

115TH CONGRESS
1ST SESSION

S. 1384

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

IN THE SENATE OF THE UNITED STATES

JUNE 20, 2017

Mr. WARNER (for himself, Mr. HATCH, Ms. WARREN, and Mr. RUBIO) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Joint Consolidation
5 Loan Separation Act”.

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

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

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

3 “(1) IN GENERAL.—A borrower”; and

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

5 “(2) SEPARATING JOINT CONSOLIDATION
6 LOANS.—

7 “(A) IN GENERAL.—A married couple, or
8 2 individuals who were previously a married
9 couple, and who received a joint consolidation
10 loan as such married couple under subpara-
11 graph (C) of section 428C(a)(3) (as such sub-
12 paragraph was in effect on or before June 30,
13 2006), may apply to the Secretary for each in-
14 dividual borrower in the married couple (or pre-
15 viously married couple) to receive a separate
16 Federal Direct Consolidation Loan under this
17 part—

18 “(i) that shall be equal to the sum
19 of—

20 “(I) the unpaid principal and ac-
21 crued unpaid interest of the percent-
22 age of the joint consolidation loan
23 that, as of the day before such joint
24 consolidation loan was made, was at-
25 tributable to the loans of the indi-

1 vidual borrower for whom such sepa-
2 rate consolidation loan is being made;
3 and

4 “(II) any other loans described in
5 section 428C(a)(4) that such indi-
6 vidual borrower selects for consolida-
7 tion under this part;

8 “(ii) the proceeds of which shall be
9 paid by the Secretary to the holder or
10 holders—

11 “(I) of the joint consolidation
12 loan for the purpose of discharging
13 the liability on the percentage of such
14 joint consolidation loan described in
15 clause (i)(I); and

16 “(II) of the loans selected for
17 consolidation under clause (i)(II) for
18 the purpose of discharging the liability
19 on such loans;

20 “(iii) except as otherwise provided in
21 this paragraph, that has the same terms
22 and conditions, and rate of interest as the
23 joint consolidation loan;

24 “(iv) for which any payment made
25 under section 455(m)(1)(A) on the joint

1 consolidation loan during a period in which
2 the individual borrower for whom such sep-
3 arate consolidation loan is being made was
4 employed in a public service job described
5 in section 455(m)(1)(B) shall be treated as
6 if such payment were made on such sepa-
7 rate consolidation loan; and

8 “(v) for which any payment made
9 under an income contingent repayment
10 plan or an income-based repayment plan
11 described in subparagraph (D) or (E) of
12 section 455(d)(1), respectively, on the joint
13 consolidation loan shall be treated as if
14 such payment were made on such separate
15 consolidation loan.

16 “(B) APPLICATION FOR SEPARATE DIRECT
17 CONSOLIDATION LOAN.—

18 “(i) JOINT APPLICATION.—Except as
19 provided in clause (ii), to receive separate
20 consolidation loans under subparagraph
21 (A), both individual borrowers in a married
22 couple (or previously married couple) shall
23 jointly apply under subparagraph (A).

24 “(ii) SEPARATE APPLICATION.—An
25 individual borrower in a married couple (or

1 previously married couple) may apply for a
2 separate consolidation loan under subpara-
3 graph (A) separately and without regard to
4 whether or when the other individual bor-
5 rower in the married couple (or previously
6 married couple) applies under subpara-
7 graph (A), in a case in which—

8 “(I) the individual borrower has
9 experienced from the other individual
10 borrower—

11 “(aa) domestic violence (as
12 defined in section 40002(a) of
13 the Violence Against Women Act
14 of 1994 (42 U.S.C. 13925(a));
15 or

16 “(bb) economic abuse (in-
17 cluding behaviors that control
18 such borrower’s ability to ac-
19 quire, use, and maintain access
20 to money, credit, or the joint fi-
21 nancial obligations of both bor-
22 rowers);

23 “(II) the individual borrower cer-
24 tifies, on a form approved by the Sec-
25 retary, that such borrower is unable

1 to reasonably reach or access the loan
2 information of the other individual
3 borrower; or

4 “(III) the Secretary determines
5 that authorizing each individual bor-
6 rower to apply separately under sub-
7 paragraph (A) would be in the best
8 fiscal interests of the Federal Govern-
9 ment.

10 “(C) BORROWER ELIGIBILITY.—Notwith-
11 standing section 428C(a)(3)(A), the Secretary
12 shall award a consolidation loan under this part
13 to each borrower who—

14 “(i) applies for such loan under sub-
15 paragraph (A); and

16 “(ii) meets the requirements of sub-
17 paragraphs (A) and (B).”.

18 (b) CONFORMING AMENDMENT.—Section
19 428C(a)(3)(B)(i)(V) of the Higher Education Act of 1965
20 (20 U.S.C. 1078–3(3)(B)(i)(V)) is amended—

21 (1) in item (bb), by striking “or” after the
22 semicolon;

23 (2) in item (cc), by striking the period and in-
24 serting “; or”; and

25 (3) by adding at the end the following:

1 “(dd) for the purpose of sep-
2 arating a joint consolidation loan
3 into 2 separate Federal Direct
4 Consolidation Loans under sec-
5 tion 455(g)(2).”.

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