

COUNTING WORK-STUDY ASSISTANCE TO STUDENT IN COMPUTING MAXIMUM
ALLOWABLE EDUCATIONAL OPPORTUNITY GRANT

SEC. 402. (a) Section 402(1) of the Higher Education Act of 1965 is amended by striking out “, but excluding assistance from work-study programs”.

(b) The amendments to such Act made by the preceding subsection shall be effective with respect to educational opportunity grants awarded by an institution on or after September 1, 1967, or the date of the enactment of this Act, whichever date is later.

AUTHORIZING GRANTS (AS WELL AS CONTRACTS) FOR TALENT SEARCH

SEC. 403. Section 408 of the Higher Education Act of 1965 is amended by striking out “, to enter into contracts, not to exceed \$100,000 per year, with State and local educational agencies and other public or nonprofit organizations and institutions” and inserting in lieu thereof the following: “to make grants to State or local educational agencies or other public or nonprofit private agencies, institutions, or organizations, or make contracts with public or private agencies, institutions, or organizations, not to exceed (in the case of any contract or grant) \$100,000 per year.”.

PART B—AMENDMENTS TO PROVISIONS ON STUDENT LOAN INSURANCE PROGRAMS

AUTHORIZING DEFERMENT OF REPAYMENT OF STATE OR PRIVATELY INSURED LOAN DURING ATTENDANCE OF STUDENT BORROWER AT INSTITUTION OF HIGHER EDUCATION, OR DURING MILITARY, PEACE CORPS, OR VISTA SERVICE; REQUIRING DEFERRAL OF SUCH REPAYMENT OF FEDERALLY INSURED LOAN UNDER NATIONAL VOCATIONAL STUDENT LOAN INSURANCE ACT DURING VISTA SERVICE; AND AUTHORIZING FEDERAL PAYMENT OF ALL INTEREST ACCRUING DURING ANY SUCH ATTENDANCE OR SERVICE

SEC. 421. (a) (1) Section 428 of the Higher Education Act of 1965 and section 9 of the National Vocational Student Loan Insurance Act of 1965 are amended by adding at the end of each such section the following new subsection:

“(c) The Commissioner shall encourage the inclusion, in any State student loan program or any State or nonprofit private student loan insurance program meeting the requirements of subsection (a) (1) (B) or (C), of provisions authorizing or requiring that in the case of student loans covered by such program periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period (i) during which the borrower is pursuing a full-time course of study at an institution of higher education (or at a comparable institution outside the States approved for this purpose by the Commissioner), (ii) not in excess of three years during which the borrower is a member of the Armed Forces of the United States, (iii) not in excess of three years during which the borrower is in service as a volunteer under the Peace Corps Act, or (iv) not in excess of three years during which the borrower is in service as a volunteer under title VIII of the Economic Opportunity Act of 1964. In the case of any such State or nonprofit private program containing such a provision any such period shall be excluded in determining the period specified in clause (ii) of subparagraph (C), or the maximum period for repayment specified in subparagraph (D), of subsection (b) (1) of this section.”

(2) (A) Subparagraph (C) (ii) of paragraph (1) of section 428(b) of the Higher Education Act of 1965 and subparagraph (C) (ii) of paragraph (1) of section 9(b) of the National Vocational Student Loan Insurance Act of 1965 are each amended by inserting after “(ii)” the following: “except as provided in subsection (c) of this section.”.

(B) Subparagraph (D) of each such paragraph is amended by inserting after “subject to subparagraph (C)” the following: “of this paragraph and except as provided by subsection (c) of this section”.

(b) Subparagraph (C) of section 8(a) (2) of the National Vocational Student Loan Insurance Act of 1965 is amended (1) by striking out “or” before “(iii)”, and (2) by inserting after “Peace Corps Act,” the following: “or (iv) not in excess of three years during which the borrower is in service as a volunteer under title VIII of the Economic Opportunity Act of 1964.”.

(c) The first sentence of paragraph (2) of section 428(a) of the Higher Education Act of 1965, and the first sentence of paragraph (2) of section 9(a) of the National Vocational Student Loan Insurance Act of 1965, are each amended by