

117TH CONGRESS  
1ST SESSION

# H. R. 1143

To amend the Truth in Lending Act to modify obligations relating to private education loans due to the disability of a cosigner or borrower of the loan, to amend title 11 of the United States Code to make student loans dischargeable, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 18, 2021

Mr. KILDEE (for himself, Mr. CARSON, Mr. COHEN, Ms. DEAN, Ms. NORTON, Mr. PERLMUTTER, and Mr. VARGAS) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on the Judiciary, and 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

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## A BILL

To amend the Truth in Lending Act to modify obligations relating to private education loans due to the disability of a cosigner or borrower of the loan, to amend title 11 of the United States Code to make student loans dischargeable, 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 “Lenders Offer Assist-  
5 ance Now Act” or the “LOAN Act”.

1 **SEC. 2. DISABILITY OF A COSIGNER OR A BORROWER OF A**  
 2 **PRIVATE EDUCATION LOAN.**

3 (a) IN GENERAL.—Section 140(g) of the Truth in  
 4 Lending Act (15 U.S.C. 1650(g)) is amended—

5 (1) in paragraph (1), by striking “bankruptcy  
 6 or death” and inserting “bankruptcy, death, or dis-  
 7 ability”; and

8 (2) by adding at the end the following new  
 9 paragraphs:

10 “(3) DISCHARGE IN CASE OF DISABILITY.—A  
 11 lender that extends a private education loan shall  
 12 discharge the student obligor’s liability on the loan  
 13 if a student obligor experiences a disability.

14 “(4) DISABILITY DEFINED.—In this subsection,  
 15 the term ‘disability’ means a permanent and total  
 16 disability, as determined in accordance with the reg-  
 17 ulations of the Secretary of Education under section  
 18 437(a) of the Higher Education Act of 1965 (20  
 19 U.S.C. 1087(a)), or a determination by the Sec-  
 20 retary of Veterans Affairs that the individual is un-  
 21 employable due to a service-connected condition.”.

22 (b) TAX TREATMENT OF DISCHARGE.—Section  
 23 108(f)(5)(A) of the Internal Revenue Code of 1986 is fur-  
 24 ther amended by striking “or” in clause (ii), by redesign-  
 25 ating clause (iii) as clause (iv), and by inserting after  
 26 clause (ii) the following new clause:

1                   “(iii) pursuant to paragraph (3) of  
2                   section 140(g) of the Truth in Lending  
3                   Act, or”.

4           (c) IMPACT ON CERTAIN PROGRAMS.—Discharge of  
5 a private education loan due to disability of a borrower  
6 under paragraph (3) of section 140(g) of the Truth in  
7 Lending Act, as added by subsection (a), shall not be re-  
8 garded as income and shall not be regarded as a resource  
9 for purposes of determining the eligibility of the borrower  
10 of such loan (or the borrower’s spouse or family) for bene-  
11 fits or assistance, or the amount or extent of benefits or  
12 assistance, under any Federal program or under any State  
13 or local program financed in whole or in part with Federal  
14 funds.

15           (d) APPLICABILITY.—The amendments made by this  
16 section shall apply to private education loan agreements  
17 entered into on or after the date that is 180 days after  
18 the date of enactment of this Act.

19           (e) PRIVATE EDUCATION LOAN DEFINED.—In this  
20 section, the term “private education loan” has the mean-  
21 ing given in section 140(a) of the Truth in Lending Act  
22 (15 U.S.C. 1650(a)).

23 **SEC. 3. EXCEPTION TO DISCHARGE.**

24           (a) IN GENERAL.—Section 523(a) of title 11, United  
25 States Code, is amended—

1 (1) by striking paragraph (8); and

2 (2) by redesignating paragraphs (9) through  
3 (14B) as paragraphs (8) through (14A), respec-  
4 tively.

5 (b) CONFORMING AMENDMENTS.—Title 11, United  
6 States Code, is amended—

7 (1) in section 704(c)(1)(C)(iv)(I) by striking  
8 “(14A)” and inserting “(14)”;

9 (2) in section 1106(c)(1)(C)(iv)(I) by striking  
10 “(14A)” and inserting “(14)”;

11 (3) in section 1202(c)(1)(C)(iv)(I) by striking  
12 “(14A)” and inserting “(14)”;

13 (4) in section 1328(a)(2) by striking “(8), or  
14 (9)” and inserting “or (8)”.

15 (c) EFFECTIVE DATE; APPLICATION OF AMEND-  
16 MENTS.—

17 (1) EFFECTIVE DATE.—Except as provided in  
18 paragraph (2), this section and the amendments  
19 made by this section shall take effect on the date of  
20 the enactment of this Act.

21 (2) APPLICATION OF AMENDMENTS.—The  
22 amendments made by this section shall apply only  
23 with respect to cases commenced under title 11 of

1       the United States Code on or after the date of the  
2       enactment of this Act.

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