

114TH CONGRESS  
1ST SESSION

# H. R. 3474

To establish additional protections and disclosures for students and co-signers with respect to student loans, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 10, 2015

Mr. PASCRELL introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To establish additional protections and disclosures for students and co-signers with respect to student loans, 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; FINDINGS.**

4       (a) **SHORT TITLE.**—This Act may be cited as the  
5       “Christopher Bryski Student Loan Protection Act” or  
6       “Christopher’s Law”.

7       (b) **FINDINGS.**—Congress finds the following:

1           (1) According to the Bureau of Consumer Fi-  
2           nancial Protection (hereafter referred to as the  
3           “CFPB”) Student Loan Ombudsman:

4                   (A) “The CFPB received more than 3,100  
5           private student loan complaints and approxi-  
6           mately 1,100 debt collection complaints related  
7           to student loans between October 1, 2014, and  
8           March 31, 2015.”.

9                   (B) “Co-signers complain that information  
10          about discharge or alternative arrangements in  
11          the case of death of the primary borrower is not  
12          readily available and that decisions are made on  
13          a case-by-case basis, giving co-signers little un-  
14          derstanding of how the process works, or if they  
15          will be successful.”.

16                  (C) “The complaints and input received by  
17          the CFPB resemble many of the same issues  
18          experienced by mortgage borrowers, such as im-  
19          proper application of payments, untimeliness in  
20          error resolution, and inability to contact appro-  
21          priate personnel in times of hardship.”.

22                  (D) “The difference between federal and  
23          private student loans in periods of disability  
24          was not well-understood.”.

1           (2) An estimated 1,700,000 people sustain a  
2           traumatic brain injury each year, with older adoles-  
3           cents aged 15 to 19 years old more likely to sustain  
4           a traumatic brain injury than other age groups.

5           (3) It has been estimated that the annual inci-  
6           dence of spinal cord injury, not including those who  
7           die at the scene of an accident, is approximately 40  
8           cases per 1,000,000 people in the United States or  
9           approximately 12,000 new cases each year. These in-  
10          juries can lead to permanent disability or loss of  
11          movement and can prohibit the victim from engaging  
12          in any substantial gainful activity.

13          (4) According to the CFPB, more than 90 per-  
14          cent of new private student loans are co-signed.

15          (5) According to the CFPB, private student  
16          loan companies provide co-signer release to less than  
17          1 percent of eligible borrowers.

18 **SEC. 2. ADDITIONAL STUDENT LOAN PROTECTIONS.**

19          (a) IN GENERAL.—Section 140 of the Truth in Lend-  
20          ing Act (15 U.S.C. 1650) is amended by adding at the  
21          end the following:

22          “(g) ADDITIONAL PROTECTIONS RELATING TO BOR-  
23          ROWER OR CO-SIGNER OF A PRIVATE EDUCATION  
24          LOAN.—

1           “(1) CLEAR AND CONSPICUOUS DESCRIPTION  
2           OF BORROWER’S AND CO-SIGNER’S OBLIGATION.—In  
3           the case of any private educational lender who ex-  
4           tends a private education loan, the lender shall  
5           clearly and conspicuously describe, in writing, the  
6           co-signer’s obligations with respect to the loan, in-  
7           cluding the effect the death, disability, or inability to  
8           engage in any substantial gainful activity of the bor-  
9           rower or any co-signer would have on any such obli-  
10          gation, in language that the Bureau determines  
11          would give a reasonable person a reasonable under-  
12          standing of the obligation being assumed by becom-  
13          ing a co-signer for the loan.

14           “(2) PROHIBITION ON AUTOMATIC DEFAULT  
15          WITH RESPECT TO A PERFORMING LOAN.—

16           “(A) DEATH, DISABILITY, OR BANKRUPTCY  
17          OF CO-SIGNER.—If a private education loan in-  
18          cludes a co-signer, a private educational lender  
19          may not take any adverse action (including de-  
20          claring a default, accelerating any loan obliga-  
21          tion, increasing the interest rate, or altering  
22          any obligations under the private education loan  
23          in a way that is adverse to the borrower)  
24          against the borrower based on the death, dis-

1 ability, or inability to engage in any substantial  
2 gainful activity or bankruptcy of a co-signer.

3 “(B) DEATH, DISABILITY, OR BANK-  
4 RUPTCY OF BORROWER.—If a private education  
5 loan includes a co-signer, a private educational  
6 lender may not take any adverse action (includ-  
7 ing declaring a default, accelerating any loan  
8 obligation, increasing the interest rate, or alter-  
9 ing any obligations under the private education  
10 loan in a way that is adverse to any co-signer)  
11 against the co-signer based on the death, dis-  
12 ability, or inability to engage in any substantial  
13 gainful activity, or bankruptcy of the borrower.

14 “(3) CO-SIGNER RELEASE.—

15 “(A) REQUIREMENTS FOR AUTOMATIC RE-  
16 LEASE OF CO-SIGNER.—

17 “(i) CRITERIA ESTABLISHED BY THE  
18 BUREAU.—Not later than 180 days after  
19 the date of enactment of this subsection,  
20 the Bureau shall establish criteria, which if  
21 met by the borrower of a private education  
22 loan, the private educational lender or  
23 servicer of the private education loan shall  
24 promptly release any co-signer from the  
25 obligations of the co-signer under the loan

1 without requiring any action on behalf of  
2 the borrower.

3 “(ii) CRITERIA ESTABLISHED BY  
4 LENDER.—A private educational lender  
5 may establish criteria for automatic release  
6 that are different from the criteria de-  
7 scribed in clause (i) if the criteria estab-  
8 lished by the lender are not more restric-  
9 tive with respect to the borrower or any co-  
10 signer of the private education loan than  
11 the criteria established under clause (i).

12 “(B) DISCLOSURE OF CRITERIA FOR CO-  
13 SIGNER RELEASE.—A private educational lend-  
14 er shall—

15 “(i) include in the promissory note of  
16 a private education loan the criteria under  
17 which a co-signer may be released from the  
18 obligation of the co-signer under a private  
19 education loan under this subparagraph;  
20 and

21 “(ii) disclose to the borrower and any  
22 co-signer at the time the private education  
23 loan is consummated, clearly and conspicu-  
24 ously, the criteria under which a co-signer

1           may be released from the obligation of the  
2           co-signer under a private education loan.

3           “(C) MODIFICATIONS TO CRITERIA.—The  
4           private educational lender, or servicer of a pri-  
5           vate education loan, as applicable, may not  
6           modify the criteria under which a co-signer may  
7           be released from the obligation of the co-signer  
8           under a private education loan if the modifica-  
9           tion would be adverse to the borrower without  
10          the consent of the borrower and applicable co-  
11          signer.

12          “(D) NOTIFICATION ON RELEASE.—A pri-  
13          vate educational lender, or servicer, as applica-  
14          ble, shall promptly notify the borrower and any  
15          co-signers for a private education loan if a co-  
16          signer is released from the obligations of the co-  
17          signer under the private education loan under  
18          this subparagraph.

19          “(E) MODIFICATION OF EVALUATION OF  
20          CREDITWORTHINESS, CREDIT STANDING, OR  
21          CREDIT CAPACITY.—In determining whether the  
22          criteria for a co-signer release are met, a pri-  
23          vate educational lender or servicer of a private  
24          education loan, as applicable, may not evaluate  
25          the creditworthiness, credit standing, or credit

1 capacity of the borrower or a co-signer of the  
2 private education loan using a standard that  
3 would be more adverse to the borrower or co-  
4 signer, as applicable, than the standard the pri-  
5 vate educational lender used to evaluate the  
6 creditworthiness, credit standing, or credit ca-  
7 pacity of the borrower or co-signer on the date  
8 on which the private education loan was con-  
9 summated.

10 “(4) DESIGNATION OF INDIVIDUAL TO ACT ON  
11 BEHALF OF THE BORROWER.—In the case of any  
12 private educational lender who extends a private  
13 education loan, the lender shall provide the borrower  
14 an option to designate an individual to have the  
15 legal authority to act on behalf of the borrower with  
16 respect to the private education loan in the event of  
17 the borrower’s death, disability, or inability to en-  
18 gage in any substantial gainful activity.

19 “(5) COUNSELING.—In the case of any private  
20 educational lender who extends a private education  
21 loan, the lender shall ensure that the borrower, and  
22 any co-signer, receives comprehensive information on  
23 the terms and conditions of the loan and of the re-  
24 sponsibilities the borrower has with respect to such  
25 loan, including the information described under sub-



1 paragraphs (H), (I), (K), (L), (M), and (N) of sec-  
2 tion 485(l)(2) of the Higher Education Act of 1965  
3 (20 U.S.C. 1092(l)(2)).

4 “(6) MODEL FORM.—The Bureau shall publish  
5 a model form under section 105 for describing a co-  
6 signer’s obligation for purposes of paragraph (1).

7 “(7) DEFINITION OF DEATH, DISABILITY, OR  
8 INABILITY TO ENGAGE IN ANY SUBSTANTIAL GAIN-  
9 FUL ACTIVITY.—For the purposes of this subsection  
10 with respect to a borrower or co-signer, the term  
11 ‘death, disability, or inability to engage in any sub-  
12 stantial gainful activity’—

13 “(A) means any condition described in sec-  
14 tion 437(a) of the Higher Education Act of  
15 1965 (20 U.S.C. 1087(a)); and

16 “(B) shall be interpreted by the Bureau in  
17 such a manner as to conform with the regula-  
18 tions prescribed by the Secretary of Education  
19 under section 437(a) of such Act (20 U.S.C.  
20 1087(a)) to the fullest extent practicable, in-  
21 cluding safeguards to prevent fraud and  
22 abuse.”.

23 (b) DEFINITIONS.—Subsection (a) of section 140 of  
24 the Truth in Lending Act (15 U.S.C. 1650(a)) is amend-  
25 ed—

1 (1) by redesignating paragraphs (1) through  
2 (8) as paragraphs (2) through (9), respectively; and  
3 (2) by inserting before paragraph (2) (as rededesignated  
4 by paragraph (1)) the following:

5 “(1) the term ‘co-signer’—

6 “(A) means any individual who is liable for  
7 the obligation of another without compensation,  
8 regardless of how designated in the contract or  
9 instrument;

10 “(B) includes any person whose signature  
11 is requested as condition to grant credit or to  
12 forbear on collection; and

13 “(C) does not include a spouse of an individual  
14 referred to in subparagraph (A) whose  
15 signature is needed to perfect the security interest  
16 in the loan;”.

17 (c) RULEMAKING.—Not later than the end of the 1-  
18 year period following the date of the enactment of this  
19 Act, the Bureau of Consumer Financial Protection shall  
20 issue regulations to carry out section 140(g) of the Truth  
21 in Lending Act.

22 **SEC. 3. FEDERAL STUDENT LOANS.**

23 (a) COUNSELING INFORMATION.—Section 485(l)(2)  
24 of the Higher Education Act of 1965 (20 U.S.C.  
25 1092(l)(2)) is amended by adding at the end the following:

1           “(L) Information on the conditions re-  
2           quired to discharge the loan due to the death,  
3           disability, or inability to engage in any substan-  
4           tial gainful activity of the borrower in accord-  
5           ance with section 437(a).

6           “(M) Any repayment, refinance, deferment,  
7           forbearance, or forgiveness opportunities avail-  
8           able to the borrower, or co-signer, in the event  
9           of either individual’s death, disability, or inabil-  
10          ity to engage in any substantial gainful activity.

11          “(N) The effect that the death, disability,  
12          or inability to engage in any substantial gainful  
13          activity of the borrower would have on the obli-  
14          gations of the borrower and any co-signer of the  
15          loan.”.

16          (b) DESIGNATION OF INDIVIDUAL TO ACT ON BE-  
17          HALF OF THE BORROWER.—Section 484 of the Higher  
18          Education Act of 1965 (20 U.S.C. 1091) is amended—

19                 (1) in subsection (a), by striking paragraph (4)  
20                 and inserting the following:

21                 “(4) file with the Secretary, as part of the  
22                 original financial aid application process, a certifi-  
23                 cation, which need not be notarized, but which—

24                 “(A) shall include—

1 “(i) a statement of educational pur-  
 2 pose stating that the money attributable to  
 3 such grant, loan, or loan guarantee will be  
 4 used solely for expenses related to attend-  
 5 ance or continued attendance at such insti-  
 6 tution; and

7 “(ii) such student’s social security  
 8 number; and

9 “(B) may include a designation by such  
 10 student of an individual who shall have the  
 11 legal authority to act on behalf of the student  
 12 with respect to any loan to the student under  
 13 this title in the event of the student’s death,  
 14 disability, or inability to engage in any substan-  
 15 tial gainful activity;” and

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

17 “(u) OPTION TO DESIGNATE INDIVIDUAL TO ACT ON  
 18 BEHALF OF THE BORROWER IN CLEAR AND CON-  
 19 SPICUOUS MANNER.—The option for a student to make  
 20 a designation described in subsection (a)(4)(B) shall be  
 21 provided in a clear and conspicuous manner to the stu-  
 22 dent.”.

23 **SEC. 4. RULE OF CONSTRUCTION.**

24 Nothing in this Act, or an amendment made by this  
 25 Act, shall be construed to adversely affect the eligibility

1 of a student to receive any grant, loan, or work assistance  
2 under part C or part G of title IV of the Higher Education  
3 Act of 1965 (42 U.S.C. 2751 et seq. and 20 U.S.C. 1088  
4 et seq.) based on a designation, or lack thereof, under sec-  
5 tion 484(a)(4)(B) of that Act, as added by section 3(b)  
6 of this Act.

