

Joint Consolidation Loan Separation (JCLs) Act of 2021

A proposal by Senator Mark R. Warner and Congressman David E. Price to provide relief to borrowers who need to separate their joint consolidation loans, including separate applications for borrowers who are victims of abuse or for borrowers who are unable to get in touch with their fellow borrower.

Background and Need for Legislation:

From January 1, 1993, until June 30, 2006, the U.S. Department of Education issued joint consolidation loans (JCLs) to married couples. At the time, both borrowers agreed to be jointly liable for repayment, which proved problematic in the event of divorce. Congress eliminated the program effective July 1, 2006, but it did not provide a means of severing existing loans, even in the event of domestic violence, economic abuse, or an unresponsive partner. As a result, there are borrowers across the country who remain liable for their abusive or uncommunicative spouse's portion of their consolidated debt with no legal options for relief.

The *Joint Consolidation Loan Separation (JCLs) Act of 2021* will:

- Allow borrowers to submit an application to the Department of Education to split the JCL into two separate federal direct loans.
- Allow two borrowers to submit a joint application to sever their JCL or allow one borrower to submit a separate application in certain circumstances, including when:
 - One borrower is the victim of domestic or economic abuse; or
 - One borrower has certified that the borrowers are unable to reasonably reach or access the loan information of the other borrower; or
 - An individual application is deemed appropriate by the Secretary of Education.

The two new federal direct loans will have the same interest rates as the joint consolidation loan. Each borrower will be able to transfer eligible payments made on the JCL towards income-driven repayment programs and the Public Service Loan Forgiveness program.

Supporting Organizations:

National Network to End Domestic Violence, National Consumer Law Center, North Carolina Coalition against Domestic Violence, and the Virginia Sexual and Domestic Violence Action Alliance.