

To deal with the growing crisis of student loan debt.

In the House of Representatives

October 1, 2019

The Federal Student Loan Act of 2019

Section 1 (Applicant Info)

Student loans may be acquired subject to the following conditions:

1. The loan may only be used for college/university admission fees and tuition. (It may not be used for books, room and/or board.)
2. A student loan may only be acquired if the student took at least six hours in the preceding quarter or semester and achieved a GPA of at least 2.0/4.0 or equivalent in that time frame. (First time loan applicants are exempt from this condition.)
3. Should a student fail to meet condition number two above, he/she may not be granted an additional student loan for at least six months.

Section 2 (Lender Info)

1. A loan application fee may not exceed \$25 plus \$25 for each subsequent increase in the principal of the loan amount.
 2. The loan amount must be paid directly to a fully accredited college/university by the lender.
 3. The interest rate on the loan shall be fixed as of the date the loan application is made. The interest rate on the loan amount shall be fixed at the 30 day LIBOR rate plus 4% over the life of the loan. Each increase in the principal loan amount may be considered a new loan for the purpose of establishing the applicable interest rate.
 4. Should a loan be declared in default by the lender, one half of the outstanding loan balance, with no additional fees being allowed, shall be paid within sixty days by the college or university who received the proceeds of the loan. The remaining balance of the loan shall be paid to the lending institution by the federal government. The federal government must then immediately garnish all future wages of the borrower in the same manner used to collect delinquent federal taxes.
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280 words excluding boilerplate

Last up-dated: 9.15.2019

Revision # 0

Note:

Like all proposals from the Laws Made Simple Group, this bill is designed to be accepted as is, without any changes in wording, dates, amounts and without any amendments. Most bills presented for consideration contain fewer than two thousand words. The Group requests that the Speaker of the House employ the "Up and Down" voting method for all its bills being offered for consideration. While our overall goal is to reduce federal expenditures, we rely on the expertise of others to calculate the real cost of this proposal.