

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3221
OFFERED BY MRS. DAVIS OF CALIFORNIA**

After section 104, insert the following (and conform the table of contents accordingly):

1 **SEC. 105. LOAN FORGIVENESS FOR SERVICEMEMBERS AC-**
2 **TIVATED FOR DUTY.**

3 (a) IN GENERAL.—Section 484B(b)(2) (20 U.S.C.
4 1091b(b)(2)) is amended by adding at the end the fol-
5 lowing:

6 “(F) TUITION RELIEF FOR STUDENTS
7 CALLED TO MILITARY SERVICE.—

8 “(i) WAIVER OF REPAYMENT BY STU-
9 DENTS CALLED TO MILITARY SERVICE.—In
10 addition to the waivers authorized by sub-
11 paragraphs (D) and (E), the Secretary
12 shall waive the amounts that students are
13 required to return under this section if the
14 withdrawals on which the returns are
15 based are withdrawals necessitated by rea-
16 son of service in the uniformed services.

17 “(ii) LOAN FORGIVENESS AUTHOR-
18 IZED.—Whenever a student’s withdrawal

1 from an institution of higher education is
2 necessitated by reason of service in the
3 uniformed services, the Secretary shall,
4 with respect to the payment period or pe-
5 riod of enrollment for which such student
6 did not receive academic credit as a result
7 of such withdrawal, carry out a program—

8 “(I) through the holder of the
9 loan, to assume the obligation to
10 repay—

11 “(aa) the outstanding prin-
12 ciple and accrued interest on any
13 loan assistance awarded to the
14 student under part B (including
15 to a parent on behalf of the stu-
16 dent under section 428B) for
17 such payment period or period of
18 enrollment; minus

19 “(bb) any amount of such
20 loan assistance returned by the
21 institution in accordance with
22 paragraph (1) of this subsection
23 for such payment period or pe-
24 riod of enrollment; and

25 “(II) to cancel—

1 “(aa) the outstanding prin-
2 ciple and accrued interest on the
3 loan assistance awarded to the
4 student under part D or E (in-
5 cluding a Federal Direct PLUS
6 loan awarded to a parent on be-
7 half of the student) for such pay-
8 ment period or period of enroll-
9 ment; minus

10 “(bb) any amount of such
11 loan assistance returned by the
12 institution in accordance with
13 paragraph (1) of this subsection
14 for such payment period or pe-
15 riod of enrollment.

16 “(iii) REIMBURSEMENT FOR CAN-
17 CELLATION OF PERKINS LOANS.—The Sec-
18 retary shall pay to each institution for
19 each fiscal year an amount equal to the ag-
20 gregate of the amounts of Federal Perkins
21 loans in such institutions’s student loan
22 fund which are cancelled pursuant to
23 clause (iii)(II) for such fiscal year, minus
24 an amount equal to the aggregate of the
25 amounts of any such loans so canceled

1 which were made from Federal capital con-
2 tributions to its student loan fund provided
3 by the Secretary under section 468. None
4 of the funds appropriated pursuant to sec-
5 tion 461(b) shall be available for payments
6 pursuant to this paragraph. To the extent
7 feasible, the Secretary shall pay the
8 amounts for which any institution qualifies
9 under this paragraph not later than 3
10 months after the institution files an insti-
11 tutional application for campus-based
12 funds.

13 “(iv) LOAN ELIGIBILITY AND LIMITS
14 FOR STUDENTS.—Any amounts that are
15 returned by an institution in accordance
16 with paragraph (1), or forgiven or waived
17 by the Secretary under this subparagraph,
18 with respect to a payment period or period
19 of enrollment for which a student did not
20 receive academic credit as a result of with-
21 drawal necessitated by reason of service in
22 the uniformed services, shall not be in-
23 cluded in the calculation of the student’s
24 annual or aggregate loan limits for assist-
25 ance under this title, or otherwise affect

1 the student's eligibility for grants or loans
2 under this title.

3 “(v) DEFINITION.—In this subpara-
4 graph, the term ‘service in the uniformed
5 services’ has the meaning given such term
6 in section 484C(a).”.

7 (b) EFFECTIVE DATE.—

8 (1) IN GENERAL.—The amendments made by
9 this section shall take effect for periods of service in
10 the uniformed services beginning after the date of
11 the enactment of this Act.

12 (2) DEFINITION.—In this paragraph, the term
13 “period of service in the uniformed services” means
14 the period beginning 30 days prior to the date a stu-
15 dent is required to report to service in the uniformed
16 services (as defined in section 484C(a) of the Higher
17 Education Act of 1965 (20 U.S.C. 1091c(a)) and
18 ending when such student returns from such service.

