

113TH CONGRESS  
2D SESSION

# H. R. 4511

To amend the Truth in Lending Act to establish requirements for the treatment of a private education loan upon the death or bankruptcy of a cosigner of the loan.

---

## IN THE HOUSE OF REPRESENTATIVES

APRIL 29, 2014

Mr. BISHOP of New York (for himself, Mrs. MCCARTHY of New York, Mr. HINOJOSA, Mr. TAKANO, Ms. BONAMICI, Mr. CONYERS, Mr. FATTAH, Mr. CUMMINGS, Ms. BASS, Mr. MORAN, Mr. WELCH, and Mr. LOEBSACK) introduced the following bill; which was referred to the Committee on Financial Services

---

## A BILL

To amend the Truth in Lending Act to establish requirements for the treatment of a private education loan upon the death or bankruptcy of a cosigner of the loan.

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 “Protecting Students  
5 From Automatic Default Act of 2014”.

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

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

6 “(g) DEATH OR BANKRUPTCY OF A COSIGNER ON A  
7 PRIVATE EDUCATION LOAN.—

8 “(1) IN GENERAL.—Notwithstanding any provi-  
9 sion in a private education loan agreement, a private  
10 educational lender shall immediately notify a bor-  
11 rower if, upon receiving notification of the death or  
12 bankruptcy of a cosigner who is jointly liable for the  
13 private education loan, such lender deems the bor-  
14 rower to be in default, changes the terms of the  
15 loan, or accelerates the repayment terms of the loan.

16 “(2) NEW COSIGNER.—A private educational  
17 lender shall provide a period of time of not less than  
18 90 days, beginning on the date such lender issues  
19 the notification described in subsection (a), for a  
20 borrower to identify a new cosigner for the loan.  
21 Such lender shall retain the right to renegotiate loan  
22 terms based on the creditworthiness of the new co-  
23 signer.”.

24 (b) RULE OF CONSTRUCTION.—The amendments  
25 made by this Act shall apply to any private education loan  
26 agreements in existence on the date of enactment of this

1 Act or entered into after the date of enactment of this

2 Act.

○