

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.