

117TH CONGRESS
2D SESSION

S. 1098

AN ACT

To amend the Higher Education Act of 1965 to authorize
borrowers to separate joint consolidation loans.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Joint Consolidation
3 Loan Separation Act”.

4 **SEC. 2. SEPARATING JOINT CONSOLIDATION LOANS.**

5 (a) IN GENERAL.—Section 455(g) of the Higher
6 Education Act of 1965 (20 U.S.C. 1087e(g)) is amend-
7 ed—

8 (1) by striking “A borrower” and inserting the
9 following:

10 “(1) IN GENERAL.—A borrower”; and

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

12 “(2) SEPARATING JOINT CONSOLIDATION
13 LOANS.—

14 “(A) IN GENERAL.—

15 “(i) AUTHORIZATION.—A married
16 couple, or 2 individuals who were pre-
17 viously a married couple, and who received
18 a joint consolidation loan as such married
19 couple under subparagraph (C) of section
20 428C(a)(3) (as such subparagraph was in
21 effect on June 30, 2006), may apply to the
22 Secretary, in accordance with subpara-
23 graph (C) of this paragraph, for each indi-
24 vidual borrower in the married couple (or
25 previously married couple) to receive a sep-

arate Federal Direct Consolidation Loan
under this part.

“(ii) ELIGIBILITY FOR BORROWERS IN
DEFAULT.—Notwithstanding any other
provision of this Act, a married couple, or
2 individuals who were previously a mar-
ried couple, who are in default on a joint
consolidation loan may be eligible to re-
ceive a separate Federal Direct Consolida-
tion Loan under this part in accordance
with this paragraph.

“(B) SECRETARIAL REQUIREMENTS.—Not-
withstanding section 428C(a)(3)(A) or any
other provision of law, for each individual bor-
rower who applies under subparagraph (A), the
Secretary shall—

“(i) make a separate Federal Direct
Consolidation Loan under this part that—

“(I) shall be for an amount equal
to the product of—

“(aa) the unpaid principal
and accrued unpaid interest of
the joint consolidation loan (as of
the date that is the day before
such separate consolidation loan

1 is made) and any outstanding
2 charges and fees with respect to
3 such loan; and

4 “(bb) the percentage of the
5 joint consolidation loan attrib-
6 utable to the loans of the indi-
7 vidual borrower for whom such
8 separate consolidation loan is
9 being made, as determined—

10 “(AA) on the basis of
11 the loan obligations of such
12 borrower with respect to
13 such joint consolidation loan
14 (as of the date such joint
15 consolidation loan was
16 made); or

17 “(BB) in the case in
18 which both borrowers re-
19 quest, on the basis of pro-
20 portions outlined in a di-
21 vorce decree, court order, or
22 settlement agreement; and

23 “(II) has the same rate of inter-
24 est as the joint consolidation loan (as
25 of the date that is the day before such

1 separate consolidation loan is made);

2 and

3 “(ii) in a timely manner, notify each
4 individual borrower that the joint consoli-
5 dation loan had been repaid and of the
6 terms and conditions of their new loans.

7 “(C) APPLICATION FOR SEPARATE DIRECT
8 CONSOLIDATION LOAN.—

9 “(i) JOINT APPLICATION.—Except as
10 provided in clause (ii), to receive separate
11 consolidation loans under this part, both
12 individual borrowers in a married couple
13 (or previously married couple) shall jointly
14 apply under subparagraph (A).

15 “(ii) SEPARATE APPLICATION.—An
16 individual borrower in a married couple (or
17 previously married couple) may apply for a
18 separate consolidation loan under subpara-
19 graph (A) separately and without regard to
20 whether or when the other individual bor-
21 rower in the married couple (or previously
22 married couple) applies under subpara-
23 graph (A), in a case in which—

1 “(I) the individual borrower cer-
2 tifies to the Secretary that such bor-
3 rower—

4 “(aa) has experienced an act
5 of domestic violence (as defined
6 in section 40002 of the Violence
7 Against Women Act of 1994 (34
8 U.S.C. 12291) from the other in-
9 dividual borrower;

10 “(bb) has experienced eco-
11 nomic abuse (as defined in sec-
12 tion 40002 of the Violence
13 Against Women Act of 1994 (34
14 U.S.C. 12291) from the other in-
15 dividual borrower; or

16 “(cc) is unable to reasonably
17 reach or access the loan informa-
18 tion of the other individual bor-
19 rower; or

20 “(II) the Secretary determines
21 that authorizing each individual bor-
22 rower to apply separately under sub-
23 paragraph (A) would be in the best
24 fiscal interests of the Federal Govern-
25 ment.

1 “(iii) REMAINING OBLIGATION FROM
 2 SEPARATE APPLICATION.—In the case of
 3 an individual borrower who receives a sepa-
 4 rate consolidation loan due to the cir-
 5 cumstances described in clause (ii), the
 6 other non-applying individual borrower
 7 shall become solely liable for the remaining
 8 balance of the joint consolidation loan.”.

9 (b) CONFORMING AMENDMENT.—Section
 10 428C(a)(3)(B)(i)(V) of the Higher Education Act of 1965
 11 (20 U.S.C. 1078–3(3)(B)(i)(V)) is amended—

12 (1) by striking “or” at the end of item (bb);
 13 (2) by striking the period at the end of item
 14 (cc) and inserting “; or”; and
 15 (3) by adding at the end the following:

16 “(dd) for the purpose of sep-
 17 arating a joint consolidation loan
 18 into 2 separate Federal Direct
 19 Consolidation Loans under sec-
 20 tion 455(g)(2).”.

Passed the Senate June 15, 2022.

Attest:

Secretary.

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