

dent loan programs authorized under this part; and

(B) the Secretary may regulate the uses or expenditure of moneys in the Operating Fund.

(Pub. L. 89-329, title IV, §422B, as added Pub. L. 105-244, title IV, §413(b), Oct. 7, 1998, 112 Stat. 1677.)

REFERENCES IN TEXT

Section 1078(c)(6)(B) of this title, referred to in subsec. (c)(5), was redesignated section 1078(c)(6)(A)(ii) of this title by Pub. L. 109-171, title VIII, §8014(d)(3)(A), (B), Feb. 8, 2006, 120 Stat. 170.

EFFECTIVE DATE

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

§ 1073. Effects of adequate non-Federal programs

(a) Federal insurance barred to lenders with access to State or private insurance

Except as provided in subsection (b), the Secretary shall not issue certificates of insurance under section 1079 of this title to lenders in a State if the Secretary determines that every eligible institution has reasonable access in that State to a State or private nonprofit student loan insurance program which is covered by an agreement under section 1078(b) of this title.

(b) Exceptions

The Secretary may issue certificates of insurance under section 1079 of this title to a lender in a State—

(1) for insurance of a loan made to a student borrower who does not, by reason of the borrower's residence, have access to loan insurance under the loan insurance program of such State (or under any private nonprofit loan insurance program which has received an advance under section 1072 of this title for the benefit of students in such State);

(2) for insurance of all the loans made to student borrowers by a lender who satisfies the Secretary that, by reason of the residence of such borrowers, such lender will not have access to any single State or nonprofit private loan insurance program which will insure substantially all of the loans such lender intends to make to such student borrowers; or

(3) under such circumstances as may be approved by the guaranty agency in such State, for the insurance of a loan to a borrower for whom such lender previously was issued such a certificate if the loan covered by such certificate is not yet repaid.

(Pub. L. 89-329, title IV, §423, as added Pub. L. 99-498, title IV, §402(a), Oct. 17, 1986, 100 Stat. 1358.)

PRIOR PROVISIONS

A prior section 1073, Pub. L. 89-329, title IV, §423, Nov. 8, 1965, 79 Stat. 1237; Pub. L. 90-575, title I, §119(a), Oct. 16, 1968, 82 Stat. 1026; Pub. L. 94-482, title I, §127(a), Oct. 12, 1976, 90 Stat. 2103; Pub. L. 95-43, §1(a)(14), June 15, 1977, 91 Stat. 214; Pub. L. 96-374, title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1503, limited participation in Federal loan insurance programs, prior to the general revision of this part by Pub. L. 99-498.

§ 1074. Scope and duration of Federal loan insurance program

(a) Limitations on amounts of loans covered by Federal insurance

The total principal amount of new loans made and installments paid pursuant to lines of credit (as defined in section 1085 of this title) to students covered by Federal loan insurance under this part shall not exceed \$2,000,000,000 for the period from July 1, 1976, to September 30, 1976, for each of the succeeding fiscal years ending prior to October 1, 2009, and for the period from October 1, 2009, to June 30, 2010, for loans first disbursed on or before June 30, 2010.

(b) Apportionment of amounts

The Secretary may, if he or she finds it necessary to do so in order to assure an equitable distribution of the benefits of this part, assign, within the maximum amounts specified in subsection (a), Federal loan insurance quotas applicable to eligible lenders, or to States or areas, and may from time to time reassign unused portions of these quotas.

(Pub. L. 89-329, title IV, §424, as added Pub. L. 99-498, title IV, §402(a), Oct. 17, 1986, 100 Stat. 1358; amended Pub. L. 102-325, title IV, §411(b)(1), July 23, 1992, 106 Stat. 510; Pub. L. 105-33, title VI, §6104(1), Aug. 5, 1997, 111 Stat. 652; Pub. L. 105-244, title IV, §414, Oct. 7, 1998, 112 Stat. 1679; Pub. L. 109-171, title VIII, §8004(b)(1), Feb. 8, 2006, 120 Stat. 158; Pub. L. 110-315, title IV, §421, Aug. 14, 2008, 122 Stat. 3227; Pub. L. 111-152, title II, §2202, Mar. 30, 2010, 124 Stat. 1074.)

PRIOR PROVISIONS

A prior section 1074, Pub. L. 89-329, title IV, §424, Nov. 8, 1965, 79 Stat. 1237; Pub. L. 90-460, §1(a)(1), Aug. 3, 1968, 82 Stat. 634; Pub. L. 90-575, title I, §112(a), Oct. 16, 1968, 82 Stat. 1020; Pub. L. 92-318, title I, §132(a), June 23, 1972, 86 Stat. 261; Pub. L. 94-328, §2(a), June 30, 1976, 90 Stat. 727; Pub. L. 94-482, title I, §127(a), Oct. 12, 1976, 90 Stat. 2103; Pub. L. 96-374, title IV, §411(a), title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1415, 1503; Pub. L. 99-272, title XVI, §16018(a)(1), Apr. 7, 1986, 100 Stat. 348, related to new loans under Federal loan insurance program, prior to the general revision of this part by Pub. L. 99-498.

AMENDMENTS

2010—Subsec. (a). Pub. L. 111-152 substituted “September 30, 1976, for each of the succeeding fiscal years ending prior to October 1, 2009, and for the period from October 1, 2009, to June 30, 2010, for loans first disbursed on or before June 30, 2010.” for “September 30, 1976, and for each of the succeeding fiscal years ending prior to October 1, 2014. Thereafter, Federal loan insurance pursuant to this part may be granted only for loans made (or for loan installments paid pursuant to lines of credit) to enable students, who have obtained prior loans insured under this part, to continue or complete their educational program; but no insurance may be granted for any loan made or installment paid after September 30, 2018.”

2008—Subsec. (a). Pub. L. 110-315 substituted “October 1, 2012” for “October 1, 2012” and “September 30, 2018” for “September 30, 2016”.

2006—Subsec. (a). Pub. L. 109-171 substituted “October 1, 2012” for “October 1, 2004” and “September 30, 2016” for “September 30, 2008”.

1998—Subsec. (a). Pub. L. 105-244 substituted “October 1, 2004” for “October 1, 2002” and “September 30, 2008” for “September 30, 2006”.

1997—Subsec. (a). Pub. L. 105-33 substituted “October 1, 2002” for “October 1, 1998” and “September 30, 2006” for “September 30, 2002”.

1992—Subsec. (a). Pub. L. 102-325 substituted “October 1, 1998” for “October 1, 1992” and “September 30, 2002” for “September 30, 1997”.

EFFECTIVE DATE OF 2006 AMENDMENT

Amendment by Pub. L. 109-171 effective July 1, 2006, except as otherwise provided, see section 8001(c) of Pub. L. 109-171, set out as a note under section 1002 of this title.

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.

§ 1075. Limitations on individual federally insured loans and on Federal loan insurance

(a) Annual and aggregate limits

(1) Annual limits

(A) The total of loans made to a student in any academic year or its equivalent (as determined by the Secretary) which may be covered by Federal loan insurance under this part may not exceed—

(i) in the case of a student at an eligible institution who has not successfully completed the first year of a program of undergraduate education—

(I) \$3,500, if such student is enrolled in a program whose length is at least one academic year in length (as determined under section 1088 of this title); and

(II) if such student is enrolled in a program of undergraduate education which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in semester, trimester, quarter, or clock hours bears to one academic year;

(ii) in the case of a student at an eligible institution who has successfully completed such first year but has not successfully completed the remainder of a program of undergraduate education—

(I) \$4,500; or

(II) if such student is enrolled in a program of undergraduate education, the remainder of which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as such remainder measured in semester, trimester, quarter, or clock hours bears to one academic year;

(iii) in the case of a student at an eligible institution who has successfully completed the first and second years of a program of undergraduate education but has not successfully completed the remainder of such program—

(I) \$5,500; or

(II) if such student is enrolled in a program of undergraduate education, the remainder of which is less than one academic year, the maximum annual loan

amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as such remainder measured in semester, trimester, quarter, or clock hours bears to one academic year; and

(iv) in the case of a graduate or professional student (as defined in regulations of the Secretary) at an eligible institution, \$8,500.

(B) The annual insurable limits contained in subparagraph (A) shall not apply in cases where the Secretary determines, pursuant to regulations, that a higher amount is warranted in order to carry out the purpose of this part with respect to students engaged in specialized training requiring exceptionally high costs of education. The annual insurable limit per student shall not be deemed to be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any year in excess of the annual limit.

(C) For the purpose of subparagraph (A), the number of years that a student has completed in a program of undergraduate education shall include any prior enrollment in an eligible program of undergraduate education for which the student was awarded an associate or baccalaureate degree, if such degree is required by the institution for admission to the program in which the student is enrolled.

(2) Aggregate limits

(A) The aggregate insured unpaid principal amount for all such insured loans made to any student shall not at any time exceed—

(i) \$23,000, in the case of any student who has not successfully completed a program of undergraduate education, excluding loans made under section 1078-1¹ or 1078-2 of this title; and

(ii) \$65,500, in the case of any graduate or professional student (as defined by regulations of the Secretary) and (I) including any loans which are insured by the Secretary under this section, or by a guaranty agency, made to such student before the student became a graduate or professional student,² but (II) excluding loans made under section 1078-1¹ or 1078-2 of this title,

except that the Secretary may increase the limit applicable to students who are pursuing programs which the Secretary determines are exceptionally expensive.

(B) The Secretary may increase the aggregate insurable limit applicable to students who are pursuing programs which the Secretary determines are exceptionally expensive.

(b) Level of insurance coverage based on default rate

(1) Reduction for defaults in excess of 5 or 9 percent

(A) Except as provided in subparagraph (B), the insurance liability on any loan insured by the Secretary under this part shall be 100 per-

¹ See References in Text note below.

² So in original. There is no opening parenthesis.