

116TH CONGRESS  
1ST SESSION

# H. R. 4590

To amend the Higher Education Act of 1965 to terminate capitalization of interest after forbearance and certain deferment periods.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 1, 2019

Mr. DANNY K. DAVIS of Illinois (for himself, Mr. CASTEN of Illinois, and Ms. SPANBERGER) introduced the following bill; which was referred to the Committee on Education and Labor

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## A BILL

To amend the Higher Education Act of 1965 to terminate capitalization of interest after forbearance and certain deferment periods.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “End Capitalization for  
5 Struggling Borrowers Act”.

6 **SEC. 2. TERMINATION OF CAPITALIZATION OF INTEREST**  
7 **AFTER DEFERMENT OR FORBEARANCE.**

8 (a) PART B AMENDMENTS.—

1           (1) SUBSIDIZED LOANS.—Section 428(c)(3)(C)  
2 of the Higher Education Act of 1965 (20 U.S.C.  
3 1078(c)(3)(C)) is amended—

4           (A) in clause (iii), by inserting before the  
5 semicolon the following: “, and with respect to  
6 a forbearance granted to a borrower on or after  
7 the date of enactment of the End Capitalization  
8 for Struggling Borrowers Act on a loan made,  
9 insured or guaranteed under this section or on  
10 a Federal Direct Stafford Loan, provide infor-  
11 mation to the borrower to assist the borrower  
12 in understanding that interest shall accrue on  
13 the loan but not be capitalized at the expiration  
14 of such period of forbearance”; and

15           (B) in clause (iv)—

16           (i) in subclause (III), by inserting be-  
17 fore the semicolon at the end the following:  
18 “, except that this subclause shall not  
19 apply with respect to any period of for-  
20 bearance beginning on or after the date of  
21 enactment of the End Capitalization for  
22 Struggling Borrowers Act”; and

23           (ii) in subclause (IV), by inserting be-  
24 fore the semicolon at the end the following:  
25 “except that this subclause shall not apply

1 with respect to any period of forbearance  
2 beginning on or after the date of enact-  
3 ment of the End Capitalization for Strug-  
4 gling Borrowers Act”.

5 (2) UNSUBSIDIZED LOANS.—Section  
6 428H(e)(2)(A)(ii)(III) of the Higher Education Act  
7 of 1965 (20 U.S.C. 1078–8(e)(2)(A)(ii)(III)) is  
8 amended by inserting before the semicolon the fol-  
9 lowing: “, except that with respect to a deferment  
10 during a period described in clauses (ii) through (iv)  
11 of section 427(a)(2)(C) or clauses (ii) through (v) of  
12 section 428(b)(1)(M), or any period of forbearance  
13 beginning on or after the date of enactment of the  
14 End Capitalization for Struggling Borrowers Act, on  
15 a loan made, insured, or guaranteed under this sec-  
16 tion or on a Federal Direct Unsubsidized Stafford  
17 Loan, interest shall not be added to the principal  
18 amount of the loan at the expiration of such period”.

19 (b) PART D AMENDMENTS.—Subparagraph (B) of  
20 section 455(f)(1) of the Higher Education Act of 1965  
21 (20 U.S.C. 1087e(f)(1)) is amended to read as follows:

22 “(B) in the case of a Federal Direct PLUS  
23 Loan, a Federal Direct Unsubsidized Stafford  
24 Loan, or a Federal Direct Consolidation Loan  
25 not described in subparagraph (A)(ii)—

1           “(i) for a deferment during a period  
2           described in paragraph (2)(A), shall accrue  
3           and be capitalized or paid by the borrower;  
4           and

5           “(ii) for a deferment during a period  
6           described in subparagraphs (B) through  
7           (D) of paragraph (2), shall accrue but not  
8           be capitalized.”.

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