

“(B) the Secretary determines necessary.” at the end of subsec. (a), was executed by making the insertion at the end of par. (1) to reflect the probable intent of Congress, notwithstanding the addition of par. (2) prior to the effective date of this amendment.

Pub. L. 110-315, § 437(a)(1), (2), designated existing provisions as par. (1), inserted par. (1) heading, and inserted “, or if a student borrower who has received such a loan is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death, has lasted for a continuous period of not less than 60 months, or can be expected to last for a continuous period of not less than 60 months” after “of the Secretary”).”

Subsec. (a)(2). Pub. L. 110-315, § 437(b), added par. (2).

Subsec. (c)(1). Pub. L. 110-315, § 103(b)(7), substituted “authorizing committees” for “Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate”.

Subsec. (c)(5). Pub. L. 110-315, § 432(b)(4), substituted “consumer reporting agencies” for “credit bureaus”.

2006—Pub. L. 109-171, § 8012(1), in section catchline, substituted “schools that fail to provide a refund, attending closed schools, or falsely certified as eligible to borrow” for “closed schools or falsely certified as eligible to borrow”.

Subsec. (c)(1). Pub. L. 109-171, § 8012(2), inserted “or was falsely certified as a result of a crime of identity theft” after “falsely certified by the eligible institution” in first sentence.

1998—Subsec. (c)(1). Pub. L. 105-244 inserted “or if the institution failed to make a refund of loan proceeds which the institution owed to such student’s lender,” after “falsely certified by the eligible institution,” and inserted at end “In the case of a discharge based upon a failure to refund, the amount of the discharge shall not exceed that portion of the loan which should have been refunded. The Secretary shall report to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate annually as to the dollar amount of loan discharges attributable to failures to make refunds.”

1993—Subsec. (b). Pub. L. 103-208, § 2(c)(63), amended heading and text of subsec. (b) generally. Prior to amendment, text read as follows: “If the collection of a loan described in subparagraph (A) or (B) of section 1078(a)(1) of this title or sections 1078-1, 1078-2, 1078-3, or 1078-8 of this title is stayed in any action under title 11, the Secretary shall repay the unpaid balance of principal and interest owed on the loan.”

Subsec. (c)(1). Pub. L. 103-208, § 2(c)(64), substituted “If a borrower” for “If a student borrower”, “under this part and the student borrower, or the student on whose behalf a parent borrowed, is unable” for “under this part is unable”, and “in which such student is enrolled” for “in which the borrower is enrolled”.

Subsec. (c)(4). Pub. L. 103-208, § 2(c)(65), inserted at end “The amount discharged under this subsection shall be treated the same as loans under section 1087ee(a)(5) of this title.”

1992—Pub. L. 102-325 amended section generally, substituting subssecs. (a) to (d) for former subssecs. (a) and (b) which related to repayment by Secretary of loans of bankrupt, deceased, or disabled borrowers.

EFFECTIVE DATE OF 2009 AMENDMENT

Pub. L. 111-39, title IV, § 402(e)(2), July 1, 2009, 123 Stat. 1943, provided that: “The amendments made by paragraph (1) [amending this section] shall be effective as if enacted as part of the amendments in section 437(a) of the Higher Education Opportunity Act (Public Law 110-315) [amending this section], and shall take effect on July 1, 2010.”

EFFECTIVE DATE OF 2008 AMENDMENT

Pub. L. 110-315, title IV, § 437(c), Aug. 14, 2008, 122 Stat. 3258, provided that: “The amendments made by

subsection (a) [amending this section] shall take effect on July 1, 2010.”

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.

EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1051 of this title.

§ 1087-0. Repealed. Pub. L. 105-244, title IV, § 432, Oct. 7, 1998, 112 Stat. 1710

Section, Pub. L. 89-329, title IV, § 437A, as added Pub. L. 102-325, title IV, § 429, July 23, 1992, 106 Stat. 552; amended Pub. L. 103-208, § 2(c)(66)-(68), Dec. 20, 1993, 107 Stat. 2469, related to debt management options.

EFFECTIVE DATE OF REPEAL

Repeal 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.

§ 1087-1. Special allowances

(a) Findings

In order to assure (1) that the limitation on interest payments or other conditions (or both) on loans made or insured under this part, do not impede or threaten to impede the carrying out of the purposes of this part or do not cause the return to holders of loans to be less than equitable, (2) that incentive payments on such loans are paid promptly to eligible lenders, and (3) that appropriate consideration of relative administrative costs and money market conditions is made in setting the quarterly rate of such payments, the Congress finds it necessary to establish an improved method for the determination of the quarterly rate of the special allowances on such loans, and to provide for a thorough, expeditious, and objective examination of alternative methods for the determination of the quarterly rate of such allowances.

(b) Computation and payment

(1) Quarterly payment based on unpaid balance

A special allowance shall be paid for each of the 3-month periods ending March 31, June 30, September 30, and December 31 of every year and the amount of such allowance paid to any holder with respect to any 3-month period shall be a percentage of the average unpaid balance of principal (not including unearned interest added to principal) of all eligible loans held by such holder during such period.

(2) Rate of special allowance

(A) Subject to subparagraphs (B), (C), (D), (E), (F), (G), (H), and (I) and paragraph (4), the special allowance paid pursuant to this sub-