

[DISCUSSION DRAFT]

116TH CONGRESS
1ST SESSION

H. R. _____

To provide for the discharge of a private education loan in the case of death or total and permanent disability of a student obligor, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. DEAN introduced the following bill; which was referred to the Committee on _____

A BILL

To provide for the discharge of a private education loan in the case of death or total and permanent disability of a student obligor, and for other purposes.

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 “Private Loan Disability
5 Discharge Act of 2019”.

1 **SEC. 2. PROTECTIONS FOR OBLIGORS AND COSIGNERS IN**
2 **CASES OF DEATH OR TOTAL AND PERMA-**
3 **NENT DISABILITY.**

4 (a) IN GENERAL.—Section 140(g) of the Truth in
5 Lending Act (15 U.S.C. 1650) is amended—

6 (1) in paragraph (2)—

7 (A) in the heading, by striking “IN CASE
8 OF DEATH OF BORROWER”;

9 (B) in subparagraph (A), by inserting after
10 “of the death”, the following: “or total and per-
11 manent disability”; and

12 (C) in subparagraph (C), by inserting after
13 “of the death”, the following: “or total and per-
14 manent disability”; and

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

16 “(3) DISCHARGE IN CASE OF DEATH OR TOTAL
17 AND PERMANENT DISABILITY OF BORROWER.—The
18 holder of a private education loan shall, when noti-
19 fied of the death or total and permanent disability
20 of a student obligor, discharge the liability of the
21 student obligor on the loan and may not, after such
22 notification—

23 “(A) attempt to collect on the outstanding
24 liability of the student obligor; and

25 “(B) in the case of total and permanent
26 disability, monitor the disability status of the

1 student obligor at any point after the date of
2 discharge.

3 “(4) TOTAL AND PERMANENT DISABILITY DE-
4 FINED.—For the purposes of this subsection and
5 with respect to an individual, the term ‘total and
6 permanent disability’ means the individual is totally
7 and permanently disabled, as such term is defined in
8 section 685.102(b) of title 34 of the Code of Federal
9 Regulations.

10 “(5) PRIVATE DISCHARGE IN CASES OF GOV-
11 ERNMENT DISCHARGE FOR DEATH OR DISABILITY.—
12 The holder of a private education loan shall, when
13 notified of the discharge of liability of a student obli-
14 gor on a loan by the Secretary of Education under
15 section 437(a) of the Higher Education Act of 1965
16 (20 U.S.C. 1087(a)), discharge any liability of the
17 student obligor on any private education loan which
18 the private education loan holder holds and may not,
19 after such notification, attempt to collect on the out-
20 standing liability of the student obligor.”.

21 (b) TAX LIABILITY.—Section 108(f)(5)(A) of the In-
22 ternal Revenue Code of 1986 (26 U.S.C. 108(f)(5)(A)) is
23 amended—

24 (1) by striking “, and before January 1, 2026”;
25 and

- 1 (2) in clause (ii), by striking “or”;
- 2 (3) by redesignating clause (iii) as clause (iv);
- 3 and
- 4 (4) by inserting after clause (ii) the following:
- 5 “(iii) pursuant to paragraph (3) or
- 6 (5) of section 140(g) of the Truth in Lend-
- 7 ing Act, or”.

8 (c) RULEMAKING.—The Director of the Bureau of

9 Consumer Financial Protection may issue rules to imple-

10 ment the amendments made by subsection (a) as the Di-

11 rector determines appropriate.

12 (d) EFFECTIVE DATE.—The amendments made by

13 this section shall take effect 1 year after the date of the

14 enactment of this Act.