

114TH CONGRESS
2D SESSION

H. R. 6446

To amend the Truth in Lending Act to provide private education loan forgiveness for certain borrowers, to require disclosures related to private education loan default rates, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 6, 2016

Mr. PALLONE (for himself, Mr. COHEN, Ms. MOORE, Mr. PAYNE, and Mrs. WATSON COLEMAN) 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 amend the Truth in Lending Act to provide private education loan forgiveness for certain borrowers, to require disclosures related to private education loan default rates, 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 “Student Borrower
5 Higher Education Lending Protection Act of 2016” or the
6 “Student Borrower HELP Act of 2016”.

1 **SEC. 2. PRIVATE EDUCATION LOAN FORGIVENESS FOR DE-**
2 **CEASED OR DISABLED STUDENTS.**

3 (a) AMENDMENTS TO TILA.—Section 140 of the
4 Truth in Lending Act (15 U.S.C. 1650) is amended by
5 adding at the end the following new subsection:

6 “(g) DEFERMENT OR DISCHARGE OF PRIVATE EDU-
7 CATION LOAN.—

8 “(1) TEMPORARY DISABILITY.—A student bor-
9 rower of a private education loan shall not be obli-
10 gated to make payments on the loan, and interest
11 shall not accrue on the loan, during the period in
12 which the student borrower is determined to be
13 under a disability (as defined in section 216(i) or
14 223(d) of the Social Security Act (42 U.S.C.
15 416(i))).

16 “(2) DEATH OR TOTAL AND PERMANENT DIS-
17 ABILITY.—If a student borrower of a private edu-
18 cation loan dies or becomes totally or permanently
19 disabled (as determined by the Secretary of Edu-
20 cation in accordance with section 437(a)(1) of the
21 Higher Education Act of 1965 (20 U.S.C.
22 1087(a)(1))), any outstanding balance on the loan
23 shall be deemed to be discharged, and the student
24 borrower, any cosignor on the loan, or the estate of
25 either the student borrower or the cosignor shall not

1 be obligated to make any additional payments on the
2 loan.”.

3 (b) EXCLUSION FROM GROSS INCOME.—Section
4 108(f)(1) of the Internal Revenue Code of 1986 is amend-
5 ed—

6 (1) by striking the period at the end and insert-
7 ing “, or”,

8 (2) by striking “if such discharge was pursuant
9 to a provision” and inserting the following: “if such
10 discharge was pursuant to—

11 “(A) a provision”, and

12 (3) by adding at the end the following:

13 “(B) section 140(g)(2) of the Truth in
14 Lending Act.”.

15 **SEC. 3. REQUIRED DISCLOSURES OF DEFAULT RATES FOR**
16 **PRIVATE EDUCATION LOANS.**

17 Section 128(e) of the Truth in Lending Act (15
18 U.S.C. 1638(e)) is amended—

19 (1) in paragraph (1)—

20 (A) in subparagraph (Q), by striking
21 “and” at the end;

22 (B) by redesignating subparagraph (R) as
23 subparagraph (S); and

24 (C) by inserting after subparagraph (Q)
25 the following new subparagraph:

1 “(R) the number of private education loans
 2 offered by the private educational lender and
 3 the number and rate of default on such loans
 4 made by the lender; and”;

5 (2) in paragraph (2)—

6 (A) in subparagraph (O), by striking
 7 “and” at the end;

8 (B) by redesignating subparagraph (P) as
 9 subparagraph (Q); and

10 (C) by inserting after subparagraph (O)
 11 the following new subparagraph:

12 “(P) the number of private education loans
 13 offered by the private educational lender and
 14 the number and rate of default on such loans
 15 made by the lender; and”; and

16 (3) in paragraph (4), by striking “(M) through
 17 (P)” and inserting “(M) through (Q)”.

18 **SEC. 4. EFFECTIVE DATE; APPLICABILITY.**

19 This Act and the amendments made by this Act—

20 (1) shall take effect on the date that is 1 year
 21 after the date of the enactment of this Act; and

22 (2) shall only apply to private education loans
 23 (as defined in section 140(a) of the Truth in Lend-

- 1 ing Act (15 U.S.C. 1650(a))) entered into on or
- 2 after the effective date described in paragraph (1).

○