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:

SECTION 1. SHORT TITLE.
This Act may be cited as the “Private Loan Disability Discharge Act of 2019”.

SEC. 2. 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 notified 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 defined.—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 certain discharge for death or disability.—The holder of a private education loan shall, when notified 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 lia-

bility 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-
tification—

“(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) Tax Liability.—Section 108(f)(5)(A) of the In-
amended—

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

(2) in clause (ii), by striking “or”;

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

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

“(iii) pursuant to paragraph (3) or
(5) of section 140(g) of the Truth in Lend-
ing Act, or”.

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

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