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**AMENDMENT TO H.R. 5715, AS REPORTED
OFFERED BY MR. CARNEY OF PENNSYLVANIA**

In section 459A of the Higher Education Act of 1965, as added by section 7 of the bill—

(1) in subsection (a), strike “, except that any loan purchase under this section shall not result in any cost to the Federal Government”;

(2) redesignate subsections (b) and (c) as subsections (c) and (d), respectively; and

(3) after subsection (a), insert the following new subsection:

1 “(b) LIMITATION ON TERMS.—

2 “(1) FAIR VALUE FOR LOANS.—Subject to
3 paragraph (3), the Secretary shall pay the fair value
4 for the loans purchased under subsection (a), but in
5 no case less than the sum of the total outstanding
6 principal of such loans, any accrued, unpaid interest
7 on such loans, and the eligible lenders’ cost of origi-
8 nating such loans, including any origination fees
9 paid by the lender.

10 “(2) MAINTAINING SERVICING ARRANGE-
11 MENTS.—Notwithstanding any other provision of law
12 and upon request by an eligible lender selling loans

1 under this section, the terms under which loans
2 under section 428, 428B, and 428H are purchased
3 under subsection (a) shall include servicing agree-
4 ments with such eligible lender. Such servicing
5 agreements shall be at rates, terms, and conditions
6 that, as determined by the Secretary, in consultation
7 with the Secretary of the Treasury, are based on
8 market rates, terms, and conditions of servicers
9 under part B.

10 “(3) NO COST TO FEDERAL GOVERNMENT.—
11 The amount that the Secretary pays for loans under
12 section 428, 428B, and 428H purchased by the Sec-
13 retary under subsection (a) shall not result in a net
14 cost to the Federal Government.