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AMENDMENT TO H.R. 5715, AS REPORTED
OFFERED BY MR. CARNEY OF PENNSYLVANIA

In section 459A of the Higher Education Act of 1965, as added by section 7 of the bill—

(1) in subsection (a), strike ", except that any loan purchase under this section shall not result in any cost to the Federal Government";

(2) redesignate subsections (b) and (c) as subsections (c) and (d), respectively; and

(3) after subsection (a), insert the following new subsection:

"(b) LIMITATION ON TERMS.—

"(1) FAIR VALUE FOR LOANS.—Subject to paragraph (3), the Secretary shall pay the fair value for the loans purchased under subsection (a), but in no case less than the sum of the total outstanding principal of such loans, any accrued, unpaid interest on such loans, and the eligible lenders' cost of originating such loans, including any origination fees paid by the lender.

"(2) MAINTAINING SERVICING ARRANGEMENTS.—Notwithstanding any other provision of law and upon request by an eligible lender selling loans

1 under this section, the terms under which loans
2 under section 428, 428B, and 428H are purchased
3 under subsection (a) shall include servicing agree-
4 ments with such eligible lender. Such servicing
5 agreements shall be at rates, terms, and conditions
6 that, as determined by the Secretary, in consultation
7 with the Secretary of the Treasury, are based on
8 market rates, terms, and conditions of servicers
9 under part B.

10 "(3) NO COST TO FEDERAL GOVERNMENT.—
11 The amount that the Secretary pays for loans under
12 section 428, 428B, and 428H purchased by the Sec-
13 retary under subsection (a) shall not result in a net
14 cost to the Federal Government.