

112TH CONGRESS
1ST SESSION

H. R. 3240

To amend the Truth in Lending Act and the Higher Education Act of 1965 to require additional disclosures and protections for students and cosigners with respect to student loans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 21, 2011

Mr. PASCRELL (for himself and Mr. RUNYAN) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Education and the Workforce, 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 and the Higher Education Act of 1965 to require additional disclosures and protections for students and cosigners with respect to student loans, 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; FINDINGS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Christopher Bryski Student Loan Protection Act” or
6 “Christopher’s Law”.

1 (b) FINDINGS.—Congress finds the following:

2 (1) No requirement exists for private edu-
3 cational lenders' promissory notes to include a clear
4 and conspicuous description of the responsibilities of
5 a borrower and cosigner in the event the borrower
6 or cosigner becomes disabled, incapacitated, or dies.

7 (2) An estimated 1,700,000 people sustain a
8 traumatic brain injury each year, with older adoles-
9 cents aged 15 to 19 years old more likely to sustain
10 a traumatic brain injury than other age groups.

11 (3) It has been estimated that the annual inci-
12 dence of spinal cord injury, not including those who
13 die at the scene of an accident, is approximately 40
14 cases per 1,000,000 people in the United States or
15 approximately 12,000 new cases each year. These in-
16 juries can lead to permanent disability or loss of
17 movement and can prohibit the victim from engaging
18 in any substantial gainful activity.

19 (4) In the 2007–2008 academic year, 13 per-
20 cent of students attending a 4-year public institution
21 of higher education, and 26.2 percent of students at-
22 tending a 4-year private institution of higher edu-
23 cation, borrowed monies from private educational
24 lenders.

1 (5) According to Sallie Mae, in 2009, the per-
2 centage of cosigned private education loans in-
3 creased from 66 percent to 84 percent of all private
4 education loans.

5 **SEC. 2. ADDITIONAL STUDENT LOAN PROTECTIONS.**

6 (a) IN GENERAL.—Section 140 of the Truth in Lend-
7 ing Act (15 U.S.C. 1650) is amended by adding at the
8 end the following:

9 “(g) ADDITIONAL PROTECTIONS RELATING TO
10 DEATH OR DISABILITY OF BORROWER OR COSIGNER OF
11 A PRIVATE EDUCATION LOAN.—

12 “(1) CLEAR AND CONSPICUOUS DESCRIPTION
13 OF COSIGNER’S OBLIGATION.—In the case of any
14 private educational lender who extends a private
15 education loan for which any cosigner is jointly lia-
16 ble, the lender shall clearly and conspicuously de-
17 scribe, in writing, the cosigner’s obligations with re-
18 spect to the loan, including the effect the death, dis-
19 ability, or inability to engage in any substantial
20 gainful activity of the borrower or any cosigner
21 would have on any such obligation, in language that
22 the Bureau determines would give a reasonable per-
23 son a reasonable understanding of the obligation
24 being assumed by becoming a cosigner for the loan.

1 “(2) MODEL FORM.—The Bureau shall publish
2 a model form under section 105 for describing a co-
3 signer’s obligation for purposes of paragraph (1).

4 “(3) DEFINITION OF DEATH, DISABILITY, OR
5 INABILITY TO ENGAGE IN ANY SUBSTANTIAL GAIN-
6 FUL ACTIVITY.—For the purposes of this subsection
7 with respect to a borrower or cosigner, the term
8 ‘death, disability, or inability to engage in any sub-
9 stantial gainful activity’—

10 “(A) means any condition described in sec-
11 tion 437(a) of the Higher Education Act of
12 1965 (20 U.S.C. 1087(a)); and

13 “(B) shall be interpreted by the Bureau in
14 such a manner as to conform with the regula-
15 tions prescribed by the Secretary of Education
16 under section 437(a) of such Act (20 U.S.C.
17 1087(a)) to the fullest extent practicable, in-
18 cluding safeguards to prevent fraud and
19 abuse.”.

20 (b) DEFINITIONS.—Subsection (a) of section 140 of
21 the Truth in Lending Act (15 U.S.C. 1650(a)) is amend-
22 ed—

23 (1) by redesignating paragraphs (1) through
24 (8) as paragraphs (2) through (9), respectively; and

1 (2) by inserting before paragraph (2) (as reded-
2 ignated by paragraph (1)) the following:

3 “(1) the term ‘cosigner’—

4 “(A) means any individual who is liable for
5 the obligation of another without compensation,
6 regardless of how designated in the contract or
7 instrument;

8 “(B) includes any person whose signature
9 is requested as condition to grant credit or to
10 forbear on collection; and

11 “(C) does not include a spouse of an indi-
12 vidual referred to in subparagraph (A) whose
13 signature is needed to perfect the security inter-
14 est in the loan;”.

15 **SEC. 3. FEDERAL STUDENT LOANS.**

16 Section 485(l)(2) of the Higher Education Act of
17 1965 (20 U.S.C. 1092(l)(2)) is amended by adding at the
18 end the following:

19 “(L) Information on the conditions re-
20 quired to discharge the loan due to the death,
21 disability, or inability to engage in any substan-
22 tial gainful activity of the borrower in accord-
23 ance with section 437(a), and an explanation
24 that, in the case of a private education loan
25 made through a private educational lender (as

1 such terms are defined in section 140 of the
2 Truth in Lending Act (15 U.S.C. 1650)), the
3 borrower, the borrower's estate, and any co-
4 signer of such a private education loan may be
5 obligated to repay the full amount of the loan,
6 regardless of the death or disability of the bor-
7 rower or any other condition described in sec-
8 tion 437(a).”.

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