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(Original Signature of Member)

114TH CONGRESS  
1ST SESSION

# H. R.

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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.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. LARSEN of Washington introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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# 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 2015”.

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

3 Section 140 of the Truth in Lending Act (15 U.S.C.  
4 1650) is amended by adding at the end the following new  
5 subsection:

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

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

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

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

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

24 “(D) may not change the terms of the re-  
25 lease to impose additional duties on, or be detri-  
26 mental to the interests of, the borrower or co-

1           signer over the duration of the private edu-  
2           cation loan.

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

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

13                   “(B) if the borrower continues to make on-  
14                   time payments (in the amount determined prior  
15                   to the death or bankruptcy of the cosigner) on  
16                   the private education loan, provide a period of  
17                   time of not less than 90 days for the borrower  
18                   to follow the process for release of the cosigner  
19                   before deeming that the borrower has failed to  
20                   repay the loan, changing the terms of the loan,  
21                   accelerating the repayment terms of the loan,  
22                   referring the loan to a debt collector (as defined  
23                   in section 803 of the Fair Debt Collection Prac-  
24                   tices Act (15 U.S.C. 1692a)), or notifying con-

1           sumer reporting agencies (as defined in section  
2           603(f)) of a change in the status of the loan.

3           “(3) CREDIT WORTHINESS STANDARDS.—A pri-  
4           vate educational lender may not evaluate the credit  
5           worthiness, credit standing, or credit capacity of a  
6           borrower or a cosigner at the time at which a co-  
7           signer is released from obligations on a private edu-  
8           cation loan using a different standard than was used  
9           to evaluate the credit worthiness, credit standing, or  
10          credit capacity of the borrower or cosigner at the  
11          time of the origination of the loan.

12          “(4) REQUIREMENTS FOR NEW COSIGNERS.—  
13          Notwithstanding any provision in a private education  
14          loan agreement, a private educational lender shall,  
15          upon receiving notification of the death or bank-  
16          ruptcy of a cosigner who is jointly liable for the pri-  
17          vate education loan—

18                  “(A) notify the borrower about the bor-  
19                  rower’s rights under the private education loan  
20                  agreement regarding identifying a new cosigner  
21                  or refinancing the loan; and

22                  “(B) if the borrower continues to make on-  
23                  time payments (in the amount determined prior  
24                  to the death or bankruptcy of the cosigner) on  
25                  the private education loan, provide a period of

1 time of not less than 90 days for a borrower to  
2 identify a new cosigner or refinance the loan be-  
3 fore deeming that the borrower has failed to  
4 repay the loan, changing the terms of the loan,  
5 accelerating the repayment terms of the loan,  
6 referring the loan to a debt collector (as defined  
7 in section 803 of the Fair Debt Collection Prac-  
8 tices Act (15 U.S.C. 1692a)), or notifying con-  
9 sumer reporting agencies (as defined in section  
10 603(f)) of a change in the status of the loan.

11 “(5) NEW COSIGNER CREDIT WORTHINESS.—A  
12 private educational lender may not evaluate the  
13 credit worthiness, credit standing, or credit capacity  
14 of a new cosigner using a stricter standard than  
15 used to evaluate the credit worthiness, credit stand-  
16 ing, or credit capacity of the original cosigner.”.

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

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

1           “(7) Failure to repay a private education loan  
2           (as defined in section 140(a)) due to accelerated re-  
3           payment terms of the loan after the death or bank-  
4           ruptcy 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 failed to repay  
17           the loan due to accelerated repayment terms  
18           after the death or bankruptcy of a cosigner who  
19           is jointly liable for the loan.”.