

1 AN ACT concerning education.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Know Before You Owe Private Education Loan
5 Act is amended by changing Sections 5 and 15 and by adding
6 Sections 25 and 30 as follows:

7 (110 ILCS 983/5)

8 Sec. 5. Definitions. As used in this Act:

9 "Annual percentage rate" means the percentage rate
10 calculated according to the Federal Reserve Board's
11 methodology as set forth under Regulation Z, 12 CFR Part 1026.

12 "Cosigner" means any individual who is liable for the
13 obligation of another without compensation, regardless of how
14 the individual is designated in the contract or instrument
15 with respect to that obligation, including an obligation under
16 a private education loan extended to consolidate a borrower's
17 preexisting student loans. The term includes any individual
18 whose signature is requested, as a condition, to grant credit
19 or to forbear on collection. The term does not include a spouse
20 of an individual if the spouse's signature is needed solely to
21 perfect the security interest in a loan.

22 "Educational expense" means any expense, in whole or in
23 part, expressly used to finance postsecondary education,

1 regardless of whether the debt incurred by a student to pay
2 that expense is owed to the provider of postsecondary
3 education whose school, program, or facility the student
4 attends.

5 "Income share agreement" means an agreement under which a
6 borrower commits to pay a percentage of his or her future
7 income in exchange for money, payments, or credits applied to
8 or on behalf of a borrower. An income share agreement
9 constitutes a loan and debt within the meaning of this Act.

10 "Income share agreement provider" means:

11 (1) a person that provides money, payments, or credits
12 to or on behalf of a borrower pursuant to the terms of an
13 income share agreement; or

14 (2) any other person engaged in the business of
15 soliciting, making, funding, or extending income share
16 agreements.

17 "Institution of higher education" includes, but is not
18 limited to, institutions falling under the Private Business
19 and Vocational Schools Act of 2012, the Private College Act,
20 and public institutions of higher education as defined in
21 Section 1 of the Board of Higher Education Act. "Institution
22 of higher education" also includes a person engaged in the
23 business of providing postsecondary education, via
24 correspondence, online, or in this State, to a person located
25 in this State, regardless of whether the person has obtained
26 authorization from the Illinois Board of Higher Education to

1 operate in this State or is accredited.

2 "Private educational lender" and "private education loan"
3 have the meanings ascribed to the terms in Section 140 of the
4 Truth in Lending Act (15 U.S.C. 1650). In addition, "private
5 educational lender" includes an income share agreement
6 provider and a student financing company and "private
7 education loan" includes an income share agreement and student
8 financing.

9 "Student financing company" means a person engaged in the
10 business of securing, making, or extending student financing.
11 "Student financing company" does not include the following
12 persons, only to the extent that State regulation is preempted
13 by federal law:

14 (1) a federally chartered bank, savings bank, savings
15 and loan association, or credit union;

16 (2) a wholly owned subsidiary of a federally chartered
17 bank or credit union; and

18 (3) an operating subsidiary where each owner of the
19 operating subsidiary is wholly owned by the same federally
20 chartered bank or credit union.

21 "Student financing" means an extension of credit that:

22 (1) is not made, insured, or guaranteed under Title IV
23 of the Higher Education Act of 1965 (20 U.S.C. 1070 et
24 seq.);

25 (2) is extended to a consumer expressly, in whole or
26 in part, for postsecondary educational expenses,

1 regardless of whether the extension of credit is provided
2 by the institution of higher education that the student
3 attends;

4 (3) does not include a private education loan;

5 (4) does not include an income share agreement; and

6 (5) does not include a loan that is secured by real
7 property or a dwelling.

8 (Source: P.A. 102-583, eff. 8-26-21.)

9 (110 ILCS 983/15)

10 Sec. 15. Provision of information.

11 (a) Provision of loan statement to borrowers and
12 cosigners.

13 (1) Loan statement. A private educational lender that
14 disburses any funds with respect to a private education
15 loan described in this Section shall send loan statements
16 to the borrowers and cosigners of those funds not less
17 than once every 3 months during the time that the borrower
18 is enrolled at an institution of higher education.

19 (2) Contents of statements for income share
20 agreements. Each statement described in subparagraph (1)
21 with respect to income share agreements, shall:

22 (A) report the consumer's total amounts financed
23 under each income share agreement;

24 (B) report the percentage of income payable under
25 each income share agreement;

1 (C) report the maximum number of monthly payments
2 required to be paid under each income share agreement;

3 (D) report the maximum amount payable under each
4 income share agreement;

5 (E) report the maximum duration of each income
6 share agreement;

7 (F) report the minimum annual income above which
8 payments are required under each income share
9 agreement; and

10 (G) report the annual percentage rate for each
11 income share agreement at the minimum annual income
12 above which payments are required and at \$10,000
13 income increments thereafter up to the annual income
14 where the maximum number of monthly payments results
15 in the maximum amount payable.

16 (3) Contents of all other loan statements. Each
17 statement described in subparagraph (1) that does not fall
18 under subparagraph (2) shall:

19 (A) report the borrower's total remaining debt to
20 the private educational lender, including accrued but
21 unpaid interest and capitalized interest;

22 (B) report any debt increases since the last
23 statement; and

24 (C) list the current annual percentage rate for
25 each loan.

26 (b) Certification of exhaustion of federal student loan

1 funds to private educational lender. Upon the request of a
2 private educational lender, acting in connection with an
3 application initiated by a borrower for a private education
4 loan in accordance with Section 5, the institution of higher
5 education shall within 15 days of receipt of the request
6 provide certification to such private educational lender:

7 (1) that the borrower who initiated the application
8 for the private education loan, or on whose behalf the
9 application was initiated, is enrolled or is scheduled to
10 enroll at the institution of higher education;

11 (2) of the borrower's cost of attendance at the
12 institution of higher education as determined under
13 paragraph (2) of subsection (a) of this Section;

14 (3) of the difference between:

15 (A) the cost of attendance at the institution of
16 higher education; and

17 (B) the borrower's estimated financial assistance
18 received under the federal Higher Education Act of
19 1965 and other assistance known to the institution of
20 higher education, as applicable;

21 (4) that the institution of higher education has
22 received the request for certification and will need
23 additional time to comply with the certification request;
24 and

25 (5) if applicable, that the institution of higher
26 education is refusing to certify the private education

1 loan.

2 (c) Certification of exhaustion of federal student loan
3 funds to borrower. With respect to a certification request
4 described under subsection (b), and prior to providing such
5 certification in paragraph (1) of subsection (b) or providing
6 notice of the refusal to provide certification under paragraph
7 (5) of subsection (b), the institution of higher education
8 shall:

9 (1) determine whether the borrower who initiated the
10 application for the private education loan, or on whose
11 behalf the application was initiated, has applied for and
12 exhausted the federal financial assistance available to
13 such borrower under the federal Higher Education Act of
14 1965 and inform the borrower and any cosigners
15 accordingly;

16 (2) provide the borrower and any cosigners whose loan
17 application has prompted the certification request by a
18 private educational lender, as described in paragraph (1)
19 of subsection (b), with the following information and
20 disclosures:

21 (A) the amount of additional federal student
22 assistance for which the borrower is eligible and the
23 advantages of federal loans under the federal Higher
24 Education Act of 1965, including disclosure of income
25 driven repayment options, fixed interest rates,
26 deferments, flexible repayment options, loan

1 forgiveness programs, additional protections, and the
2 higher student loan limits for dependent borrowers
3 whose parents are not eligible for a Federal Direct
4 PLUS Loan;

5 (B) the borrower's ability to select a private
6 educational lender of the borrower's choice;

7 (C) the impact of a proposed private education
8 loan on the borrower's potential eligibility for other
9 financial assistance, including federal financial
10 assistance under the federal Higher Education Act; and

11 (D) the borrower's right to accept or reject a
12 private education loan within the 30-day period
13 following a private educational lender's approval of a
14 borrower's application and the borrower's 3-day right
15 to cancel period; and

16 (3) Any institution of higher education that is also
17 acting as a private educational lender shall provide the
18 certification of exhaustion of federal student loan funds
19 described in paragraphs (1) and (2) of this subsection (c)
20 to the borrower and any cosigners prior to disbursing
21 funds to the borrower. Any institution of higher education
22 that is not eligible for funding under Title IV of the
23 federal Higher Education Act of 1965 is not required to
24 provide this certification to the borrower or any
25 cosigners.

26 (Source: P.A. 102-583, eff. 8-26-21; 102-813, eff. 5-13-22.)

1 (110 ILCS 983/25 new)

2 Sec. 25. Cosigner disclosure; notice. Before extending a
3 private education loan that requires a cosigner, a private
4 educational lender shall disclose to the cosigner:

5 (1) how the private education loan obligation will
6 appear on the cosigner's credit report;

7 (2) how the cosigner will be notified if the private
8 education loan becomes delinquent, including how the
9 cosigner can cure the delinquency in order to avoid
10 negative credit furnishing and the loss of cosigner
11 release eligibility; and

12 (3) eligibility for release of the cosigner's
13 obligation on the private education loan, including the
14 number of on-time payments and any other criteria required
15 to approve the release of the cosigner from the loan
16 obligation.

17 (110 ILCS 983/30 new)

18 Sec. 30. Refinancing. Before offering a person a private
19 education loan that is being used to refinance an existing
20 education loan, a private educational lender shall provide the
21 person with a disclosure explaining that the benefits and
22 protections applicable to the existing loan may be lost due to
23 the refinancing. The disclosure must be provided on a one-page
24 information sheet in at least 12-point type and must be

1 written in simple, clear, understandable, and easily readable
2 language.

3 Section 10. The Student Loan Servicing Rights Act is
4 amended by changing Sections 1-5, 5-30, and 5-50 and by adding
5 Sections 5-70, 5-75, 5-80, and 5-85 as follows:

6 (110 ILCS 992/1-5)

7 Sec. 1-5. Definitions. As used in this Act:

8 "Applicant" means a person applying for a license pursuant
9 to this Act.

10 "Borrower" or "student loan borrower" means a person who
11 has received or agreed to pay a student loan for his or her own
12 educational expenses.

13 "Cosigner" means any individual who is liable for the
14 obligation of another without compensation, regardless of how
15 the individual is designated in the contract or instrument
16 with respect to that obligation, including an obligation under
17 a private education loan extended to consolidate a borrower's
18 preexisting student loans. The term includes any individual
19 whose signature is requested, as a condition, to grant credit
20 or to forbear on collection. The term does not include a spouse
21 of an individual if the spouse's signature is needed solely to
22 perfect the security interest in a loan ~~a person who has agreed~~
23 ~~to share responsibility for repaying a student loan with a~~
24 ~~borrower.~~

1 "Department" means the Department of Financial and
2 Professional Regulation.

3 "Division of Banking" means the Division of Banking of the
4 Department of Financial and Professional Regulation.

5 "Federal loan borrower eligible for referral to a
6 repayment specialist" means a borrower who possesses any of
7 the following characteristics:

8 (1) requests information related to options to reduce
9 or suspend his or her monthly payment;

10 (2) indicates that he or she is experiencing or
11 anticipates experiencing financial hardship, distress, or
12 difficulty making his or her payments;

13 (3) has missed 2 consecutive monthly payments;

14 (4) is at least 75 days delinquent;

15 (5) is enrolled in a discretionary forbearance for
16 more than 9 of the previous 12 months;

17 (6) has rehabilitated or consolidated one or more
18 loans out of default within the past 12 months; or

19 (7) has not completed a course of study, as reflected
20 in the servicer's records, or the borrower identifies
21 himself or herself as not having completed a program of
22 study.

23 "Federal education loan" means any loan made, guaranteed,
24 or insured under Title IV of the federal Higher Education Act
25 of 1965.

26 "Income-driven payment plan certification" means the

1 documentation related to a federal student loan borrower's
2 income or financial status the borrower must submit to renew
3 an income-driven repayment plan.

4 "Income-driven repayment options" includes the
5 Income-Contingent Repayment Plan, the Income-Based Repayment
6 Plan, the Income-Sensitive Repayment Plan, the Pay As You Earn
7 Plan, the Revised Pay As You Earn Plan, and any other federal
8 student loan repayment plan that is calculated based on a
9 borrower's income.

10 "Licensee" means a person licensed pursuant to this Act.

11 "Other repayment plans" means the Standard Repayment Plan,
12 the Graduated Repayment Plan, the Extended Repayment Plan, or
13 any other federal student loan repayment plan not based on a
14 borrower's income.

15 "Private education loan" has the meaning ascribed to the
16 term in Section 140 of the federal Truth in Lending Act (15
17 U.S.C. 1650). In addition, "private education loan" includes
18 an income share agreement and student financing.

19 "Private loan borrower eligible for referral to a
20 repayment specialist" means a borrower who possesses any of
21 the following characteristics:

22 (1) requests information related to options to reduce
23 or suspend his or her monthly payments; or

24 (2) indicates that he or she is experiencing or
25 anticipates experiencing financial hardship, distress, or
26 difficulty making his or her payments.

1 "Requester" means any borrower or cosigner that submits a
2 request for assistance.

3 "Request for assistance" means all inquiries, complaints,
4 account disputes, and requests for documentation a servicer
5 receives from borrowers or cosigners.

6 "Secretary" means the Secretary of Financial and
7 Professional Regulation, or his or her designee, including the
8 Director of the Division of Banking of the Department of
9 Financial and Professional Regulation.

10 "Servicing" means: (1) receiving any scheduled periodic
11 payments from a student loan borrower or cosigner pursuant to
12 the terms of a student loan; (2) applying the payments of
13 principal and interest and such other payments with respect to
14 the amounts received from a student loan borrower or cosigner,
15 as may be required pursuant to the terms of a student loan; and
16 (3) performing other administrative services with respect to a
17 student loan.

18 "Student loan" or "loan" means any federal education loan
19 or other loan primarily for use to finance a postsecondary
20 education and costs of attendance at a postsecondary
21 institution, including, but not limited to, tuition, fees,
22 books and supplies, room and board, transportation, and
23 miscellaneous personal expenses. "Student loan" includes a
24 loan made to refinance a student loan.

25 "Student loan" shall not include an extension of credit
26 under an open-end consumer credit plan, a reverse mortgage

1 transaction, a residential mortgage transaction, or any other
2 loan that is secured by real property or a dwelling.

3 "Student loan" shall not include an extension of credit
4 made by a postsecondary educational institution to a borrower
5 if one of the following apply:

6 (1) The term of the extension of credit is no longer
7 than the borrower's education program.

8 (2) The remaining, unpaid principal balance of the
9 extension of credit is less than \$1,500 at the time of the
10 borrower's graduation or completion of the program.

11 (3) The borrower fails to graduate or successfully
12 complete his or her education program and has a balance
13 due at the time of his or her disenrollment from the
14 postsecondary institution.

15 "Student loan servicer" or "servicer" means any person
16 engaged in the business of servicing student loans. "Student
17 loan servicer" or "servicer" includes persons or entities
18 acting on behalf of the State Treasurer.

19 "Student loan servicer" shall not include:

20 (1) a bank, savings bank, savings association, or
21 credit union organized under the laws of the State or any
22 other state or under the laws of the United States;

23 (2) a wholly owned subsidiary of any bank, savings
24 bank, savings association, or credit union organized under
25 the laws of the State or any other state or under the laws
26 of the United States;

1 (3) an operating subsidiary where each owner of the
2 operating subsidiary is wholly owned by the same bank,
3 savings bank, savings association, or credit union
4 organized under the laws of the State or any other state or
5 under the laws of the United States;

6 (4) the Illinois Student Assistance Commission and its
7 agents when the agents are acting on the Illinois Student
8 Assistance Commission's behalf;

9 (5) a public postsecondary educational institution or
10 a private nonprofit postsecondary educational institution
11 servicing a student loan it extended to the borrower;

12 (6) a licensed debt management service under the Debt
13 Management Service Act, except to the extent that the
14 organization acts as a subcontractor, affiliate, or
15 service provider for an entity that is otherwise subject
16 to licensure under this Act;

17 (7) any collection agency licensed under the
18 Collection Agency Act that is collecting post-default
19 debt;

20 (8) in connection with its responsibilities as a
21 guaranty agency engaged in default aversion, a State or
22 nonprofit private institution or organization having an
23 agreement with the U.S. Secretary of Education under
24 Section 428(b) of the Higher Education Act (20 U.S.C.
25 1078(B));

26 (9) a State institution or a nonprofit private

1 organization designated by a governmental entity to make
2 or service student loans, provided in each case that the
3 institution or organization services fewer than 20,000
4 student loan accounts of borrowers who reside in Illinois;

5 (10) a law firm or licensed attorney that is
6 collecting post-default debt; or

7 (11) the State Treasurer.

8 "Total and permanent disability" means a physical or
9 mental impairment, disease, or loss of a permanent nature that
10 prevents employment with or without reasonable accommodation,
11 with proof of disability being in the form of a declaration
12 from the United States Social Security Administration, the
13 Illinois Workers' Compensation Commission, the United States
14 Department of Defense, or an insurer authorized to transact
15 business in this State who is providing disability insurance
16 coverage to a contractor. The term does not include a
17 condition that has not progressed or been exacerbated or that
18 the individual did not acquire until after the closing of the
19 loan agreement. In addition, documentation sufficient to
20 establish a total and permanent disability for a federal
21 student loan made pursuant to Title IV of the federal Higher
22 Education Act of 1965 is sufficient to establish a total and
23 permanent disability under this Act.

24 (Source: P.A. 100-540, eff. 12-31-18; 100-635, eff. 12-31-18;
25 101-586, eff. 8-26-19.)

1 (110 ILCS 992/5-30)

2 Sec. 5-30. Specialized assistance for student loan
3 borrowers.

4 (a) A servicer shall specially designate servicing and
5 collections personnel deemed repayment specialists who have
6 received enhanced training related to repayment options.

7 (b) A servicer shall refrain from presenting forbearance
8 as the sole or first repayment option to a student loan
9 borrower struggling with repayment unless the servicer has
10 determined that, based on the borrower's financial status, a
11 short term forbearance is appropriate.

12 (c) All inbound and outbound calls from a federal loan
13 borrower eligible for referral to a repayment specialist and a
14 private loan borrower eligible for referral to a repayment
15 specialist shall be routed to a repayment specialist.

16 (d) During each inbound or outbound communication with an
17 eligible federal loan borrower, a repayment specialist shall
18 first inform a federal loan borrower eligible for referral to
19 a repayment specialist that federal income-driven repayment
20 plans that can reduce the borrower's monthly payment may be
21 available, discuss such plans, and assist the borrower in
22 determining whether a particular repayment plan may be
23 appropriate for the borrower.

24 (e) A repayment specialist shall assess the long-term and
25 short-term financial situation and needs of a federal loan
26 borrower eligible for referral to a repayment specialist and

1 consider any available specific information from the borrower
2 as necessary to assist the borrower in determining whether a
3 particular income-driven repayment option may be available to
4 the borrower.

5 (f) In each discussion with a federal loan borrower
6 eligible for referral to a repayment specialist, a repayment
7 specialist shall present and explain the following options, as
8 appropriate:

9 (1) total and permanent disability discharge, public
10 service loan forgiveness, closed school discharge, and
11 defenses to repayment;

12 (2) other repayment plans;

13 (3) deferment; and

14 (4) forbearance.

15 (g) A repayment specialist shall assess the long-term and
16 short-term financial situation and needs of a private loan
17 borrower eligible for referral to a repayment specialist in
18 determining whether any private loan repayment options may be
19 appropriate for the borrower.

20 (h) A servicer shall present and explain all private loan
21 repayment options, including alternative repayment
22 arrangements applicable to private student loan borrowers.

23 (i) A servicer shall be prohibited from implementing any
24 compensation plan that has the intended or actual effect of
25 incentivizing a repayment specialist to violate this Act or
26 any other measure that encourages undue haste or lack of

1 quality.

2 (j) The requirements of this Section shall not apply if a
3 repayment specialist has already conversed with a borrower
4 consistent with the requirements of this Section.

5 (k) A servicer shall:

6 (1) provide on its website a description of any
7 modified or flexible repayment options offered by the
8 lender for private education loans;

9 (2) establish policies and procedures and implement
10 modified or flexible repayment options consistently in
11 order to facilitate the evaluation of such option
12 requests, including providing accurate information
13 regarding any options that may be available to the
14 borrower through the promissory note or that may have been
15 marketed to the borrower through marketing materials; and

16 (3) consistently present and offer private education
17 loan modification or flexible repayment options to all
18 borrowers with similar financial circumstances if the
19 servicer offers such modification or repayment options.

20 (l) A servicer may not place a loan or account into default
21 or accelerate a loan while a borrower is seeking a loan
22 modification or enrollment in a modified or flexible repayment
23 plan, except that a servicer may place a loan or account into
24 default or accelerate a loan for payment default 90 days or
25 more after the borrower's default.

26 (Source: P.A. 100-540, eff. 12-31-18.)

1 (110 ILCS 992/5-50)

2 Sec. 5-50. Cosigner release.

3 (a) For private student loans, a servicer shall provide
4 information on its website concerning the availability and
5 criteria for a cosigner release.

6 (b) For any private education loan that obligates a
7 cosigner, a servicer shall provide the borrower and the
8 cosigner an annual written notice containing information about
9 cosigner release, including the administrative and objective
10 criteria the servicer requires to approve the release of the
11 cosigner from the loan obligation and the process for applying
12 for cosigner release. If the borrower has met the applicable
13 payment requirement to be eligible for cosigner release, the
14 servicer shall send the borrower and the cosigner a written
15 notification by mail, and by electronic mail if the borrower
16 or cosigner has elected to receive electronic communications
17 from the servicer, informing the borrower and cosigner that
18 the payment requirement to be eligible for cosigner release
19 has been met. The notification must also include information
20 about any additional criteria to qualify for cosigner release
21 and the procedure to apply for cosigner release.

22 (c) A servicer shall provide written notice to a borrower
23 who applies for cosigner release but whose application is
24 incomplete. The written notice must include a description of
25 the information needed to consider the application complete

1 and the date by which the applicant must furnish the missing
2 information in order to complete the application.

3 (d) Within 30 days after a borrower submits a completed
4 application for cosigner release, the servicer shall send the
5 borrower and cosigner a written notice that informs the
6 borrower and cosigner whether the servicer has approved or
7 denied the cosigner release application. If the servicer
8 denies a request for cosigner release, the borrower may
9 request copies of any documents or information used in the
10 determination, including the credit score threshold used by
11 the servicer, the borrower's credit report, the borrower's
12 credit score, and any other documents or information specific
13 to the borrower. The servicer shall also provide any adverse
14 action notices required under applicable federal law if the
15 denial is based in whole or in part on any information
16 contained in a credit report.

17 (e) In response to a written or oral request by the
18 borrower for cosigner release, a servicer shall provide to the
19 borrower the information described in subsection (b) of this
20 Section.

21 (Source: P.A. 100-540, eff. 12-31-18.)

22 (110 ILCS 992/5-70 new)

23 Sec. 5-70. Cosigner release rights.

24 (a) A servicer may not impose any restriction that
25 permanently bars a borrower from qualifying for cosigner

1 release, including restricting the number of times a borrower
2 may apply for cosigner release.

3 (b) A servicer may not impose any negative consequences on
4 a borrower or cosigner during the 60 days following the
5 issuance of the notice required pursuant to subsection (c) of
6 Section 5-50 of this Act or until the servicer makes a final
7 determination about a borrower's cosigner release application,
8 whichever occurs later. As used in this subsection (b),
9 "negative consequences" includes the imposition of additional
10 eligibility criteria, negative credit reporting, lost
11 eligibility or cosigner release, late fees, interest
12 capitalization, or other financial injury.

13 (c) For any private education loan issued on or after the
14 effective date of this amendatory Act of the 103rd General
15 Assembly, a servicer may not require proof of more than 12
16 consecutive, on-time payments as part of the criteria for
17 cosigner release. A borrower who has paid the equivalent of 12
18 months of principal and interest payments within any 12-month
19 period is deemed to have satisfied the consecutive, on-time
20 payment requirement even if the borrower has not made payments
21 monthly during the 12-month period. If a borrower or cosigner
22 requests a change in terms that restarts the count of
23 consecutive, on-time payments required for cosigner release,
24 the servicer shall notify the borrower and cosigner in writing
25 of the impact of the change and provide the borrower and
26 cosigner with the right to withdraw or reverse the request to

1 avoid the impact.

2 (d) A borrower may request an appeal of a servicer's
3 determination to deny a request for cosigner release, and the
4 servicer shall permit the borrower to submit additional
5 documentation evidencing the borrower's ability, willingness,
6 and stability to meet the payment obligations. The borrower
7 may request that another employee of the servicer review the
8 cosigner release determination.

9 (e) A servicer shall establish and maintain a
10 comprehensive record management system reasonably designed to
11 ensure the accuracy, integrity, and completeness of
12 information about cosigner release applications and to ensure
13 compliance with applicable State and federal laws. The system
14 must include the number of cosigner-release applications
15 received, the approval and denial rate, and the primary
16 reasons for any denial.

17 (110 ILCS 992/5-75 new)

18 Sec. 5-75. Cosigner and borrower rights.

19 (a) A servicer shall provide a cosigner with access to all
20 documents or records related to the cosigned private education
21 loan that are available to the borrower.

22 (b) If a servicer provides electronic access to documents
23 and records for a borrower, it shall provide equivalent
24 electronic access to the cosigner.

25 (c) Upon a borrower's request, the servicer shall redact

1 the borrower's contact information from documents and records
2 provided to a cosigner.

3 (d) A servicer may not include in a private education loan
4 executed on or after the effective date of this amendatory Act
5 of the 103rd General Assembly a provision that permits the
6 servicer to accelerate payments, in whole or in part, except
7 upon a payment default. A servicer may not place any loan or
8 account into default or accelerate a loan for any reason other
9 than payment default.

10 (e) A private education loan executed before the effective
11 date of this amendatory Act of the 103rd General Assembly may
12 permit the servicer to accelerate payments only if the
13 promissory note or loan agreement explicitly authorizes an
14 acceleration and only for the reasons stated in the note or
15 agreement.

16 (110 ILCS 992/5-80 new)

17 Sec. 5-80. Bankruptcy or death of cosigner.

18 (a) If a cosigner dies, the servicer may not attempt to
19 collect against the cosigner's estate other than for payment
20 default.

21 (b) With regard to the death or bankruptcy of a cosigner,
22 if a private education loan is not more than 60 days delinquent
23 at the time the servicer is notified of the cosigner's death or
24 bankruptcy, the servicer may not change any terms or benefits
25 under the promissory note, the repayment schedule, the

1 repayment terms, or the monthly payment amount or any other
2 provision associated with the loan.

3 (110 ILCS 992/5-85 new)

4 Sec. 5-85. Total and permanent disability of borrower or
5 cosigner.

6 (a) For any private education loan issued on or after the
7 effective date of this amendatory Act of the 103rd General
8 Assembly, a servicer, when notified of the total and permanent
9 disability of a borrower or cosigner, shall release the
10 cosigner from the obligations of a cosigner under the private
11 education loan. The servicer may not attempt to collect a
12 payment from a cosigner following a notification of total and
13 permanent disability of the borrower or cosigner.

14 (b) A servicer shall be notified of the total and
15 permanent disability of a borrower and discharge the liability
16 of the borrower and cosigner on the loan.

17 (c) After receiving a notification described in subsection
18 (b) of this Section, the servicer may not:

19 (1) attempt to collect on the outstanding liability of
20 the borrower or cosigner; or

21 (2) monitor the disability status of the borrower at
22 any point after the date of discharge.

23 (d) A servicer shall, within 30 days after the release of
24 either a cosigner or borrower from the obligation of a private
25 education loan pursuant to subsection (a) or (b) of this

1 Section, notify both the borrower and cosigner of the release.

2 (e) A servicer shall, within 30 days after receiving
3 notice of the total and permanent disability of a borrower
4 pursuant to subsection (a) of this Section, provide the
5 borrower with an option to designate an individual to have the
6 legal authority to act on behalf of the borrower.

7 (f) If a cosigner is released from the obligations of a
8 private education loan pursuant to subsection (a) of this
9 Section, the servicer may not require the borrower to obtain
10 another cosigner on the loan obligation.

11 (g) A servicer may not declare a default or accelerate the
12 debt against a borrower on the sole bases of the release of the
13 cosigner from the loan obligation due to total and permanent
14 disability pursuant to subsection (a) of this Section.

15 Section 99. Effective date. This Act takes effect upon
16 becoming law.