

113TH CONGRESS  
1ST SESSION

# H. R. 2961

To amend the Truth in Lending Act and the Higher Education Act of 1965 to require additional disclosures and protections for students and cosigners with respect to student loans, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 1, 2013

Mr. PASCRELL (for himself and Mr. RUNYAN) 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 amend the Truth in Lending Act and the Higher Education Act of 1965 to require additional disclosures and protections for students and cosigners 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”.

1 (b) FINDINGS.—Congress finds the following:

2 (1) No requirement exists for private edu-  
3 cational lenders' promissory notes to include a clear  
4 and conspicuous description of the responsibilities of  
5 a borrower and cosigner in the event the borrower  
6 or cosigner becomes disabled, incapacitated, or dies.

7 (2) According to the Annual Report of the Bu-  
8 reau of Consumer Financial Protection (CFPB) Stu-  
9 dent Loan Ombudsman, dated October 16, 2012:

10 (A) “In less than seven months, the CFPB  
11 has handled approximately 2,900 private stu-  
12 dent loan complaints.”.

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

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

1 (D) “The difference between federal and  
2 private student loans in periods of disability  
3 was not well-understood.”.

4 (E) “There are at least \$8 billion of pri-  
5 vate student loans in default, representing more  
6 than 850,000 individual loans.”.

7 (F) “While lenders do provide the terms of  
8 agreement in promissory notes, including asso-  
9 ciated benefits and protections, many borrowers  
10 state they were unaware of the categorical dif-  
11 ferences between federal and private protec-  
12 tions.”.

13 (3) No requirement exists for a private edu-  
14 cation loan borrower to designate an alternate point  
15 of contact on their account in the event of their  
16 death or permanent disability.

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

21 (5) It has been estimated that the annual inci-  
22 dence of spinal cord injury, not including those who  
23 die at the scene of an accident, is approximately 40  
24 cases per 1,000,000 people in the United States or  
25 approximately 12,000 new cases each year. These in-

1       juries can lead to permanent disability or loss of  
2       movement and can prohibit the victim from engaging  
3       in any substantial gainful activity.

4               (6) In the 2007–2008 academic year, 13 per-  
5       cent of students attending a 4-year public institution  
6       of higher education, and 26.2 percent of students at-  
7       tending a 4-year private institution of higher edu-  
8       cation, borrowed monies from private educational  
9       lenders.

10              (7) According to Sallie Mae, in 2009, the per-  
11       centage of cosigned private education loans in-  
12       creased from 66 percent to 84 percent of all private  
13       education loans.

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

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

18              “(g) ADDITIONAL PROTECTIONS RELATING TO  
19       DEATH OR DISABILITY OF BORROWER OR COSIGNER OF  
20       A PRIVATE EDUCATION LOAN.—

21              “(1) CLEAR AND CONSPICUOUS DESCRIPTION  
22       OF BORROWER’S AND COSIGNER’S OBLIGATION.—In  
23       the case of any private educational lender who ex-  
24       tends a private education loan, the lender shall  
25       clearly and conspicuously describe, in writing, the

1 cosigner’s obligations with respect to the loan, in-  
2 cluding the effect the death, disability, or inability to  
3 engage in any substantial gainful activity of the bor-  
4 rower or any cosigner would have on any such obli-  
5 gation, in language that the Bureau determines  
6 would give a reasonable person a reasonable under-  
7 standing of the obligation being assumed by becom-  
8 ing a cosigner for the loan.

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

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

1 tion 485(1)(2) of the Higher Education Act of 1965  
2 (20 U.S.C. 1092(1)(2)).

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

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

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

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

22 (b) DEFINITIONS.—Subsection (a) of section 140 of  
23 the Truth in Lending Act (15 U.S.C. 1650(a)) is amend-  
24 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 redesi-  
4           gnated by paragraph (1)) the following:

5           “(1) the term ‘cosigner’—

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 indi-  
14                   vidual referred to in subparagraph (A) whose  
15                   signature is needed to perfect the security inter-  
16                   est 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), and an explanation  
6           that, in the case of a private education loan  
7           made through a private educational lender (as  
8           such terms are defined in section 140 of the  
9           Truth in Lending Act (15 U.S.C. 1650)), the  
10          borrower, the borrower’s estate, and any co-  
11          signer of such a private education loan may be  
12          obligated to repay the full amount of the loan,  
13          regardless of the death or disability of the bor-  
14          rower or any other condition described in sec-  
15          tion 437(a).

16          “(M) Any repayment, refinance, deferment,  
17          forbearance, or forgiveness opportunities avail-  
18          able to the borrower, or cosigner, in the event  
19          of either individual’s death, disability, or inabil-  
20          ity to engage in any substantial gainful activity.

21          “(N) The effect that the death, disability,  
22          or inability to engage in any substantial gainful  
23          activity of the borrower would have on the obli-  
24          gations of the borrower and any cosigner of the  
25          loan.”.

1 (b) DESIGNATION OF INDIVIDUAL TO ACT ON BE-  
2 HALF OF THE BORROWER.—Section 484(a)(4) of the  
3 Higher Education Act of 1965 (20 U.S.C. 1091(a)(4)) is  
4 amended—

5 (1) in subparagraph (A), by striking “and”  
6 after the semicolon;

7 (2) in subparagraph (B), by inserting “and”  
8 after the semicolon; and

9 (3) by adding at the end the following new sub-  
10 paragraph:

11 “(C) a designation by such student of an  
12 individual who shall have the legal authority to  
13 act on behalf of the student with respect to any  
14 loan to the student under this title in the event  
15 of the student’s death, disability, or inability to  
16 engage in any substantial gainful activity;”.

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