

**AMENDMENT IN THE NATURE OF A
SUBSTITUTE TO H.R. 2535
OFFERED BY MR. MCKEON OF CALIFORNIA**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE; REFERENCE.

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Emergency Student Loan Consolidation Act of 1997”.

4 (b) REFERENCES.—Except as otherwise expressly
5 provided, whenever in this Act an amendment or repeal
6 is expressed in terms of an amendment to, or repeal of,
7 a section or other provision, the reference shall be consid-
8 ered to be made to a section or other provision of the
9 Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

10 SEC. 2. LOAN CONSOLIDATION PROVISIONS.

11 (a) DEFINITION OF LOANS ELIGIBLE FOR CONSOLI-
12 DATION.—Section 428C(a)(4) (20 U.S.C. 1078–3(a)(4))
13 is amended—

14 (1) by redesignating subparagraphs (C) and
15 (D) as subparagraphs (D) and (E), respectively; and

16 (2) by inserting after subparagraph (B) the fol-
17 lowing new subparagraph:

18 “(C) made under part D of this title, ex-
19 cept that loans made under such part shall be

1 eligible student loans only for consolidation
2 loans for which the application is received by an
3 eligible lender during the period beginning on
4 the date of enactment of the Emergency Stu-
5 dent Loan Consolidation Act of 1997 and end-
6 ing on October 1, 1998;”.

7 (b) TERMS OF CONSOLIDATION LOANS.—Section
8 428C(b)(4)(C)(ii) is amended—

9 (1) in subclause (I), by inserting after “consoli-
10 dation loan” the following: “for which the applica-
11 tion is received by an eligible lender before the date
12 of enactment of the Emergency Student Loan Con-
13 solidation Act of 1997, or on or after October 1,
14 1998,” ;

15 (2) by striking “or” at the end of subclause (I);

16 (3) by inserting “or (II)” before the semicolon
17 at the end of subclause (II);

18 (4) by redesignating subclause (II) as subclause
19 (III); and

20 (5) by inserting after subclause (I) the follow-
21 ing new subclause:

22 “(II) by the Secretary, in the case of
23 a consolidation loan for which the applica-
24 tion is received by an eligible lender on or
25 after the date of enactment of the Emer-

1 gency Student Loan Consolidation Act of
2 1997 and before October 1, 1998, except
3 that the Secretary shall pay such interest
4 only on that portion of the loan that re-
5 pays Federal Stafford Loans for which the
6 student borrower received an interest sub-
7 sidy under section 428 or Federal Direct
8 Stafford Loans for which the borrower re-
9 ceived an interest subsidy under section
10 455; or”.

11 (c) INTEREST RATE.—Section 428C(c)(1) is amend-
12 ed by adding at the end the following new subparagraph:

13 “(D) A consolidation loan for which the applica-
14 tion is received by an eligible lender on or after the
15 date of enactment of the Emergency Student Loan
16 Consolidation Act of 1997 and before October 1,
17 1998, shall bear interest at an annual rate on the
18 unpaid principal balance of the loan that is equal to
19 the rate specified in section 427A(f).”.

20 (d) AMENDMENTS EFFECTIVE FOR PENDING APPLI-
21 CANTS.—The consolidation loans authorized by the
22 amendments made by this section shall be available not-
23 withstanding any pending application by a student for a
24 consolidation loan under part D of title IV, upon with-

1 drawal of such application by the student at any time prior
2 to receipt of such a consolidation loan.

3 **SEC. 3. ADMINISTRATIVE EXPENSE REDUCTIONS.**

4 Section 458(a)(1) (20 U.S.C. 1087h(a)(1)) is amend-
5 ed by striking “\$532,000,000” and inserting
6 “\$507,000,000”.