

117TH CONGRESS
2D SESSION

H. R. 8909

To establish a process for separating joint consolidation loans to ensure timely relief for borrowers.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 20, 2022

Ms. FOXX (for herself, Mr. WILSON of South Carolina, Mr. BANKS, Mrs. MILLER-MEEKS, Mrs. HARSHBARGER, Mrs. SPARTZ, Mr. SEMPOLINSKI, Mr. JOHNSON of South Dakota, Mr. CLINE, Mr. BOST, Mr. MURPHY of North Carolina, Ms. LETLOW, Mr. ISSA, Mr. COLE, Mr. MOOLENAAR, Mrs. FLORES, Mr. CARTER of Georgia, Mr. KELLER, Mr. WESTERMAN, and Mrs. MCCLAIN) introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To establish a process for separating joint consolidation loans to ensure timely relief for borrowers.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Simplified Joint Con-
5 solidation Separation Act”.

1 **SEC. 2. AUTHORIZATION OF GUIDANCE TO SEPARATE**
2 **JOINT CONSOLIDATION LOANS.**

3 Section 428C of the Higher Education Act of 1965
4 (20 U.S.C. 1078–3) is amended—

5 (1) in subsection (a)(3)(B)(i)—

6 (A) by striking “and” at the end of sub-
7 clause (IV);

8 (B) by striking the period at the end of
9 subclause (V) and inserting “; and”; and

10 (C) by adding at the end the following:

11 “(VI) separation of a joint con-
12 solidation loan into individual consoli-
13 dation loans in accordance with sub-
14 section (g) shall not be considered re-
15 ceipt of a consolidation loan for pur-
16 poses of this clause, and an individ-
17 ual’s status as an eligible borrower
18 shall not change solely as a result of
19 such a separation.”; and

20 (2) by adding at the end the following:

21 “(g) SECRETARY GUIDANCE ON JOINT CONSOLIDA-
22 TION LOANS.—

23 “(1) IN GENERAL.—

24 “(A) AUTHORIZATION.—Notwithstanding
25 section 421(d), a married couple, or two indi-
26 viduals who were previously married and re-

1 ceived a joint consolidation loan under sub-
2 section (a)(3)(C) (as such subsection was in ef-
3 fect on June 30, 2006), may jointly request the
4 Secretary or holder, in accordance with para-
5 graph (2), to separate the existing joint consoli-
6 dation loan into two individual consolidation
7 loans.

8 “(B) ELIGIBILITY FOR BORROWERS IN DE-
9 FAULT.—A married couple, or two individuals
10 who were previously a married couple, who re-
11 ceived a joint consolidation loan described in
12 subparagraph (A) and are in default on such
13 joint consolidation loan may both be eligible for
14 separation of such joint consolidation loan into
15 two individual consolidation loans in accordance
16 with this subsection.

17 “(C) ELIGIBILITY FOR INDIVIDUAL RE-
18 QUESTS.—

19 “(i) CIRCUMSTANCES ALLOWING FOR
20 SEPARATE APPLICATION.—An individual
21 who is one of the parties who received a
22 joint consolidation loan described in sub-
23 paragraph (A) may, separately and without
24 regard to whether or when the other indi-
25 vidual borrower who received such joint

1 consolidation loan applies under subpara-
2 graph (A), request separation of such joint
3 consolidation loan into two individual con-
4 solidation loans in accordance with this
5 subsection in a case in which the request-
6 ing individual borrower certifies to the Sec-
7 retary that such borrower—

8 “(I) has experienced an act of
9 domestic violence from the other indi-
10 vidual borrower;

11 “(II) has experienced an act of
12 economic abuse from the other indi-
13 vidual borrower; or

14 “(III) is subject to a divorce de-
15 cree, court order, or settlement agree-
16 ment requiring the separation of joint
17 loans and obligations.

18 “(ii) OBLIGATION FROM SEPARATE
19 APPLICATION.—In the case of a joint con-
20 solidation loan that is separated upon re-
21 quest of an individual borrower due to one
22 or more circumstances described in clause
23 (i), the other non-applying individual bor-
24 rower shall be liable for the outstanding
25 balance of the individual consolidation loan

1 of such borrower in the same manner as if
2 both borrowers of the joint consolidation
3 loan had applied for such separation.

4 “(2) SECRETARIAL AND HOLDER REQUIRE-
5 MENTS.—Notwithstanding subsection (a)(3)(A) or
6 any other provision of law, the Secretary or holder
7 may separate the joint consolidation loan for eligible
8 borrowers who meet the eligibility requirements
9 specified in paragraph (1). The two separate indi-
10 vidual consolidation loans shall—

11 “(A) be for an amount equal to the prod-
12 uct of—

13 “(i) the unpaid principal and accrued
14 unpaid interest of the joint consolidation
15 loan (as of the date that is the day before
16 separation of the joint consolidation loan)
17 and any outstanding charges and fees with
18 respect to such loan; and

19 “(ii) the percentage of the joint con-
20 solidation loan attributable to the loans of
21 the individual borrower for whom such sep-
22 arate consolidation loan is being separated,
23 as determined—

24 “(I) on the basis of the loan obli-
25 gations of such borrower with respect

1 to such joint consolidation loan (as of
2 the date such joint consolidation loan
3 was made); or

4 “(II) in the case in which both
5 borrowers request, on the basis of pro-
6 portions requested by the borrowers,
7 outlined in a divorce decree, court
8 order, or settlement agreement;

9 “(B) have the same rate of interest as the
10 joint consolidation loan (as of the date that is
11 the day before separation of the joint consolida-
12 tion loan); and

13 “(C) not be considered new loans, shall be
14 deemed to have been made on the date such
15 joint consolidation loan was made, and shall
16 have the same terms and conditions as other
17 consolidation loans made under this part on
18 such date.”.

○