

AMENDMENT TO RULES COMMITTEE PRINT

117-54

OFFERED BY MS. DEAN OF PENNSYLVANIA

Add at the end of title LIV of division E the following:

1 **SEC. 54 ____ . PROTECTIONS FOR OBLIGORS AND COSIGNERS**
2 **IN CASE 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(g)) 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-

1 fied of the death or total and permanent disability
2 of a student obligor, discharge the liability of the
3 student obligor on the loan and may not, after such
4 notification—

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

7 “(B) in the case of total and permanent
8 disability, monitor the disability status of the
9 student obligor at any point after the date of
10 discharge.

11 “(4) TOTAL AND PERMANENT DISABILITY DE-
12 FINED.—For the purposes of this subsection and
13 with respect to an individual, the term ‘total and
14 permanent disability’ means the individual is totally
15 and permanently disabled, as such term is defined in
16 section 685.102(b) of title 34 of the Code of Federal
17 Regulations.

18 “(5) PRIVATE DISCHARGE IN CASES OF CER-
19 TAIN DISCHARGE FOR DEATH OR DISABILITY.—The
20 holder of a private education loan shall, when noti-
21 fied of the discharge of liability of a student obligor
22 on a loan described under section 108(f)(5)(A) of
23 the Internal Revenue Code of 1986, discharge any li-
24 ability of the student obligor (and any cosigner) on
25 any private education loan which the private edu-

1 cation loan holder holds and may not, after such no-
2 tification—

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

5 “(B) in the case of total and permanent
6 disability, monitor the disability status of the
7 student obligor at any point after the date of
8 discharge.”.

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

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

13 (2) in clause (ii), by striking “or”;

14 (3) by redesignating clause (iii) as clause (iv);

15 and

16 (4) by inserting after clause (ii) the following:

17 “(iii) pursuant to paragraph (3) or

18 (5) of section 140(g) of the Truth in Lend-

19 ing Act, or”.

20 (c) RULEMAKING.—The Director of the Bureau of
21 Consumer Financial Protection may issue rules to imple-
22 ment the amendments made by subsection (a) as the Di-
23 rector determines appropriate.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect 1 year after the date of the
3 enactment of this Act.

