

113TH CONGRESS
2D SESSION

H. R. 4643

To amend the Truth in Lending Act to establish requirements for releasing a cosigner from obligations of a private education loan, for the treatment of the loan upon the death or bankruptcy of a cosigner of the loan, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 9, 2014

Mr. LARSEN of Washington (for himself, Ms. NORTON, Ms. TSONGAS, Ms. DELBENE, Mr. PIERLUISI, Mr. HECK of Washington, Mr. CARSON of Indiana, Mr. ENYART, Mr. WELCH, and Mr. MORAN) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Truth in Lending Act to establish requirements for releasing a cosigner from obligations of a private education loan, for the treatment of the loan upon the death or bankruptcy of a cosigner of the loan, 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 “Bereaved Borrowers’
5 Bill of Rights Act of 2014”.

1 **SEC. 2. REQUIREMENTS FOR PRIVATE EDUCATIONAL**
2 **LENDERS.**

3 Section 140 of such Act is further amended by adding
4 at the end the following new subsection:

5 “(g) REQUIREMENTS REGARDING COSIGNERS FOR A
6 PRIVATE EDUCATION LOAN.—

7 “(1) COSIGNER RELEASE REQUIREMENTS.—If a
8 private education loan has a cosigner who is jointly
9 liable for such loan, a private educational lender
10 shall include a process for releasing the cosigner
11 from any obligations on the loan and in such process
12 the lender—

13 “(A) shall make the criteria for obtaining
14 the release clear, transparent, and easily acces-
15 sible via the website of the private educational
16 lender;

17 “(B) shall notify the borrower if the bor-
18 rower is eligible to release a cosigner;

19 “(C) shall, if denying a request to release
20 a cosigner, provide an explanation for the denial
21 and offer the borrower an opportunity to cor-
22 rect the request; and

23 “(D) may not change the terms of the re-
24 lease to impose additional duties on the bor-
25 rower or cosigner over the duration of the pri-
26 vate education loan.

1 “(2) ADDITIONAL REQUIREMENTS.—Notwith-
2 standing any provision in a private education loan
3 agreement that contains a process for releasing a co-
4 signer from obligations on the loan, a private edu-
5 cational lender shall, upon receiving notification of
6 the death or bankruptcy of a cosigner—

7 “(A) notify the borrower about the bor-
8 rower’s rights under the private education loan
9 agreement regarding the release of the cosigner;
10 and

11 “(B) if the borrower continues to make on-
12 time payments (in the amount determined prior
13 to the death or bankruptcy of the cosigner) on
14 the private education loan, provide a period of
15 time of not less than 90 days for the borrower
16 to follow the process for release of the cosigner
17 before deeming the borrower to be in default,
18 changing the terms of the loan, accelerating the
19 repayment terms of the loan, or notifying con-
20 sumer reporting agencies (as defined in section
21 603(f)) of a change in the status of the loan.

22 “(3) REQUIREMENTS IN CASE OF DEATH OR
23 BANKRUPTCY OF A COSIGNER.—Notwithstanding
24 any provision in a private education loan agreement,
25 a private educational lender shall, upon receiving no-

1 tification of the death or bankruptcy of a cosigner
2 who is jointly liable for the private education loan—

3 “(A) notify the borrower about the bor-
4 rower’s rights under the private education loan
5 agreement regarding identifying a new cosigner
6 or refinancing the loan; and

7 “(B) if the borrower continues to make on-
8 time payments (in the amount determined prior
9 to the death or bankruptcy of the cosigner) on
10 the private education loan, provide a period of
11 time of not less than 90 days for a borrower to
12 identify a new cosigner or refinance the loan be-
13 fore deeming the borrower to be in default,
14 changing the terms of the loan, accelerating the
15 repayment terms of the loan, or notifying con-
16 sumer reporting agencies (as defined in section
17 603(f)) of a change in the status of the loan.”.

18 **SEC. 3. PROHIBITIONS FOR CONSUMER REPORTING AGEN-**
19 **CIES AND FURNISHERS OF INFORMATION TO**
20 **CONSUMER REPORTING AGENCIES RELATED**
21 **TO PRIVATE EDUCATION LOANS.**

22 (a) PROHIBITION FOR CONSUMER REPORTING AGEN-
23 CIES.—Subsection (a) of section 605 of the Fair Credit
24 Reporting Act (15 U.S.C. 1681c(a)) is amended by adding
25 at the end the following new paragraph:

1 “(7) Default on a private education loan (as de-
2 fined in section 140(a)) resulting from accelerated
3 repayment terms of the loan after the death or
4 bankruptcy of a cosigner who is jointly liable for the
5 loan.”.

6 (b) PROHIBITION FOR FURNISHERS OF INFORMA-
7 TION TO CONSUMER REPORTING AGENCIES.—Paragraph
8 (1) of section 623(a) of such Act is amended by adding
9 the following new subparagraph:

10 “(E) REPORTING INFORMATION ON PRI-
11 VATE EDUCATION LOANS.—A private edu-
12 cational lender (as defined in section 140(a)) or
13 the servicer of a private education loan (as de-
14 fined in such section) shall not furnish any in-
15 formation relating to the loan to any consumer
16 reporting agency if the consumer defaulted on
17 the loan due to accelerated repayment terms of
18 the loan after the death or bankruptcy of a co-
19 signer who is jointly liable for the loan.”.

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