114TH CONGRESS
1ST SESSION

S. 1384

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

IN THE SENATE OF THE UNITED STATES

MAY 19, 2015

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

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A BILL

To amend the Truth in Lending Act to provide for the discharge of student loan obligations upon the death 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 hereby 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; and

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

"(B) PRIVATE EDUCATIONAL LOANS DISCHARGED.—In the event of the death of a borrower of a private educational loan, neither the estate of the borrower nor any cosigner of such private educational loan shall be obligated to repay the outstanding principle 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 Secretary determines necessary to protect the public interest.".

SEC. 3. REGULATIONS.

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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