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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R.

To amend the Higher Education Act of 1965 to provide for the refinancing of certain Federal student loans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. TURNER of Ohio introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Higher Education Act of 1965 to provide for the refinancing of certain Federal student loans, and for other purposes.

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 “Student Loan Refi-
5 nancing Act of 2026”.

1 **SEC. 2. REFINANCING PROGRAMS.**

2 (a) PROGRAM AUTHORITY.—Section 451(a) of the
3 Higher Education Act of 1965 (20 U.S.C. 1087a(a)) is
4 amended—

5 (1) by striking “and (2)” and inserting “(2)”;

6 (2) by inserting “; and (3) to make refinanced
7 loans under section 460A” after “section 459A”;
8 and(3) by inserting “, except for refinanced loans
9 made under section 460A,” after “Loans made
10 under this part”.

11 (b) REFINANCING PROGRAM.—Part D of title IV of
12 the Higher Education Act of 1965 (20 U.S.C. 1087a et
13 seq.) is amended by adding at the end the following:

14 **“SEC. 460A. REFINANCING FFEL AND FEDERAL DIRECT**
15 **LOANS.**

16 “(a) IN GENERAL.—Beginning not later than 30
17 days after the date of enactment of the Student Loan Re-
18 financing Act of 2026, the Secretary shall establish a pro-
19 gram under which the Secretary, upon the receipt of an
20 application from a borrower, makes a refinanced loan
21 under this part, in accordance with the provisions of this
22 section, in order to permit the borrower to obtain the in-
23 terest rate provided under subsection (c).

24 “(b) REFINANCING.—

25 “(1) FEDERAL DIRECT LOANS.—Upon applica-
26 tion of a borrower, the Secretary shall repay a Fed-

1 eral Direct Stafford Loan, a Federal Direct Unsub-
2 sidized Stafford Loan, a Federal Direct PLUS
3 Loan, or a Federal Direct Consolidation Loan of the
4 borrower, with the proceeds of a refinanced Federal
5 Direct Stafford Loan, a refinanced Federal Direct
6 Unsubsidized Stafford Loan, a refinanced Federal
7 Direct PLUS Loan, or a refinanced Federal Direct
8 Consolidation Loan, respectively, issued to the bor-
9 rower in an amount equal to the sum of the unpaid
10 principal, accrued unpaid interest, and late charges
11 of the original loan.

12 “(2) REFINANCING FFEL PROGRAM LOANS AS
13 REFINANCED FEDERAL DIRECT LOANS.—Upon ap-
14 plication of a borrower with respect to a loan with
15 an outstanding balance that was made, insured, or
16 guaranteed under part B, the Secretary shall make
17 a loan under this part, in an amount equal to the
18 sum of the unpaid principal, accrued unpaid inter-
19 est, and late charges of the original loan to the bor-
20 rower in accordance with the following:

21 “(A) The Secretary shall pay the proceeds
22 of such loan to the eligible lender of the loan
23 made, insured, or guaranteed under part B, in
24 order to discharge the borrower from any re-

1 maintaining obligation to the lender with respect to
2 the original loan.

3 “(B) A loan made under this section that
4 was originally a loan made, insured, or guaran-
5 teed—

6 “(i) under section 428 shall be a refi-
7 nanced Federal Direct Stafford Loan;

8 “(ii) under section 428B shall be a re-
9 financed Federal Direct PLUS Loan;

10 “(iii) under section 428H shall be a
11 refinanced Federal Direct Unsubsidized
12 Stafford Loan; and

13 “(iv) under section 428C shall be a
14 refinanced Federal Direct Consolidation
15 Loan.

16 “(c) INTEREST RATES.—

17 “(1) IN GENERAL.—The interest rate for a refi-
18 nanced Federal Direct Stafford Loans, refinanced
19 Federal Direct Unsubsidized Stafford Loans, refi-
20 nanced Federal Direct PLUS Loans, and refinanced
21 Federal Direct Consolidation Loans, shall be a rate
22 equal to the following:

23 “(A) FEDERAL DIRECT STAFFORD
24 LOANS.—

1 “(i) RATES FOR UNDERGRADUATE
2 FDSL.—In the case of a refinanced Federal
3 Direct Stafford loan for which the original
4 loan was a loan made under section 428 or
5 a Federal Direct Stafford loan made under
6 this part to an undergraduate student, the
7 rate of interest on such refinanced Federal
8 Direct Stafford Loan shall be equal to the
9 rate of interest for a Federal Direct Staf-
10 ford loan made to an undergraduate stu-
11 dent for which the first disbursement is
12 made on the date on which the refinanced
13 Federal Direct Stafford Loan is made
14 under this section.

15 “(ii) RATES FOR GRADUATE AND PRO-
16 FESSIONAL FDSL.—In the case of a refi-
17 nanced Federal Direct Stafford loan for
18 which the original loan was a loan made
19 under section 428 or a Federal Direct
20 Stafford loan made under this part to a
21 graduate or professional student, the rate
22 of interest on such refinanced Federal Di-
23 rect Stafford Loan shall be equal to the
24 rate of interest for a Federal Direct Staf-
25 ford loan made to a graduate or profes-

1 sional student, as applicable, for which the
2 first disbursement is made on the date on
3 which the refinanced Federal Direct Staf-
4 ford Loan is made under this section.

5 “(B) FEDERAL DIRECT UNSUBSIDIZED
6 STAFFORD LOANS.—

7 “(i) RATES FOR UNDERGRADUATE
8 FDUSL.—In the case of a refinanced Fed-
9 eral Direct Unsubsidized Stafford loan for
10 which the original loan was a loan made
11 under section 428H or a Federal Direct
12 Unsubsidized Stafford Loan made under
13 this part an undergraduate student, the
14 rate of interest on such refinanced Federal
15 Direct Unsubsidized Stafford Loan shall
16 be equal to the rate of interest for a Fed-
17 eral Direct Unsubsidized Stafford loan
18 made to an undergraduate student for
19 which the first disbursement is made on
20 the date on which the refinanced Federal
21 Direct Unsubsidized Stafford Loan is
22 made under this section.

23 “(ii) RATES FOR GRADUATE AND PRO-
24 FESSIONAL FDUSL.—In the case of a refi-
25 nanced Federal Direct Unsubsidized Staf-

1 ford loan for which the original loan was a
2 loan made under section 428H or a Fed-
3 eral Direct Unsubsidized Stafford Loan
4 made under this part to a graduate or pro-
5 fessional student, the rate of interest on
6 such refinanced Federal Direct Unsub-
7 sidized Stafford Loan shall be equal to the
8 rate of interest for a Federal Direct Un-
9 subsidized Stafford loan made to a grad-
10 uate or professional student, as applicable,
11 for which the first disbursement is made
12 on the date on which the refinanced Fed-
13 eral Direct Unsubsidized Stafford Loan is
14 made under this section.

15 “(C) FEDERAL DIRECT PLUS LOANS.—In
16 the case of a refinanced Federal Direct PLUS
17 Loan for which the original loan was a loan
18 made under section 428B or a Federal Direct
19 PLUS Loan made under this part, the rate of
20 interest on such refinanced Federal Direct
21 PLUS loan shall be equal to the rate of interest
22 for a Federal Direct PLUS loan for which the
23 first disbursement is made on the date on which
24 the refinanced Federal Direct PLUS loan is
25 made under this section.

1 “(D) CONSOLIDATION LOANS.—In the case
2 of a refinanced Federal Direct Consolidation
3 Loan for which the original loan was a loan
4 under section 428C or a Federal Direct Con-
5 solidation Loan under this part, the rate of in-
6 terest of such refinanced Federal Direct Con-
7 solidation Loan shall be equal to the rate cal-
8 culated in accordance with paragraph (2).

9 “(2) INTEREST RATES FOR CONSOLIDATION
10 LOANS.—

11 “(A) METHOD OF CALCULATION.—In
12 order to determine the interest rate for any re-
13 financed Federal Direct Consolidation Loan
14 under paragraph (1)(D), the Secretary shall—

15 “(i) determine each of the component
16 loans that were originally consolidated in
17 the loan under section 428C or the Federal
18 Direct Consolidation Loan, and calculate
19 the proportion of the unpaid principal bal-
20 ance of the loan under section 428C or the
21 Federal Direct Consolidation Loan that
22 each component loan represents;

23 “(ii) use the proportions determined
24 in accordance with clause (i) and the inter-
25 est rate applicable for each component

1 loan, as determined under subparagraph
2 (B), to calculate the weighted average of
3 the interest rates on the loans consolidated
4 into the loan under section 428C or the
5 Federal Direct Consolidation Loan; and

6 “(iii) apply the weighted average cal-
7 culated under clause (ii) as the interest
8 rate for the refinanced Federal Direct Con-
9 solidation Loan.

10 “(B) INTEREST RATES FOR COMPONENT
11 LOANS.—The interest rates for the component
12 loans of a loan made under section 428C or a
13 Federal Direct Consolidation Loan shall be the
14 following:

15 “(i) FEDERAL DIRECT STAFFORD
16 LOANS.—

17 “(I) UNDERGRADUATE FDSL.—
18 The interest rate for any component
19 loan that is a loan under section 428
20 or a Federal Direct Stafford Loan
21 made to an undergraduate student
22 shall be a rate equal to the lesser of—

23 “(aa) the rate of interest for
24 a refinanced Federal Direct Staf-
25 ford loan determined under para-

1 graph (1)(A)(i) if such loan were
2 made on the date on which the
3 refinanced Federal Direct Con-
4 solidation Loan is made under
5 this section; or

6 “(bb) the original interest
7 rate of the component loan.

8 “(II) GRADUATE OR PROFES-
9 SIONAL FDSL.—The interest rate for
10 any component loan that is a loan
11 under section 428 or a Federal Direct
12 Stafford Loan made to a graduate or
13 professional student shall be a rate
14 equal to the lesser of—

15 “(aa) the rate of interest for
16 a refinanced Federal Direct Staf-
17 ford loan determined under para-
18 graph (1)(A)(ii) if such loan were
19 made on the date on which the
20 refinanced Federal Direct Con-
21 solidation Loan is made under
22 this section; or

23 “(bb) the original interest
24 rate of the component loan.

1 “(ii) FEDERAL DIRECT UNSUBSIDIZED
2 STAFFORD LOANS.—

3 “(I) UNDERGRADUATE FDUSL.—

4 The interest rate for any component
5 loan that is a loan under section
6 428H or a Federal Direct Unsub-
7 sidized Stafford Loan made to an un-
8 dergraduate student shall be a rate
9 equal to the lesser of—

10 “(aa) the rate of interest for
11 a refinanced Federal Direct Un-
12 subsidized Stafford loan deter-
13 mined under paragraph (1)(B)(i)
14 if such loan were made on the
15 date on which the refinanced
16 Federal Direct Consolidation
17 Loan is made under this section;
18 or

19 “(bb) the original interest
20 rate of the component loan.

21 “(II) GRADUATE FDUSL.—The
22 interest rate for any component loan
23 that is a loan under section 428H or
24 a Federal Direct Unsubsidized Staf-
25 ford Loan made to a graduate or pro-

1 professional student shall be a rate equal
2 to the lesser of—

3 “(aa) the rate of interest for
4 a refinanced Federal Direct Un-
5 subsidized Stafford loan deter-
6 mined under paragraph (1)(B)(ii)
7 if such loan were made on the
8 date on which the refinanced
9 Federal Direct Consolidation
10 Loan is made under this section;
11 or

12 “(bb) the original interest
13 rate of the component loan.

14 “(iii) FEDERAL DIRECT PLUS
15 LOANS.—The interest rate for any compo-
16 nent loan that is a loan under section
17 428B or a Federal Direct PLUS Loan
18 shall be a rate equal to the lesser of—

19 “(I) the rate of interest for a re-
20 financed Federal Direct PLUS loan
21 determined under paragraph (1)(C) if
22 such loan were made on the date on
23 which the refinanced Federal Direct
24 Consolidation Loan is made under
25 this section; or

1 “(II) the original interest rate of
2 the component loan.

3 “(iv) FEDERAL DIRECT CONSOLIDA-
4 TION LOAN.—The interest rate for any
5 component loan that is a loan under sec-
6 tion 428C or a Federal Direct Consolida-
7 tion Loan shall be the weighted average of
8 the interest rates that would apply under
9 this subparagraph for each loan comprising
10 the component consolidation loan.

11 “(v) OTHER LOANS.—The interest
12 rate for any eligible loan that is a compo-
13 nent of a loan made under section 428C or
14 a Federal Direct Consolidation Loan and
15 is not described in clauses (i) through (iv)
16 shall be the interest rate on the original
17 component loan.

18 “(3) FIXED RATE.—The applicable rate of in-
19 terest determined under paragraph (1) for a refi-
20 nanced loan under this section shall be fixed for the
21 period of the loan.

22 “(d) TERMS AND CONDITIONS OF LOANS.—

23 “(1) IN GENERAL.—Except as otherwise pro-
24 vided in this section, a loan that is refinanced under
25 this section—

1 “(A) shall, with respect to the application
2 of terms and conditions under this title, be con-
3 sidered to be a loan made, insured, or guaran-
4 teed under this title on the date of the original
5 loan and shall not be considered to be a new
6 loan made on the date of refinancing; and

7 “(B) shall have the same terms and condi-
8 tions as the original loan, including any suspen-
9 sions of payments or interest accrual under sec-
10 tion 3513 of the Coronavirus Aid, Relief, and
11 Economic Security Act (20 U.S.C. 1001 note),
12 or any extensions of such suspensions, except
13 that in the case of an original loan made, in-
14 sured, or guaranteed under part B that is refi-
15 nanced under this section, such refinanced loan
16 shall be considered a Federal Direct loan and
17 shall have the same terms and conditions as a
18 Federal Direct loan under part D that cor-
19 responds to the type of the original part B loan
20 and that was made on the same date as such
21 original part B loan.

22 “(2) NO AUTOMATIC EXTENSION OF REPAY-
23 MENT PERIOD.—Refinancing a loan under this sec-
24 tion shall not result in the extension of the duration
25 of the repayment period of the loan, and the bor-

1 rower shall retain the same repayment term and
2 plan that was in effect on the original loan on the
3 day before the date the loan is refinanced. Nothing
4 in this paragraph shall be construed to prevent a
5 borrower from electing a different repayment plan at
6 any time in accordance with section 455(d)(3) or
7 section 455(d)(7)(D), as applicable based on the
8 date of the original loan.

9 “(3) ORIGINATION FEES AND LOAN LIMITS.—
10 Refinancing a loan under this section shall not result
11 in the application of an origination fee under section
12 455(c), and the refinanced loan amount shall not be
13 subject to any annual, aggregate, or lifetime aggregate
14 maximum loan limit under part B or this part.

15 “(4) LIMIT ON REFINANCING.—A loan made,
16 insured, or guaranteed under this title may not be
17 refinanced under this section more than twice during
18 a 10-year period.

19 “(e) NOTIFICATION TO BORROWERS.—The Sec-
20 retary, in coordination with the Director of the Bureau
21 of Consumer Financial Protection, shall undertake a cam-
22 paign to alert borrowers of loans that are eligible for refi-
23 nancing under this section that the borrowers are eligible
24 to apply for such refinancing. The campaign shall include
25 the following activities:

1 “(1) Developing consumer information mate-
2 rials about the availability of Federal student loan
3 refinancing.

4 “(2) Requiring servicers of loans under this
5 part and part B to provide such consumer informa-
6 tion to borrowers in a manner determined appro-
7 priate by the Secretary, in consultation with the Di-
8 rector of the Bureau of Consumer Financial Protec-
9 tion.”.

10 (c) INCOME-CONTINGENT REPAYMENT.—Section
11 455(e) of the Higher Education Act of 1965 (20 U.S.C.
12 1087e(e)) is amended by adding at the end the following:

13 “(9) SPECIAL RULE FOR REFINANCED
14 LOANS.—In calculating the period of time during
15 which a borrower of a loan that is refinanced under
16 section 460A before July 1, 2028, has made monthly
17 payments for purposes of paragraph (7), the Sec-
18 retary shall deem the period to include all monthly
19 payments made for the original loan, and all month-
20 ly payments made for the refinanced loan, that oth-
21 erwise meet the requirements of this subsection.”.

22 (d) AMENDMENTS TO PUBLIC SERVICE REPAYMENT
23 PLAN PROVISIONS.—Section 455(m) of the Higher Edu-
24 cation Act of 1965 (20 U.S.C. 1087e(m)) is amended—

1 (1) by redesignating paragraphs (3) and (4) as
2 paragraphs (4) and (5), respectively;

3 (2) by inserting after paragraph (2) the fol-
4 lowing:

5 “(3) SPECIAL RULES FOR SECTION 460A
6 LOANS.—

7 “(A) REFINANCED FEDERAL DIRECT
8 LOANS.—Notwithstanding paragraph (1), in de-
9 termining the number of monthly payments
10 that meet the requirements of such paragraph
11 for an eligible Federal Direct Loan refinanced
12 under section 460A that was originally a loan
13 under this part, the Secretary shall include all
14 monthly payments made on the original loan
15 that meet the requirements of such paragraph.

16 “(B) REFINANCED FFEL LOANS.—In the
17 case of an eligible Federal Direct Loan refi-
18 nanced under section 460A that was originally
19 a loan under part B, only monthly payments
20 made after the date on which the loan was refi-
21 nanced may be included for purposes of para-
22 graph (1).”; and

23 (3) in paragraph (4)(A) (as redesignated by
24 paragraph (1)), by inserting “(including any Federal
25 Direct Stafford Loan, Federal Direct PLUS Loan,

1 Federal Direct Unsubsidized Stafford Loan, or Fed-
2 eral Direct Consolidation Loan refinanced under sec-
3 tion 460A)” before the period at the end.

4 (e) INCOME-BASED REPAYMENT.—Section 493C of
5 the Higher Education Act of 1965 (20 U.S.C. 1098e) is
6 amended by adding at the end the following:

7 “(f) SPECIAL RULE FOR REFINANCED LOANS.—In
8 calculating the period of time during which a borrower of
9 a loan that is refinanced under section 460A has made
10 monthly payments for purposes of subsection (b)(7), the
11 Secretary shall deem the period to include all monthly pay-
12 ments made for the original loan, and all monthly pay-
13 ments made for the refinanced loan, that otherwise meet
14 the requirements of this section.”.