In title LI of division E, after section 5105, insert the following:

SEC. 5106. PROTECTIONS FOR OBLIGORS AND COSIGNERS IN CASE OF DEATH OR TOTAL AND PERMANENT DISABILITY.

(a) In general.—Section 140(g) of the Truth in Lending Act (15 U.S.C. 1650(g)) is amended—

(1) in paragraph (2)—

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

(B) in subparagraph (A), by inserting after “of the death”, the following: “or total and permanent disability”; and

(C) in subparagraph (C), by inserting after “of the death”, the following: “or total and permanent disability”; and

(2) by adding at the end the following:

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

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

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

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

“(5) PRIVATE DISCHARGE IN CASES OF CER-
TAIN DISCHARGE FOR DEATH OR DISABILITY.—The
holder of a private education loan shall, when noti-
fied of the discharge of liability of a student obligor
on a loan described under section 108(f)(5)(A) of
the Internal Revenue Code of 1986, discharge any li-
ability of the student obligor (and any cosigner) on
any private education loan which the private edu-
cation loan holder holds and may not, after such no-
ification—

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

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

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

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