

120(a)(2), Oct. 16, 1968, 82 Stat. 1023, 1027; Pub. L. 92-318, title I, §§ 132A(a), 132B(a), June 23, 1972, 86 Stat. 261, 262; Pub. L. 94-482, title I, § 127(a), Oct. 12, 1976, 90 Stat. 2104; Pub. L. 95-43, § 1(a)(15)-(17), June 15, 1977, 91 Stat. 214; Pub. L. 95-566, § 5(b)(2), Nov. 1, 1978, 92 Stat. 2403; Pub. L. 96-374, title IV, § 412(a), (b), (f), title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1416, 1417, 1503; Pub. L. 97-35, title V, § 535(a), (b), Aug. 13, 1981, 95 Stat. 455; Pub. L. 99-272, title XVI, § 16013(e)(1), Apr. 7, 1986, 100 Stat. 341, limited Federal loan insurance, prior to the general revision of this part by Pub. L. 99-498.

AMENDMENTS

2006—Subsec. (a)(1)(A)(i)(I). Pub. L. 109-171, § 8005(a)(1), substituted “\$3,500” for “\$2,625”.

Subsec. (a)(1)(A)(ii)(I). Pub. L. 109-171, § 8005(a)(2), substituted “\$4,500” for “\$3,500”.

1998—Subsec. (a)(1)(A)(i)(I). Pub. L. 105-244, § 415(1)(A), inserted “and” after semicolon.

Subsec. (a)(1)(A)(i)(II), (III). Pub. L. 105-244, § 415(1)(B), added subcl. (II) and struck out former subcls. (II) and (III) which read as follows:

“(II) \$1,750, if such student is enrolled in a program whose length is less than one academic year, but at least $\frac{2}{3}$ of such an academic year; and

“(III) \$875, if such student is enrolled in a program whose length is less than $\frac{2}{3}$, but at least $\frac{1}{3}$, of such an academic year;”.

Subsec. (a)(1)(A)(iii)(II). Pub. L. 105-244, § 415(2), inserted “and” after semicolon at end.

1993—Subsec. (a)(1)(A)(ii), (iii). Pub. L. 103-208, § 2(c)(2)(A), added cls. (ii) and (iii) and struck out former cls. (ii) and (iii) which read as follows:

“(ii) the case of a student who has successfully completed such first year but has not successfully completed the remainder of a program of undergraduate study—

“(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);

“(II) \$2,325, if such student is enrolled in a program whose length is less than one academic year, but at least $\frac{2}{3}$ of such an academic year; and

“(III) \$1,175, if such student is enrolled in a program whose length is less than $\frac{2}{3}$, but at least $\frac{1}{3}$, of such an academic year;

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

“(I) \$5,500, 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);

“(II) \$3,675, if such student is enrolled in a program whose length is less than one academic year, but at least $\frac{2}{3}$ of such an academic year; and

“(III) \$1,825, if such student is enrolled in a program whose length is less than $\frac{2}{3}$, but at least $\frac{1}{3}$, of such an academic year; and”.

Subsec. (a)(1)(A)(iv). Pub. L. 103-208, § 2(c)(2)(B), substituted a period for semicolon at end.

Subsec. (a)(1)(C). Pub. L. 103-208, § 2(c)(3), added subpar. (C).

1992—Subsec. (a)(1)(A). Pub. L. 102-325, § 413(1), added cls. (i) to (iv) and struck out former cls. (i) to (iii) which read as follows:

“(i) \$2,625, in the case of a student who has not successfully completed the first and second year of a program of undergraduate education;

“(ii) \$4,000, in the case of a student who has successfully completed such first and second year but who has not successfully completed the remainder of a program of undergraduate education; or

“(iii) \$7,500, in the case of a graduate or professional student (as defined in regulations of the Secretary).”

Subsec. (a)(2)(A). Pub. L. 102-325, § 413(2), added cls. (i) and (ii) and concluding provision and struck out former cls. (i) and (ii) which read as follows:

“(i) \$17,250, in the case of any student who has not successfully completed a program of undergraduate

education, excluding loans made under section 1078-1 or 1078-2 of this title; and

“(ii) \$54,750, in the case of any graduate or professional student (as defined by regulations of the Secretary and including any loans which are insured by the Secretary under this part, or by a guaranty agency, made to such person before he or she became a graduate or professional student), excluding loans made under section 1078-1 or 1078-2 of this title.”

1987—Subsec. (a)(2)(A)(i). Pub. L. 100-50, § 10(a)(1), inserted “, excluding loans made under section 1078-1 or 1078-2 of this title” after “undergraduate education”.

Subsec. (a)(2)(A)(ii). Pub. L. 100-50, § 10(a)(2), inserted “, excluding loans made under section 1078-1 or 1078-2 of this title” after “graduate or professional student”.

EFFECTIVE DATE OF 2006 AMENDMENT

Pub. L. 109-171, title VIII, § 8005(e), Feb. 8, 2006, 120 Stat. 159, provided that: “The amendments made by subsections (a), (b), and (d) [amending this section and sections 1078 and 1078-8 of this title] shall be effective July 1, 2007.”

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 section 2(c)(2) of Pub. L. 103-208 effective on and after July 1, 1994 and amendment by section 2(c)(3) of Pub. L. 103-208 effective on and after Dec. 20, 1993, see section 5(b)(2), (6) of Pub. L. 103-208 set out as a note under section 1051 of this title.

EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective July 23, 1992, with changes made in subsec. (a), relating to annual and aggregate loan limits, applicable with respect to loans for which first disbursement is made on or after July 1, 1993, except that changes made in subsec. (a)(1)(A)(i) applicable with respect to loans for which first disbursement is made on or after Oct. 1, 1992, and except that changes made in subsec. (a)(1)(A)(iv) applicable with respect to loans to cover costs of instruction for periods of enrollment beginning on or after Oct. 1, 1993, see section 432 of Pub. L. 102-325, set out as a note under section 1078 of this title.

EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

EFFECTIVE DATE

Section effective Oct. 17, 1986, except that subsec. (a) of this section applicable only to loans disbursed on or after Jan. 1, 1987, or made to cover the costs of instruction for periods of enrollment beginning on or after Jan. 1, 1987, see section 402(b) of Pub. L. 99-498, set out as a note under section 1071 of this title.

§ 1076. Sources of funds

Loans made by eligible lenders in accordance with this part shall be insurable by the Secretary whether made from funds fully owned by the lender or from funds held by the lender in a trust or similar capacity and available for such loans.

(Pub. L. 89-329, title IV, § 426, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat. 1361.)

PRIOR PROVISIONS

A prior section 1076, Pub. L. 89-329, title IV, § 426, Nov. 8, 1965, 79 Stat. 1238; Pub. L. 94-482, title I, § 127(a), Oct.

12, 1976, 90 Stat. 2106; Pub. L. 96-374, title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1503, related to insurability of loans made from funds owned by lender or held by lender in trust, prior to the general revision of this part by Pub. L. 99-498.

§ 1077. Eligibility of student borrowers and terms of federally insured student loans

(a) List of requirements

Except as provided in section 1078-3 of this title, a loan by an eligible lender shall be insurable by the Secretary under the provisions of this part only if—

(1) made to a student who (A) is an eligible student under section 1091 of this title, (B) has agreed to notify promptly the holder of the loan concerning any change of address, and (C) is carrying at least one-half the normal full-time academic workload for the course of study the student is pursuing (as determined by the institution); and

(2) evidenced by a note or other written agreement which—

(A) is made without security and without endorsement;

(B) provides for repayment (except as provided in subsection (c)) of the principal amount of the loan in installments over a period of not less than 5 years (unless sooner repaid or unless the student, during the 6 months preceding the start of the repayment period, specifically requests that repayment be made over a shorter period) nor more than 10 years beginning 6 months after the month in which the student ceases to carry at an eligible institution at least one-half the normal full-time academic workload as determined by the institution, except—

(i) as provided in subparagraph (C);

(ii) that the note or other written instrument may contain such reasonable provisions relating to repayment in the event of default in the payment of interest or in the payment of the cost of insurance premiums, or other default by the borrower, as may be authorized by regulations of the Secretary in effect at the time the loan is made; and

(iii) that the lender and the student, after the student ceases to carry at an eligible institution at least one-half the normal full-time academic workload as determined by the institution, may agree to a repayment schedule which begins earlier, or is of shorter duration, than required by this subparagraph, but in the event a borrower has requested and obtained a repayment period of less than 5 years, the borrower may at any time prior to the total repayment of the loan, have the repayment period extended so that the total repayment period is not less than 5 years;

(C) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period—

(i) during which the borrower—

(I) is pursuing at least a half-time course of study as determined by an eligible institution; or

(II) is pursuing a course of study pursuant to a graduate fellowship program ap-

proved by the Secretary, or pursuant to a rehabilitation training program for individuals with disabilities approved by the Secretary,

except that no borrower shall be eligible for a deferment under this clause, or a loan made under this part (other than a loan made under section 1078-2 or 1078-3 of this title), while serving in a medical internship or residency program;

(ii) not in excess of 3 years during which the borrower is seeking and unable to find full-time employment;

(iii) not in excess of 3 years for any reason which the lender determines, in accordance with regulations prescribed by the Secretary under section 1085(o) of this title, has caused or will cause the borrower to have an economic hardship; or

(iv) in which the borrower is receiving treatment for cancer and the 6 months after such period.¹

and provides that any such period shall not be included in determining the 10-year period described in subparagraph (B);

(D) provides for interest on the unpaid principal balance of the loan at a yearly rate, not exceeding the applicable maximum rate prescribed in section 1077a of this title, which interest shall be payable in installments over the period of the loan except that, if provided in the note or other written agreement, any interest payable by the student may be deferred until not later than the date upon which repayment of the first installment of principal falls due, in which case interest accrued during that period may be added on that date to the principal;

(E) provides that the lender will not collect or attempt to collect from the borrower any portion of the interest on the note which is payable by the Secretary under this part, and that the lender will enter into such agreements with the Secretary as may be necessary for the purpose of section 1087 of this title;

(F) entitles the student borrower to accelerate without penalty repayment of the whole or any part of the loan;

(G)(i) contains a notice of the system,² of disclosure of information concerning such loan to consumer reporting agencies under section 1080a of this title, and (ii) provides that the lender on request of the borrower will provide information on the repayment status of the note to such consumer reporting agencies;

(H) provides that, no more than 6 months prior to the date on which the borrower's first payment on a loan is due, the lender shall offer the borrower the option of repaying the loan in accordance with a graduated or income-sensitive repayment schedule established by the lender and in accordance with the regulations of the Secretary; and

(I) contains such other terms and conditions, consistent with the provisions of this

¹ So in original. The period probably should be a semicolon.

² So in original. The comma probably should not appear.