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(Original Signature of Member)

117TH CONGRESS
2D SESSION

H. R. _____

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

IN THE HOUSE OF REPRESENTATIVES

Ms. FOXX introduced the following bill; which was referred to the Committee on _____

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”.

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

8 Section 428C of the Higher Education Act of 1965
9 (20 U.S.C. 1078–3) is amended—

1 (1) in subsection (a)(3)(B)(i)—

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

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

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

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

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

17 “(g) SECRETARY GUIDANCE ON JOINT CONSOLIDA-
18 TION LOANS.—

19 “(1) IN GENERAL.—

20 “(A) AUTHORIZATION.—Notwithstanding
21 section 421(d), a married couple, or two indi-
22 viduals who were previously married and re-
23 ceived a joint consolidation loan under sub-
24 section (a)(3)(C) (as such subsection was in ef-
25 fect on June 30, 2006), may jointly request the

1 Secretary or holder, in accordance with para-
2 graph (2), to separate the existing joint consoli-
3 dation loan into two individual consolidation
4 loans.

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

14 “(C) ELIGIBILITY FOR INDIVIDUAL RE-
15 QUESTS.—

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

1 solidation loans in accordance with this
2 subsection in a case in which the request-
3 ing individual borrower certifies to the Sec-
4 retary that such borrower—

5 “(I) has experienced an act of
6 domestic violence from the other indi-
7 vidual borrower;

8 “(II) has experienced an act of
9 economic abuse from the other indi-
10 vidual borrower; or

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

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

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

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

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

16 “(i) the percentage of the joint con-
17 solidation loan attributable to the loans of
18 the individual borrower for whom such sep-
19 arate consolidation loan is being separated,
20 as determined—

21 “(I) on the basis of the loan obli-
22 gations of such borrower with respect
23 to such joint consolidation loan (as of
24 the date such joint consolidation loan
25 was made); or

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

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

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