

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4545
OFFERED BY MS. DEAN OF PENNSYLVANIA**

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Private Loan Disability
3 Discharge Act of 2019”.

4 **SEC. 2. PROTECTIONS FOR OBLIGORS AND COSIGNERS IN**
5 **CASE OF DEATH OR TOTAL AND PERMANENT**
6 **DISABILITY.**

7 (a) IN GENERAL.—Section 140(g) of the Truth in
8 Lending Act (15 U.S.C. 1650(g)) is amended—

9 (1) in paragraph (2)—

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

12 (B) in subparagraph (A), by inserting after
13 “of the death”, the following: “or total and per-
14 manent disability”; and

15 (C) in subparagraph (C), by inserting after
16 “of the death”, the following: “or total and per-
17 manent disability”; and

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

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

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

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

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

21 “(5) PRIVATE DISCHARGE IN CASES OF CER-
22 TAIN DISCHARGE FOR DEATH OR DISABILITY.—The
23 holder of a private education loan shall, when noti-
24 fied of the discharge of liability of a student obligor
25 on a loan described under section 108(f)(5)(A) of

1 the Internal Revenue Code of 1986, discharge any li-
2 ability of the student obligor (and any cosigner) on
3 any private education loan which the private edu-
4 cation loan holder holds and may not, after such no-
5 tification—

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

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

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

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

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

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

18 and

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

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

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

22 ing Act, or”.

23 (c) RULEMAKING.—The Director of the Bureau of
24 Consumer Financial Protection may issue rules to imple-

1 ment the amendments made by subsection (a) as the Di-
2 rector determines appropriate.

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

