

118TH CONGRESS  
1ST SESSION

H. R. \_\_\_\_\_

To amend the Higher Education Act of 1965 to allow certain Federal student loans to be transferred from a parent to a child, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

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Mr. FOSTER introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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## A BILL

To amend the Higher Education Act of 1965 to allow certain Federal student loans to be transferred from a parent to a child, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### **SECTION 1. SHORT TITLE.**

This Act may be cited as the “Parent PLUS Loan Fairness and Responsibility Act”.

### **SEC. 2. TRANSFER OF FEDERAL STUDENT LOANS FROM PARENT TO CHILD.**

Part G of title IV of the Higher Education Act of 1965 ([20 U.S.C. 1088 et seq.](#)) is amended by inserting after section 493D the following:

#### **“SEC. 493E. TRANSFER OF FEDERAL STUDENT LOANS FROM PARENT TO CHILD.**

“(a) IN GENERAL.—A covered parent loan may be transferred from the original borrower of the loan to a child of such borrower in accordance with this section.

“(b) TRANSFER REQUIREMENTS.—A covered parent loan may be transferred to a child under subsection (a) only if—

“(1) the loan is in good standing, as determined by the Secretary;

“(2) the loan was used to pay the educational expenses of the child to whom the loan is to be transferred;

“(3) the child to whom the loan is to be transferred—

“(A) has attained the age of 18 years; and

“(B) demonstrates the ability to repay the loan, as determined by the Secretary in accordance with subsection (c);

“(4) the child, the parent, and the lender agree, in writing, to the transfer of the loan;

“(5) the agreement described in paragraph (4) notifies the child to whom the loan is transferred of the effect of the transfer on the eligibility of the loan for forgiveness under section 455(m); and

“(6) a period of 180 days has elapsed during which the child was not pursuing—

“(A) at least a half-time course of study as determined by an institution of higher education; or

“(B) a course of study pursuant to a graduate fellowship program approved by the Secretary, or pursuant to a rehabilitation training program for disabled individuals approved by the Secretary.

“(c) DETERMINATION OF ABILITY TO REPAY LOAN.—In determining the ability of a child to repay a covered parent loan under subsection (b)(3)(B), the Secretary shall consider the following:

“(1) The child’s employment status, income level, and credit history.

“(2) The total dollar amount of the loans proposed to be transferred to the child.

“(3) The debt-to-income ratio of the child before such transfer.

“(4) The projected debt-to-income ratio of the child after such transfer.

“(5) Any other factors the Secretary determines to be relevant to the ability of the child to repay the loan.

“(d) TREATMENT OF TRANSFERRED LOAN.—A covered parent loan transferred to a child under subsection (a) shall have the same terms, conditions, and benefits applicable to the loan before the date of such transfer except that—

“(1) the child to whom the loan is transferred shall be treated as the original borrower of the loan; and

“(2) the parent who transferred the loan to the child shall not be responsible for paying—

“(A) the outstanding balance of principal or interest on the loan; or

“(B) any other costs associated with the loan, including fees.

“(e) EFFECT ON LOAN LIMITS.—Notwithstanding any other provision of this Act, a covered parent loan transferred to a child under subsection (a) shall not be counted toward the child’s annual or aggregate maximum loan limits under this title.

“(f) COVERED PARENT LOAN DEFINED.—In this section, the term ‘covered parent loan’ means—

“(1) a loan made to a parent on behalf of a dependent student under section 428B;

“(2) a Federal Direct PLUS Loan made to the parent of a dependent student; or

“(3) a loan made under section 428C or 455(g), to the extent that such loan was used to repay—

“(A) a loan made to the parent of a dependent student under section 428B; or

“(B) a Federal Direct PLUS Loan made to the parent of a dependent student.”.

### **SEC. 3. TREATMENT OF COVERED PARENTS LOANS UNDER INCOME-DRIVEN REPAYMENT PLANS.**

(a) REPAYMENT PLANS.—Section 455(d)(1) of the Higher Education Act of 1965 ([20 U.S.C. 1087e\(d\)\(1\)](#)) is amended—

(1) in subparagraph (D), by inserting before the semicolon at the end the following: “, and the plan described in this subparagraph shall be available to the transferee of a covered parent loan that is transferred under section 493E”; and

(2) in subparagraph (E), by inserting before the period the following: “, and the plan described in this subparagraph shall be available to the transferee of a covered parent loan that is transferred under section 493E”.

(b) INCOME-BASED REPAYMENT.—Section 493C(a) of the Higher Education Act of 1965 ([20 U.S.C. 1098e\(a\)](#)) is amended—

(1) in paragraph (1), by inserting before the period at the end the following: “, except that such term does not include a covered parent loan that is transferred under section 493E”; and

(2) in paragraph (2), by inserting before the period at the end the following: “, except that such term does not include a covered parent loan that is transferred under section 493E”.