

117TH CONGRESS  
2D SESSION

# H. R. 7982

To amend the Higher Education Act of 1965 to allow certain Federal student loans to be transferred from a parent to a child, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 8, 2022

Mr. FOSTER introduced the following bill; which was referred to the  
Committee on Education and Labor

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## A BILL

To amend the Higher Education Act of 1965 to allow certain  
Federal student loans to be transferred from a parent  
to a child, and for other purposes.

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 “Parent PLUS Loan  
5       Fairness and Responsibility Act”.

6       **SEC. 2. TRANSFER OF FEDERAL STUDENT LOANS FROM**  
7       **PARENT TO CHILD.**

8       Part G of title IV of the Higher Education Act of  
9       1965 (20 U.S.C. 1088 et seq.) is amended by inserting  
10      after section 493D the following:

1   **“SEC. 493E. TRANSFER OF FEDERAL STUDENT LOANS FROM**  
2                           **PARENT TO CHILD.**

3           “(a) IN GENERAL.—A covered parent loan may be  
4 transferred from the original borrower of the loan to a  
5 child of such borrower in accordance with this section.

6           “(b) TRANSFER REQUIREMENTS.—A covered parent  
7 loan may be transferred to a child under subsection (a)  
8 only if—

9                   “(1) the loan is in good standing, as determined  
10       by the Secretary;

11                   “(2) the loan was used to pay the educational  
12       expenses of the child to whom the loan is to be  
13       transferred;

14                   “(3) the child to whom the loan is to be trans-  
15       ferred—

16                           “(A) has attained the age of 18 years; and

17                           “(B) demonstrates the ability to repay the  
18       loan, as determined by the Secretary in accord-  
19       ance with subsection (c);

20                   “(4) the child, the parent, and the lender agree,  
21       in writing, to the transfer of the loan;

22                   “(5) the agreement described in paragraph (4)  
23       notifies the child to whom the loan is transferred of  
24       the effect of the transfer on the eligibility of the loan  
25       for forgiveness under section 455(m); and

1           “(6) a period of 180 days has elapsed during  
2       which the child was not pursuing—

3           “(A) at least a half-time course of study as  
4       determined by an institution of higher edu-  
5       cation; or

6           “(B) a course of study pursuant to a grad-  
7       uate fellowship program approved by the Sec-  
8       retary, or pursuant to a rehabilitation training  
9       program for disabled individuals approved by  
10      the Secretary.

11      “(c) DETERMINATION OF ABILITY TO REPAY  
12      LOAN.—In determining the ability of a child to repay a  
13      covered parent loan under subsection (b)(3)(B), the Sec-  
14      retary shall consider the following:

15           “(1) The child’s employment status, income  
16      level, and credit history.

17           “(2) The total dollar amount of the loans pro-  
18      posed to be transferred to the child.

19           “(3) The debt-to-income ratio of the child be-  
20      fore such transfer.

21           “(4) The projected debt-to-income ratio of the  
22      child after such transfer.

23           “(5) Any other factors the Secretary determines  
24      to be relevant to the ability of the child to repay the  
25      loan.

1       “(d) TREATMENT OF TRANSFERRED LOAN.—A cov-  
2       ered parent loan transferred to a child under subsection  
3       (a) shall have the same terms, conditions, and benefits ap-  
4       plicable to the loan before the date of such transfer except  
5       that—

6               “(1) the child to whom the loan is transferred  
7       shall be treated as the original borrower of the loan;  
8       and

9               “(2) the parent who transferred the loan to the  
10      child shall not be responsible for paying—

11               “(A) the outstanding balance of principal  
12      or interest on the loan; or

13               “(B) any other costs associated with the  
14      loan, including fees.

15      “(e) EFFECT ON LOAN LIMITS.—Notwithstanding  
16      any other provision of this Act, a covered parent loan  
17      transferred to a child under subsection (a) shall not be  
18      counted toward the child’s annual or aggregate maximum  
19      loan limits under this title.

20      “(f) COVERED PARENT LOAN DEFINED.—In this  
21      section, the term ‘covered parent loan’ means—

22               “(1) a loan made to a parent on behalf of a de-  
23      pendent student under section 428B;

24               “(2) a Federal Direct PLUS Loan made to the  
25      parent of a dependent student; or

1 “(3) a loan made under section 428C or  
 2 455(g), to the extent that such loan was used to  
 3 repay—

4 “(A) a loan made to the parent of a de-  
 5 pendent student under section 428B; or

6 “(B) a Federal Direct PLUS Loan made  
 7 to the parent of a dependent student.”.

8 **SEC. 3. TREATMENT OF COVERED PARENTS LOANS UNDER**  
 9 **INCOME-DRIVEN REPAYMENT PLANS.**

10 (a) **REPAYMENT PLANS.**—Section 455(d)(1) of the  
 11 Higher Education Act of 1965 (20 U.S.C. 1087e(d)(1))  
 12 is amended—

13 (1) in subparagraph (D), by inserting before  
 14 the semicolon at the end the following: “, and the  
 15 plan described in this subparagraph shall be avail-  
 16 able to the transferee of a covered parent loan that  
 17 is transferred under section 493E”; and

18 (2) in subparagraph (E), by inserting before the  
 19 period the following: “, and the plan described in  
 20 this subparagraph shall be available to the trans-  
 21 feree of a covered parent loan that is transferred  
 22 under section 493E”.

23 (b) **INCOME-BASED REPAYMENT.**—Section 493C(a)  
 24 of the Higher Education Act of 1965 (20 U.S.C.  
 25 1098e(a)) is amended—

1           (1) in paragraph (1), by inserting before the pe-  
2       riod at the end the following: “, except that such  
3       term does not include a covered parent loan that is  
4       transferred under section 493E”; and

5           (2) in paragraph (2), by inserting before the pe-  
6       riod at the end the following: “, except that such  
7       term does not include a covered parent loan that is  
8       transferred under section 493E”.

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