

AMENDMENT TO THE PROSPER ACT

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Page 287, line 5, strike “consolidation and”

Page 287, line 7, strike “a Federal ONE”

Page 287, line 8, strike “Consolidation Loan, or a”

Page 293, line 2, strike the second use of the word “dependent” and replace it with “independent”

Page 298, after line 9, insert the following subsection:

(iv) **LIMITS FOR EXCESS FUNDS INTENDED FOR LIVING EXPENSES**—An institution can determine that excess funds intended for living expenses can be disbursed to the students in equal amounts, prorated monthly or weekly, during the loan period.

Page 303, line 19, insert “the following:” after “provide for” and strike through the remainder of the sentence. Create a new subset under (d) with the following language:

“(1) **AUTOMATED DEBIT PAYMENTS**.—An interest rate reduction of not more than 0.25 percentage points for a borrower who agrees to have payments on such a loan automatically debited from a bank account.

“(2) **ON TIME PAYMENTS**.—An interest rate reduction of not more than half of the percentage points charged not to exceed 4.125 percentage points each month for a borrower who makes monthly payments on time to be inclusive of the automated debit payments defined in (1) of this subsection.

“(3) **ON TIME COMPLETION**.—A reduction in the amount owed by a borrower up to 10 percent of the original loan balance before any interest was capitalized, if applicable, when a borrower completes a program on time.

Page 306, lines 14-19, strike “(II) begin the day after 6 months after the date the student ceases to carry at least one-half the normal full-time academic workload (as determined by the institution); and” and replace with “(II) “begin 6 months plus one day after the date the student ceases to carry at least one-half the normal full-time academic workload (as determined by the institution); and”

Page 306, line 20, strike through “interest shall begin to accrue or be paid by the borrower on the day the loan is disbursed.” and replace with “begin—

“(I) on the day the loan is disbursed; or

“(II) if the loan is disbursed in multiple installments, on the day of the last such disbursement.

Page 309, lines 3-5, strike through “... maximum aggregate limit of the loan under section 465(b).” and replace with “... original loan amount, excluding fees and interest, as defined in the borrower’s master promissory note.”

Page 309, lines 6-9, strike through “Not less than 60 days and again not less than 30 days, prior to the anticipated commencement of the repayment period for a Federal ONE Loan, the” and” replace with “The”

Page 309, lines 11-18, strike all text and replace with the following:

- “(i) Not more than 30 days, and again not more than 60 days, after the date the interest starts accruing on a loan; and
- “(ii) Not less than 60 days, and again not less than 30 days, prior to the anticipated commencement of the repayment period; and
- “(iii) Such notices shall include:
 - “(I) that interest will accrue before repayment begins;
 - “(II) that interest will be added to the principal amount of the loan in the cases described in subparagraph (B)(i)(II); and
 - “(III) of the borrower’s option to begin loan repayment prior to such repayment period.

Page 311, line 16, strike “10” and replace with “30”.

Page 317, line 21-22, strike “, based on a 10-year repayment period,” and replace with “based on a repayment period of up to 30 years,”

Page 352, after line 15, insert new subsection:

“(H) is approved for an administrative forbearance or natural disaster forbearance due to circumstances beyond the borrower’s control.

Page 384, line 17, strike “45 percent” and replace it with “the applicable repayment rate threshold as defined in this subsection”

Page 384, after line 25, insert new subsection:

“(2) REPAYMENT RATE THRESHOLD.—For purposes of this section, the term ‘repayment rate threshold’, when used with respect to a repayment rate, is calculated—

- “(A) using a base repayment rate of 40%;
- “(B) using a repayment rate variable of 6% minus the average of the calculation year’s monthly unemployment rates as published by the Bureau of Labor Statistics; and
- “(C) is calculated by adding together the base repayment rate of 40% with the repayment rate variable.

Page 385, line 1, strike “(2)” and replace with “(3)”

Page 385, line 13, strike “45 percent” and replace with “the applicable repayment rate threshold”

Page 385, line 16, strike “(3)” and replace with “(4)”

Page 387, line 1, strike “30” and replace with “45”

Page 387, line 17, strike “45 percent” and replace with “the applicable repayment rate threshold”

Pag3 388, insert after line 4:

“(iv) be given two full fiscal years after the Secretary approves the plan to implement the plan and document the effectiveness of the measureable objectives.

Page 388, line 11, strike “SECOND CONSECUTIVE YEAR.” and insert “LOW REPAYMENT RATE TWO FULL FISCAL YEARS AFTER FIRST PLAN IS APPROVED.”

Page 388, line 14, strike “45 percent for two consecutive fiscal years,” and insert “the repayment rate threshold two full fiscal years after the Secretary approves the first plan,”

Page 388, insert new subsection after line 22:

“(iii) be given two full fiscal years after the Secretary approves the plan to implement the plan and document the effectiveness of the measureable objectives.

“(iv) shall release the institution from the plan mandates once the institution has two consecutive repayment rates above the applicable thresholds.

Page 389, insert new subsection after line 10:

“(iii) shall give the remainder of the fiscal year in which the revised plan was approved plus two full fiscal years for the institution to and effectively document the results of the measureable objectives in the plan.

“(iv) shall release the institution from the plan mandates once the institution has two consecutive repayment rates above the applicable thresholds.

Page 390, lines 12-13, strike “who, in any of the three most recent fiscal years, entered repayment” and insert “who entered repayment in the current fiscal year and two consecutive prior fiscal years”

Page 391, after line 22, insert new subsection:

“(D) the loan is approved for an administrative forbearance or natural disaster forbearance due to circumstances beyond the borrower’s control.

Page 393, line 11, strike “institutions’s” and insert “institutions”

Page 396, line 8, strike “2016, 2017, and 2018.” and insert “2016 through 2023.”