

# Support the Joint Consolidation Loan Separation (JCLs) Act

*A proposal by Senator Mark 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.*

## **The Problem:**

From January 1, 1993 until June 30, 2006, the U.S. Department of Education issued joint consolidation loans to married couples. Both borrowers agreed at the time to be jointly liable for repayment, which proved problematic in the event of divorce. Congress eliminated the program effective July 1, 2006 but 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 nationwide who remain liable for their abusive or uncommunicative spouse's portion of their consolidated debt with no legal options for relief.

## **The Bill:**

The Joint Consolidation Loan Separation (JCLs) Act would allow borrowers to submit an application to the Department of Education (ED) to split the joint consolidation loan into two separate federal direct loans. The joint consolidation loan remainder (unpaid loan and accrued unpaid interest) will be split proportionally based on the percentages that each borrower originally brought into the loan.

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

This legislation would allow two borrowers to submit a joint application to sever their joint consolidation loan or allow one borrower to submit a separate application in certain circumstances.

Those separate applications would be available when:

- One borrower is the victim of domestic or economic abuse or
- One borrower has certified that they 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

While the universe of borrowers still making payments on a joint consolidation loan is relatively small, this legislation would greatly benefit the individual borrowers who are most in need of relief (including victims of abuse and those who are unable to get in touch with their ex-spouse).

This bill has the support of the 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.

Please join Representative David Price and Senator Mark Warner in addressing this congressional oversight by cosponsoring the Joint Consolidation Loan Separation Act. For additional questions, please contact Nora Blalock at [nora.blalock@mail.house.gov](mailto:nora.blalock@mail.house.gov) or Lauren Marshall at [lauren\\_marshall@warner.senate.gov](mailto:lauren_marshall@warner.senate.gov).