstance delinquencies of up to 180 days on home mortgages and medical debt, thereby making it possible for parents feeling strained by the current housing market and rising medical costs to secure loans for their children.

Provide the U.S. Secretary of Education additional tools to safeguard access to student loans

- H.R. 5715 would clarify that existing law gives the U.S. Education Secretary the mandatory authority to advance federal funds to guaranty agencies operating as lenders of last resort in the event that they do not have sufficient capital to originate new loans. The bill would also allow guaranty agencies to carry out the functions of lender of last resort on a school-wide basis.
- H.R. 5715 would also give the Secretary the temporary authority to purchase loans from lenders in the federal guaranteed loan program, if there was a determination that lenders and other existing policy options were unable to meet the demand for loans. This would ensure that lenders continue to have access to capital to originate new loans. The Education Department would only be authorized to purchase loans in such a manner that would carry no cost for the federal government.