

Student Debt Relief Act of 2016

Currently borrowers in the United States hold over \$1.2 trillion in student loan debt. In 2014 public college students graduated with an average sum of \$28,950 in student loan debt.

The intention of this bill is to reduce the burden of debt on student loan borrowers.

What the bill does:

This legislation forgives a percentage of an individual borrower's federal student loan debt:

- Borrowers who meet the codified criteria for eligibility will have up to 30%, or no more than \$8,700 of their federal student loans forgiven and paid for by the federal government
- Sums awarded to student borrowers cannot exceed 30% of a borrower's debt, with the maximum allowance awarded to an individual borrower not to exceed the sum of \$8,700
- A borrower's remaining balance of debt left after receiving this allowance may be refinanced at a new interest rate of 0.25%.
- This bill only applies to public college loans

The codified criteria for qualifying for government relief of public student loan debt:

- Borrowers must have acquired public loans between January 1, 2006 – January 1, 2016.
- Student borrowers must have graduated college with a minimum GPA of 3.0
- Current borrowers must be less than 6 months behind student loan payments
- Borrowers must not possess a criminal record containing any felonies within the past 10 years
- Borrowers cannot be currently in possession of student debt-backed securities or publicly traded student loan debt
- Borrowers must be current U.S. citizens

This legislation excludes application to the following criteria:

- Privately financed student loans
- Student loans taken out at international universities outside of the United States
- Borrowers who are not citizens of the United States

In addition to other listed details, this bill would:

- Prohibit public loan agencies from requiring borrowers to pay more than 10% of their income towards student loan payments each month
- Prohibit private loan agencies from requiring borrowers to pay more than 10% of their income towards student loan payments each month
- Allow borrowers to refinance private loans to a new interest rate of 1.25%