

117<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 8909

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

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## 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

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## 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.”.

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