

ganization occurs in accordance with this section, or date on which all obligations of trust established under section 1087-2(s)(3)(A) of this title have been extinguished, if reorganization does not occur in accordance with this section.

REFERENCES IN TEXT

Section 1155(e) of this title, referred to in subsecs. (c)(9)(B) and (e)(3), was in the original a reference to section 3(e) of the Student Loan Marketing Association Reorganization Act of 1996, and was translated as reading section 603(e) of that Act, which is Pub. L. 104-208, div. A, title I, §101(e) [title VI, §603(e)], Sept. 30, 1996, 110 Stat. 3009-233, 3009-293, to reflect the probable intent of Congress, because that Act does not contain a section 3(e), but does contain a section 603(e) which establishes the account referred to in text.

PRIOR PROVISIONS

A prior section 1087-3, Pub. L. 89-329, title IV, §439A, as added Pub. L. 94-482, title I, §127(a), Oct. 12, 1976, 90 Stat. 2141, related to a five-year nondischargeability of certain loan debts, prior to repeal by Pub. L. 95-598, title III, §317, Nov. 6, 1978, 92 Stat. 2678, eff. Nov. 6, 1978.

A prior section 1087-3a, Pub. L. 89-329, title IV, §439B, as added Pub. L. 95-566, §8, Nov. 1, 1978, 92 Stat. 2404, authorized any loan under this part to be counted as part of the expected family contribution in the determination of need, prior to repeal by Pub. L. 97-35, title V, §532(b)(2), Aug. 13, 1981, 95 Stat. 452, applicable to loans for the statement required by section 1078(a)(2)(A) of this title is completed on or after Oct. 1, 1981.

§ 1087-4. Discrimination in secondary markets prohibited

The Student Loan Marketing Association (and, if the Association is privatized under section 1087-3 of this title, any successor entity functioning as a secondary market for loans under this part, including the Holding Company described in such section) shall not engage directly or indirectly in any pattern or practice that results in a denial of a borrower's access to loans under this part because of the borrower's race, sex, color, religion, national origin, age, disability status, income, attendance at a particular eligible institution, length of the borrower's educational program, or the borrower's academic year at an eligible institution.

(Pub. L. 89-329, title IV, §440A, as added Pub. L. 104-208, div. A, title I, §101(e) [title VI, §604], Sept. 30, 1996, 110 Stat. 3009-233, 3009-293.)

PRIOR PROVISIONS

A prior section 1087-4, Pub. L. 89-329, title IV, §440, as added Pub. L. 94-482, title I, §127(a), Oct. 12, 1976, 90 Stat. 2141, provided for criminal penalties, prior to repeal by Pub. L. 96-374, title IV, §451(b), Oct. 3, 1980, 94 Stat. 1458, eff. Oct. 1, 1980. See section 1097 of this title.

PART C—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

CODIFICATION

This part was, in the original, part D of title IV of Pub. L. 89-329, the Higher Education Act of 1965. The letter designation was changed from "D" to "C" for codification purposes. Part C of title IV of Pub. L. 89-329, consisting of sections 441 to 447, as added by Pub. L. 99-498, title IV, §403(a), Oct. 17, 1986, 100 Stat. 1429, is set out as section 2751 et seq. of Title 42, The Public Health and Welfare, because sections 441 to 446 of Pub. L. 89-329 had originally been enacted as part C of title I of the Economic Opportunity Act of 1964, consisting of sections 121 to 126 of Pub. L. 88-452, Aug. 20,

1964, 78 Stat. 513, prior to the transfer of such sections into Pub. L. 89-329, and had already been classified to section 2751 et seq. of Title 42 at the time of the transfer.

§ 1087a. Program authority

(a) In general

There are hereby made available, in accordance with the provisions of this part, such sums as may be necessary (1) to make loans to all eligible students (and the eligible parents of such students) in attendance at participating institutions of higher education selected by the Secretary, to enable such students to pursue their courses of study at such institutions during the period beginning July 1, 1994; and (2) for purchasing loans under section 1087i-1 of this title. Loans made under this part shall be made by participating institutions, or consortia thereof, that have agreements with the Secretary to originate loans, or by alternative originators designated by the Secretary to make loans for students in attendance at participating institutions (and their parents).

(b) Designation

(1) Program

The program established under this part shall be referred to as the "William D. Ford Federal Direct Loan Program".

(2) Direct loans

Notwithstanding any other provision of this part, loans made to borrowers under this part that, except as otherwise specified in this part, have the same terms, conditions, and benefits as loans made to borrowers under section 1078 of this title, shall be known as "Federal Direct Stafford/Ford Loans".

(Pub. L. 89-329, title IV, §451, as added Pub. L. 99-498, title IV, §404, Oct. 17, 1986, 100 Stat. 1437; amended Pub. L. 102-325, title IV, §451, July 23, 1992, 106 Stat. 569; Pub. L. 103-66, title IV, §4021, Aug. 10, 1993, 107 Stat. 341; Pub. L. 103-382, title III, §358A, Oct. 20, 1994, 108 Stat. 3968; Pub. L. 110-227, §7(a), May 7, 2008, 122 Stat. 746.)

PRIOR PROVISIONS

A prior section 1087a, Pub. L. 89-329, title IV, §451, as added Pub. L. 90-575, title I, §141, Oct. 16, 1968, 82 Stat. 1031; amended Pub. L. 92-318, title I, §136(a), (b)(1), June 23, 1972, 86 Stat. 272, authorized appropriations for cooperative education programs from the fiscal year ending June 30, 1969, through the fiscal year ending prior to July 1, 1975, prior to repeal by Pub. L. 94-482, title I, §129(a), Oct. 12, 1976, 90 Stat. 2144, eff. 30 days after Oct. 12, 1976.

AMENDMENTS

2008—Subsec. (a). Pub. L. 110-227, in first sentence, inserted "(1)" before "to make loans" and "; and (2) for purchasing loans under section 1087i-1 of this title" before period at end and, in second sentence, substituted "Loans made under this part shall" for "Such loans shall".

1994—Pub. L. 103-382 designated existing provisions as subsec. (a), added heading, and added subsec. (b).

1993—Pub. L. 103-66 amended section generally, substituting provisions relating to program authority for former provisions relating to program and payment authority.

1992—Pub. L. 102-325 amended section generally, substituting provisions relating to program and payment

authority for Federal direct loan demonstration program for former provisions relating to statement of purpose of income contingent direct loan demonstration project.

EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

INCOME CONTINGENT LOAN DISTRIBUTION OF FUNDS

Pub. L. 102-325, title IV, § 452, July 23, 1992, 106 Stat. 575, provided that:

“(a) IN GENERAL.—After September 30, 1992, and not later than March 31, 1992, the capital balance of the student loan fund established under part D of title IV of the Higher Education Act of 1965 [20 U.S.C. 1087a et seq.] (as such Act was in effect on the date of enactment of this Act [July 23, 1992]) shall be distributed by allowing institutions to transfer any remaining funds, including future collections and all other funds at the institution’s discretion, to such institution’s part E [20 U.S.C. 1087aa et seq.] account, part C [42 U.S.C. 2751 et seq.] fund, or subpart 3 of part A [20 U.S.C. 1070b et seq.] fund under the terms and conditions of the appropriate program.

“(b) CONVERSION OF EXISTING LOANS.—Institutions may, after July 1, 1992, convert all outstanding loans made under part D of title IV of the Higher Education Act of 1965 [20 U.S.C. 1087a et seq.] (as such Act was in effect on such date) to part E [20 U.S.C. 1087aa et seq.] loans, provided that such institution—

- “(1) notify the borrower of such conversion;
- “(2) obtain a signed part E promissory note from the borrower for the remaining amount outstanding; and
- “(3) provide the borrower in writing with a description of all terms and conditions of the new loan.”

§ 1087b. Funds for origination of direct student loans

(a) In general

The Secretary shall provide, on the basis of the need and the eligibility of students at each participating institution, and parents of such students, for such loans, funds for student and parent loans under this part—

- (1) directly to an institution of higher education that has an agreement with the Secretary under section 1087d(a) of this title to participate in the direct student loan programs under this part and that also has an agreement with the Secretary under section 1087d(b) of this title to originate loans under this part; or
- (2) through an alternative originator designated by the Secretary to students (and parents of students) attending institutions of higher education that have an agreement with the Secretary under section 1087d(a) of this title but that do not have an agreement with the Secretary under section 1087d(b) of this title.

(b) No entitlement to participate or originate

No institution of higher education shall have a right to participate in the programs authorized by this part, to originate loans, or to perform any program function under this part. Nothing in this subsection shall be construed so as to limit the entitlement of an eligible student attending a participating institution (or the eligible parent of such student) to borrow under this part.

(c) Delivery of loan funds

Loan funds shall be paid and delivered to an institution by the Secretary prior to the beginning of the payment period established by the Secretary in a manner that is consistent with payment and delivery of Federal Pell Grants under subpart 1 of part A of this subchapter.

(d) Institutions outside the United States

Loan funds for students (and parents of students) attending institutions outside the United States shall be disbursed through a financial institution located or operating in the United States and designated by the Secretary to serve as the agent of such institutions with respect to the receipt of the disbursements of such loan funds and the transfer of such funds to such institutions. To be eligible to receive funds under this part, an institution outside the United States shall make arrangements with the agent designated by the Secretary under this subsection to receive funds under this part.

(Pub. L. 89-329, title IV, § 452, as added Pub. L. 99-498, title IV, § 404, Oct. 17, 1986, 100 Stat. 1437; amended Pub. L. 102-325, title IV, § 451, July 23, 1992, 106 Stat. 569; Pub. L. 103-66, title IV, § 4021, Aug. 10, 1993, 107 Stat. 341; Pub. L. 105-33, title VI, § 6102, Aug. 5, 1997, 111 Stat. 652; Pub. L. 105-244, title IV, § 401(g)(5), Oct. 7, 1998, 112 Stat. 1652; Pub. L. 111-152, title II, § 2209(a), Mar. 30, 2010, 124 Stat. 1077.)

PRIOR PROVISIONS

A prior section 1087b, Pub. L. 89-329, title IV, § 452, as added Pub. L. 90-575, title I, § 141, Oct. 16, 1968, 82 Stat. 1031, authorized grants for programs of cooperative education, prior to repeal by Pub. L. 94-482, title I, § 129(a), Oct. 12, 1976, 90 Stat. 2144, eff. 30 days after Oct. 12, 1976.

AMENDMENTS

- 2010—Subsec. (d). Pub. L. 111-152 added subsec. (d).
- 1998—Subsec. (c). Pub. L. 105-244 substituted “Federal Pell Grants” for “basic grants”.
- 1997—Subsecs. (b) to (d). Pub. L. 105-33 redesignated subsecs. (c) and (d) as (b) and (c), respectively, and struck out former subsec. (b) which required the Secretary to pay fees to institutions of higher education and alternative loan originators to assist in meeting the cost of loan origination.
- 1993—Pub. L. 103-66 amended section generally, substituting provisions relating to funds for origination of direct student loans for former provisions relating to payment rules.
- 1992—Pub. L. 102-325 amended section generally, substituting provisions relating to payment rules for former provisions authorizing demonstration projects.

EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105-244 effective Oct. 1, 1998, except as otherwise provided in Pub. L. 105-244, see section 3 of Pub. L. 105-244, set out as a note under section 1001 of this title.

EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

§ 1087c. Selection of institutions for participation and origination

(a) General authority

The Secretary shall enter into agreements pursuant to section 1087d(a) of this title with in-