113TH CONGRESS
1ST SESSION

S. 1773

To amend the Truth in Lending Act to provide for the discharge of student loan obligations upon the death or disability of the student borrower, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 21, 2013

Mr. SCHUMER introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To amend the Truth in Lending Act to provide for the discharge of student loan obligations upon the death or disability of the student borrower, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Andrew Prior Act'' or ''Andrew's Law''.

SEC. 2. DISCHARGE OF PRIVATE STUDENT LOANS.

Section 128(e) of the Truth in Lending Act (15 U.S.C. 1638(e)) is amended by adding at the end the following:

"(12) DISCHARGE OF PRIVATE EDUCATIONAL LOANS IN THE EVENT OF THE DEATH OF THE BORROWER.—

"(A) DEFINITIONS.—As used in this paragraph—

"(i) the term 'cosigner'—

"(I) means any individual who is liable for the obligation of another without compensation, regardless of how designated in the contract or instrument relating to the obligation;

"(II) includes any person whose signature is requested as a condition to grant credit or to forbear on collection; and

"(III) does not include a spouse of an individual referred to in subclause (I) whose signature is needed to perfect the security interest in the loan;

"(ii) the term 'private educational lender' has the same meaning as in section 140;

"(iii) the term 'private education loan' has the same meaning as in section 140; and

"(iv) the term 'totally and permanently disabled' means—

"(I) with respect to a person other than a veteran, that the person is unable to engage in any substantial gainful activity because of a medically determinable physical or mental impairment that—

"(aa) can be expected to result in death;

"(bb) has lasted for a continuous period of not less than 60 months; or

"(cc) can be expected to last for a continuous period of not less than 60 months; and

"(II) in the case of a veteran (as that term is defined in section 101 of title 38, United States Code), a determination from the Secretary of Veterans Affairs that—

"(aa) such person has a service-connected disability or service-connected disabilities that are 100 percent disabling; or

"(bb) such person is totally disabled, based on an Individual Unemployability determination by the Secretary of Veterans Affairs.

"(B) PRIVATE EDUCATIONAL LOANS DISCHARGED.—In the event of the death of a borrower of a private educational loan, or if the borrower of a private educational loan is totally and permanently disabled, neither the estate of the borrower nor any cosigner of such private educational loan shall be obligated to repay the outstanding principal or interest on the loan.

"(C) LIMITATIONS.—The Bureau—

"(i) shall develop such safeguards as may be necessary and appropriate to prevent fraud and abuse in the discharge of liability under this subsection; and

"(ii) notwithstanding any other provision of this subsection, may promulgate regulations to reinstate the obligation of loans discharged under this subsection in any case in which the Director determines necessary to protect the public interest.''.

SEC. 3. REGULATIONS.

The Director of the Bureau of Consumer Financial Protection may issue such regulations as may be necessary and appropriate to carry out this Act.

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