

LOAN REPAYMENT COMPARISON

**BETWEEN THE REAL REFORMS ACT (R)
AND THE LOAN ACT (D)**

Loan Interest and Fees

	REAL Reforms Act	LOAN Act
Statutory Interest Capitalization Events	Eliminated	Eliminated
Origination Fees	Eliminated	Eliminated
Interest Caps	Limits total amount to be repaid to the amount borrower would have paid in interest and principal under standard repayment plan	Interest on Direct subsidized, unsubsidized and PLUS loans will be equal to the high yield of the 10-year Treasury note auctioned at the final auction held prior to June 1 Caps interest rate for Direct subsidized, unsubsidized and PLUS loans at 5%

Student Aid Programs

	REAL Reforms Act	LOAN Act
Graduate PLUS Loan	Eliminated	Preserves Graduate PLUS loan
Public Service Loan Forgiveness (PSLF)	Eliminated	Preserves PSLF program Shortens time to forgiveness from 120 payments to 96 Removes requirement to be employed in public service job at time forgiveness is granted Allows service that counts toward teacher loan forgiveness to also count toward PSLF Allows time spent in certain deferments and forbearances to count as qualifying months toward forgiveness Requires Dept of Education to permit employers to electronically sign Employer Certification Form

Loan Limits

	REAL Reforms Act	LOAN Act
Subsidized Loans for Grad/Prof Borrowers	Does not reinstate	Reinstates
Grad/Prof Annual Unsubsidized Limit	Changes annual limit to \$25,000 for all GP borrowers, including health professions students	Does not change annual loan limits
Grad/Prof Aggregate Unsubsidized Limit	Changes limit to \$100,000 (excluding undergraduate debt) for all GP borrowers, including health professions students	Does not change aggregate loan limits
Institutional Authority to Limit Loans	Permits schools to limit loans based on program of study, credential sought, year in school, or enrollment intensity	Does not address institutional authority to limit loans

Pell Grants

	REAL Reforms Act	LOAN Act
Pell Grant Maximum Award	Does not change Pell grant maximum award	Increases Pell grant maximum award to double over 5 years Allows Pell grant awards to exceed the maximum Pell amount for negative SAI (Pell increase = amount SAI falls below 0)
Pell for Short Term Programs	Establishes Workforce Pell grants for students enrolled in programs at least 150 hours and 8 weeks in length Program must have 70% completion rate and job placement rate Program graduates' median earnings must increase by at least the cost of the program within 2 years of completion	Does not expand Pell grant eligibility to students enrolled in short term programs
Pell Lifetime Eligibility Used (LEU)	Does not change Pell LEU	Restores Pell LEU from 12 to 18 semesters
Pell Grants for Grad/Prof Students	Does not extend Pell grant eligibility to Grad/Prof students	Allows Grad/Prof students who received a Pell grant as an undergraduate to use remaining Pell LEU for Grad/Prof study

Loan Repayment

	REAL Reforms Act	LOAN Act
Number of Repayment Plans Offered	Reduces number of plans to two: Standard (fixed) and Income Based	Does not reduce number of repayment plans offered
New Repayment Plan	<p>Establishes new Income Based Repayment Plan</p> <p>Earnings below 150% of poverty guidelines considered non discretionary</p> <p>Monthly payments set at 15% of discretionary income</p> <p>Minimum payment amount is \$25</p> <p>No interest subsidy</p> <p>Balance canceled once amount repaid is equal to amount borrower would have paid under Standard plan</p> <p>Eliminates time-based cancelation</p>	Does not establish new repayment plan
Student Loan Refinancing	Does not allow refinancing	<p>Permits Direct Loan and FFEL refinancing for borrowers to take advantage of new interest rate provisions</p> <p>Permits refinancing of private loans into new Federal Direct Refinanced Private Loan program; refinanced private loans would have the same terms and conditions as Direct Unsubsidized loans</p>

Other Provisions

	REAL Reforms Act	LOAN Act
Satisfactory Academic Progress Reset	Does not make changes to SAP	<p>Requires SAP evaluation at the end of every semester or equivalent period of 12 to 18 weeks</p> <p>Allows for up to two SAP resets for students who leave postsecondary enrollment for at least two years</p> <p>Prohibits institutions from having stricter SAP requirements for need-based institutional funds than for federal student aid funds</p>
Limits on Secretarial Authority and Executive Actions	Prohibits regulations or executive actions that are economically significant (>\$100 million); and would result in an increase in a subsidy cost resulting from a loan modification	Does not impose limits on secretarial authority or executive actions
Title IV Student Aid Eligibility for Dreamers	Does not change Title IV eligibility for Dreamers	Extends Title IV eligibility to Dreamers
Automatic —1500 SAI for Means Tested Benefits recipients	Does not change SAI for means tested benefits recipients	Provides for means tested benefits recipients to receive automatic —1500 SAI

The National Association of Student Financial Aid Administrators (NASFAA) provides professional development for financial aid administrators; advocates for public policies that increase student access and success; serves as a forum on student financial aid issues; and is committed to diversity throughout all activities.

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