

118TH CONGRESS
1ST SESSION

H. R. 4784

To provide for the discharge of a private education loan in the case of death or total and permanent disability of a student obligor, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 20, 2023

Ms. DEAN of Pennsylvania introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Ways and Means, 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

A BILL

To provide for the discharge of a private education loan in the case of death or total and permanent disability of a student obligor, 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 “Private Loan Disability
5 Discharge Act of 2023”.

1 **SEC. 2. PROTECTIONS FOR OBLIGORS AND COSIGNERS IN**
2 **CASE OF DEATH OR TOTAL AND PERMANENT**
3 **DISABILITY.**

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

6 (1) in paragraph (2)—

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

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

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

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

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

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

25 “(B) in the case of total and permanent
26 disability, monitor the disability status of the

1 student obligor at any point after the date of
2 discharge.

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

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

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

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

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

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

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

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

7 and

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

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

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

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

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