



Sen. Laura Fine

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LRB103 25185 RJT 58372 a

1 AMENDMENT TO SENATE BILL 86

2 AMENDMENT NO. _____. Amend Senate Bill 86 by replacing
3 everything after the enacting clause with the following:

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

1 preexisting student loans. The term includes any individual
2 whose signature is requested, as a condition, to grant credit
3 or to forbear on collection. The term does not include a spouse
4 of an individual if the spouse's signature is needed solely to
5 perfect the security interest in a loan.

6 "Educational expense" means any expense, in whole or in
7 part, expressly used to finance postsecondary education,
8 regardless of whether the debt incurred by a student to pay
9 that expense is owed to the provider of postsecondary
10 education whose school, program, or facility the student
11 attends.

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

17 "Income share agreement provider" means:

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

21 (2) any other person engaged in the business of
22 soliciting, making, funding, or extending income share
23 agreements.

24 "Institution of higher education" includes, but is not
25 limited to, institutions falling under the Private Business
26 and Vocational Schools Act of 2012, the Private College Act,

1 and public institutions of higher education as defined in
2 Section 1 of the Board of Higher Education Act. "Institution
3 of higher education" also includes a person engaged in the
4 business of providing postsecondary education, via
5 correspondence, online, or in this State, to a person located
6 in this State, regardless of whether the person has obtained
7 authorization from the Illinois Board of Higher Education to
8 operate in this State or is accredited.

9 "Private educational lender" and "private education loan"
10 have the meanings ascribed to the terms in Section 140 of the
11 Truth in Lending Act (15 U.S.C. 1650). In addition, "private
12 educational lender" includes an income share agreement
13 provider and a student financing company and "private
14 education loan" includes an income share agreement and student
15 financing.

16 "Student financing company" means a person engaged in the
17 business of securing, making, or extending student financing.
18 "Student financing company" does not include the following
19 persons, only to the extent that State regulation is preempted
20 by federal law:

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

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

25 (3) an operating subsidiary where each owner of the
26 operating subsidiary is wholly owned by the same federally

1 chartered bank or credit union.

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

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

6 (2) is extended to a consumer expressly, in whole or
7 in part, for postsecondary educational expenses,
8 regardless of whether the extension of credit is provided
9 by the institution of higher education that the student
10 attends;

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

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

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

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

16 (110 ILCS 983/15)

17 Sec. 15. Provision of information.

18 (a) Provision of loan statement to borrowers and
19 cosigners.

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

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

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

6 (B) report the percentage of income payable under
7 each income share agreement;

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

10 (D) report the maximum amount payable under each
11 income share agreement;

12 (E) report the maximum duration of each income
13 share agreement;

14 (F) report the minimum annual income above which
15 payments are required under each income share
16 agreement; and

17 (G) report the annual percentage rate for each
18 income share agreement at the minimum annual income
19 above which payments are required and at \$10,000
20 income increments thereafter up to the annual income
21 where the maximum number of monthly payments results
22 in the maximum amount payable.

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

26 (A) report the borrower's total remaining debt to

1 the private educational lender, including accrued but
2 unpaid interest and capitalized interest;

3 (B) report any debt increases since the last
4 statement; and

5 (C) list the current annual percentage rate for
6 each loan.

7 (b) Certification of exhaustion of federal student loan
8 funds to private educational lender. Upon the request of a
9 private educational lender, acting in connection with an
10 application initiated by a borrower for a private education
11 loan in accordance with Section 5, the institution of higher
12 education shall within 15 days of receipt of the request
13 provide certification to such private educational lender:

14 (1) that the borrower who initiated the application
15 for the private education loan, or on whose behalf the
16 application was initiated, is enrolled or is scheduled to
17 enroll at the institution of higher education;

18 (2) of the borrower's cost of attendance at the
19 institution of higher education as determined under
20 paragraph (2) of subsection (a) of this Section;

21 (3) of the difference between:

22 (A) the cost of attendance at the institution of
23 higher education; and

24 (B) the borrower's estimated financial assistance
25 received under the federal Higher Education Act of
26 1965 and other assistance known to the institution of

1 higher education, as applicable;

2 (4) that the institution of higher education has
3 received the request for certification and will need
4 additional time to comply with the certification request;
5 and

6 (5) if applicable, that the institution of higher
7 education is refusing to certify the private education
8 loan.

9 (c) Certification of exhaustion of federal student loan
10 funds to borrower. With respect to a certification request
11 described under subsection (b), and prior to providing such
12 certification in paragraph (1) of subsection (b) or providing
13 notice of the refusal to provide certification under paragraph
14 (5) of subsection (b), the institution of higher education
15 shall:

16 (1) determine whether the borrower who initiated the
17 application for the private education loan, or on whose
18 behalf the application was initiated, has applied for and
19 exhausted the federal financial assistance available to
20 such borrower under the federal Higher Education Act of
21 1965 and inform the borrower and any cosigners
22 accordingly;

23 (2) provide the borrower and any cosigners whose loan
24 application has prompted the certification request by a
25 private educational lender, as described in paragraph (1)
26 of subsection (b), with the following information and

1 disclosures:

2 (A) the amount of additional federal student
3 assistance for which the borrower is eligible and the
4 advantages of federal loans under the federal Higher
5 Education Act of 1965, including disclosure of income
6 driven repayment options, fixed interest rates,
7 deferments, flexible repayment options, loan
8 forgiveness programs, additional protections, and the
9 higher student loan limits for dependent borrowers
10 whose parents are not eligible for a Federal Direct
11 PLUS Loan;

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

14 (C) the impact of a proposed private education
15 loan on the borrower's potential eligibility for other
16 financial assistance, including federal financial
17 assistance under the federal Higher Education Act; and

18 (D) the borrower's right to accept or reject a
19 private education loan within the 30-day period
20 following a private educational lender's approval of a
21 borrower's application and the borrower's 3-day right
22 to cancel period; and

23 (3) Any institution of higher education that is also
24 acting as a private educational lender shall provide the
25 certification of exhaustion of federal student loan funds
26 described in paragraphs (1) and (2) of this subsection (c)

1 to the borrower and any cosigners prior to disbursing
2 funds to the borrower. Any institution of higher education
3 that is not eligible for funding under Title IV of the
4 federal Higher Education Act of 1965 is not required to
5 provide this certification to the borrower or any
6 cosigners.

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

8 (110 ILCS 983/25 new)

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

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

14 (2) how the cosigner will be notified if the private
15 education loan becomes delinquent, including how the
16 cosigner can cure the delinquency in order to avoid
17 negative credit furnishing and the loss of cosigner
18 release eligibility; and

19 (3) eligibility for release of the cosigner's
20 obligation on the private education loan, including the
21 number of on-time payments and any other criteria required
22 to approve the release of the cosigner from the loan
23 obligation.

24 (110 ILCS 983/30 new)

1 Sec. 30. Refinancing. Before offering a person a private
2 education loan that is being used to refinance an existing
3 education loan, a private educational lender shall provide the
4 person with a disclosure explaining that the benefits and
5 protections applicable to the existing loan may be lost due to
6 the refinancing. The disclosure must be provided on a one-page
7 information sheet in at least 12-point type and must be
8 written in simple, clear, understandable, and easily readable
9 language.

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

13 (110 ILCS 992/1-5)

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

15 "Applicant" means a person applying for a license pursuant
16 to this Act.

17 "Borrower" or "student loan borrower" means a person who
18 has received or agreed to pay a student loan for his or her own
19 educational expenses.

20 "Cosigner" means any individual who is liable for the
21 obligation of another without compensation, regardless of how
22 the individual is designated in the contract or instrument
23 with respect to that obligation, including an obligation under
24 a private education loan extended to consolidate a borrower's

1 preexisting student loans. The term includes any individual
2 whose signature is requested, as a condition, to grant credit
3 or to forbear on collection. The term does not include a spouse
4 of an individual if the spouse's signature is needed solely to
5 perfect the security interest in a loan ~~a person who has agreed~~
6 ~~to share responsibility for repaying a student loan with a~~
7 ~~borrower.~~

8 "Department" means the Department of Financial and
9 Professional Regulation.

10 "Division of Banking" means the Division of Banking of the
11 Department of Financial and Professional Regulation.

12 "Federal loan borrower eligible for referral to a
13 repayment specialist" means a borrower who possesses any of
14 the following characteristics:

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

17 (2) indicates that he or she is experiencing or
18 anticipates experiencing financial hardship, distress, or
19 difficulty making his or her payments;

20 (3) has missed 2 consecutive monthly payments;

21 (4) is at least 75 days delinquent;

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

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

26 (7) has not completed a course of study, as reflected

1 in the servicer's records, or the borrower identifies
2 himself or herself as not having completed a program of
3 study.

4 "Federal education loan" means any loan made, guaranteed,
5 or insured under Title IV of the federal Higher Education Act
6 of 1965.

7 "Income-driven payment plan certification" means the
8 documentation related to a federal student loan borrower's
9 income or financial status the borrower must submit to renew
10 an income-driven repayment plan.

11 "Income-driven repayment options" includes the
12 Income-Contingent Repayment Plan, the Income-Based Repayment
13 Plan, the Income-Sensitive Repayment Plan, the Pay As You Earn
14 Plan, the Revised Pay As You Earn Plan, and any other federal
15 student loan repayment plan that is calculated based on a
16 borrower's income.

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

18 "Other repayment plans" means the Standard Repayment Plan,
19 the Graduated Repayment Plan, the Extended Repayment Plan, or
20 any other federal student loan repayment plan not based on a
21 borrower's income.

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

26 "Private loan borrower eligible for referral to a

1 repayment specialist" means a borrower who possesses any of
2 the following characteristics:

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

5 (2) indicates that he or she is experiencing or
6 anticipates experiencing financial hardship, distress, or
7 difficulty making his or her payments.

8 "Requester" means any borrower or cosigner that submits a
9 request for assistance.

10 "Request for assistance" means all inquiries, complaints,
11 account disputes, and requests for documentation a servicer
12 receives from borrowers or cosigners.

13 "Secretary" means the Secretary of Financial and
14 Professional Regulation, or his or her designee, including the
15 Director of the Division of Banking of the Department of
16 Financial and Professional Regulation.

17 "Servicing" means: (1) receiving any scheduled periodic
18 payments from a student loan borrower or cosigner pursuant to
19 the terms of a student loan; (2) applying the payments of
20 principal and interest and such other payments with respect to
21 the amounts received from a student loan borrower or cosigner,
22 as may be required pursuant to the terms of a student loan; and
23 (3) performing other administrative services with respect to a
24 student loan.

25 "Student loan" or "loan" means any federal education loan
26 or other loan primarily for use to finance a postsecondary

1 education and costs of attendance at a postsecondary
2 institution, including, but not limited to, tuition, fees,
3 books and supplies, room and board, transportation, and
4 miscellaneous personal expenses. "Student loan" includes a
5 loan made to refinance a student loan.

6 "Student loan" shall not include an extension of credit
7 under an open-end consumer credit plan, a reverse mortgage
8 transaction, a residential mortgage transaction, or any other
9 loan that is secured by real property or a dwelling.

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

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

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

18 (3) The borrower fails to graduate or successfully
19 complete his or her education program and has a balance
20 due at the time of his or her disenrollment from the
21 postsecondary institution.

22 "Student loan servicer" or "servicer" means any person
23 engaged in the business of servicing student loans. "Student
24 loan servicer" or "servicer" includes persons or entities
25 acting on behalf of the State Treasurer.

26 "Student loan servicer" shall not include:

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

4 (2) a wholly owned subsidiary of any bank, savings
5 bank, savings association, or credit union organized under
6 the laws of the State or any other state or under the laws
7 of the United States;

8 (3) an operating subsidiary where each owner of the
9 operating subsidiary is wholly owned by the same bank,
10 savings bank, savings association, or credit union
11 organized under the laws of the State or any other state or
12 under the laws of the United States;

13 (4) the Illinois Student Assistance Commission and its
14 agents when the agents are acting on the Illinois Student
15 Assistance Commission's behalf;

16 (5) a public postsecondary educational institution or
17 a private nonprofit postsecondary educational institution
18 servicing a student loan it extended to the borrower;

19 (6) a licensed debt management service under the Debt
20 Management Service Act, except to the extent that the
21 organization acts as a subcontractor, affiliate, or
22 service provider for an entity that is otherwise subject
23 to licensure under this Act;

24 (7) any collection agency licensed under the
25 Collection Agency Act that is collecting post-default
26 debt;

1 (8) in connection with its responsibilities as a
2 guaranty agency engaged in default aversion, a State or
3 nonprofit private institution or organization having an
4 agreement with the U.S. Secretary of Education under
5 Section 428(b) of the Higher Education Act (20 U.S.C.
6 1078(B));

7 (9) a State institution or a nonprofit private
8 organization designated by a governmental entity to make
9 or service student loans, provided in each case that the
10 institution or organization services fewer than 20,000
11 student loan accounts of borrowers who reside in Illinois;

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

14 (11) the State Treasurer.

15 "Total and permanent disability" means a physical or
16 mental impairment, disease, or loss of a permanent nature that
17 prevents employment with or without reasonable accommodation,
18 with proof of disability being in the form of a declaration
19 from the United States Social Security Administration, the
20 Illinois Workers' Compensation Commission, the United States
21 Department of Defense, or an insurer authorized to transact
22 business in this State who is providing disability insurance
23 coverage to a contractor. The term does not include a
24 condition that has not progressed or been exacerbated or that
25 the individual did not acquire until after the closing of the
26 loan agreement. In addition, documentation sufficient to

1 establish a total and permanent disability for a federal
2 student loan made pursuant to Title IV of the federal Higher
3 Education Act of 1965 is sufficient to establish a total and
4 permanent disability under this Act.

5 (Source: P.A. 100-540, eff. 12-31-18; 100-635, eff. 12-31-18;
6 101-586, eff. 8-26-19.)

7 (110 ILCS 992/5-30)

8 Sec. 5-30. Specialized assistance for student loan
9 borrowers.

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

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

18 (c) All inbound and outbound calls from a federal loan
19 borrower eligible for referral to a repayment specialist and a
20 private loan borrower eligible for referral to a repayment
21 specialist shall be routed to a repayment specialist.

22 (d) During each inbound or outbound communication with an
23 eligible federal loan borrower, a repayment specialist shall
24 first inform a federal loan borrower eligible for referral to
25 a repayment specialist that federal income-driven repayment

1 plans that can reduce the borrower's monthly payment may be
2 available, discuss such plans, and assist the borrower in
3 determining whether a particular repayment plan may be
4 appropriate for the borrower.

5 (e) A repayment specialist shall assess the long-term and
6 short-term financial situation and needs of a federal loan
7 borrower eligible for referral to a repayment specialist and
8 consider any available specific information from the borrower
9 as necessary to assist the borrower in determining whether a
10 particular income-driven repayment option may be available to
11 the borrower.

12 (f) In each discussion with a federal loan borrower
13 eligible for referral to a repayment specialist, a repayment
14 specialist shall present and explain the following options, as
15 appropriate:

16 (1) total and permanent disability discharge, public
17 service loan forgiveness, closed school discharge, and
18 defenses to repayment;

19 (2) other repayment plans;

20 (3) deferment; and

21 (4) forbearance.

22 (g) A repayment specialist shall assess the long-term and
23 short-term financial situation and needs of a private loan
24 borrower eligible for referral to a repayment specialist in
25 determining whether any private loan repayment options may be
26 appropriate for the borrower.

1 (h) A servicer shall present and explain all private loan
2 repayment options, including alternative repayment
3 arrangements applicable to private student loan borrowers.

4 (i) A servicer shall be prohibited from implementing any
5 compensation plan that has the intended or actual effect of
6 incentivizing a repayment specialist to violate this Act or
7 any other measure that encourages undue haste or lack of
8 quality.

9 (j) The requirements of this Section shall not apply if a
10 repayment specialist has already conversed with a borrower
11 consistent with the requirements of this Section.

12 (k) A servicer shall:

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

16 (2) establish policies and procedures and implement
17 modified or flexible repayment options consistently in
18 order to facilitate the evaluation of such option
19 requests, including providing accurate information
20 regarding any options that may be available to the
21 borrower through the promissory note or that may have been
22 marketed to the borrower through marketing materials; and

23 (3) consistently present and offer private education
24 loan modification or flexible repayment options to all
25 borrowers with similar financial circumstances if the
26 servicer offers such modification or repayment options.

1 (l) A servicer may not place a loan or account into default
2 or accelerate a loan while a borrower is seeking a loan
3 modification or enrollment in a modified or flexible repayment
4 plan, except that a servicer may place a loan or account into
5 default or accelerate a loan for payment default 90 days or
6 more after the borrower's default.

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

8 (110 ILCS 992/5-50)

9 Sec. 5-50. Cosigner release.

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

13 (b) For any private education loan that obligates a
14 cosigner, a servicer shall provide the borrower and the
15 cosigner an annual written notice containing information about
16 cosigner release, including the administrative and objective
17 criteria the servicer requires to approve the release of the
18 cosigner from the loan obligation and the process for applying
19 for cosigner release. If the borrower has met the applicable
20 payment requirement to be eligible for cosigner release, the
21 servicer shall send the borrower and the cosigner a written
22 notification by mail, and by electronic mail if the borrower
23 or cosigner has elected to receive electronic communications
24 from the servicer, informing the borrower and cosigner that
25 the payment requirement to be eligible for cosigner release

1 has been met. The notification must also include information
2 about any additional criteria to qualify for cosigner release
3 and the procedure to apply for cosigner release.

4 (c) A servicer shall provide written notice to a borrower
5 who applies for cosigner release but whose application is
6 incomplete. The written notice must include a description of
7 the information needed to consider the application complete
8 and the date by which the applicant must furnish the missing
9 information in order to complete the application.

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

24 (e) In response to a written or oral request by the
25 borrower for cosigner release, a servicer shall provide to the
26 borrower the information described in subsection (b) of this

1 Section.

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

3 (110 ILCS 992/5-70 new)

4 Sec. 5-70. Cosigner release rights.

5 (a) A servicer may not impose any restriction that
6 permanently bars a borrower from qualifying for cosigner
7 release, including restricting the number of times a borrower
8 may apply for cosigner release.

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

19 (c) For any private education loan issued on or after the
20 effective date of this amendatory Act of the 103rd General
21 Assembly, a servicer may not require proof of more than 12
22 consecutive, on-time payments as part of the criteria for
23 cosigner release. A borrower who has paid the equivalent of 12
24 months of principal and interest payments within any 12-month
25 period is deemed to have satisfied the consecutive, on-time

1 payment requirement even if the borrower has not made payments
2 monthly during the 12-month period. If a borrower or cosigner
3 requests a change in terms that restarts the count of
4 consecutive, on-time payments required for cosigner release,
5 the servicer shall notify the borrower and cosigner in writing
6 of the impact of the change and provide the borrower and
7 cosigner with the right to withdraw or reverse the request to
8 avoid the impact.

9 (d) A borrower may request an appeal of a servicer's
10 determination to deny a request for cosigner release, and the
11 servicer shall permit the borrower to submit additional
12 documentation evidencing the borrower's ability, willingness,
13 and stability to meet the payment obligations. The borrower
14 may request that another employee of the servicer review the
15 cosigner release determination.

16 (e) A servicer shall establish and maintain a
17 comprehensive record management system reasonably designed to
18 ensure the accuracy, integrity, and completeness of
19 information about cosigner release applications and to ensure
20 compliance with applicable State and federal laws. The system
21 must include the number of cosigner-release applications
22 received, the approval and denial rate, and the primary
23 reasons for any denial.

24 (110 ILCS 992/5-75 new)

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

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

4 (b) If a servicer provides electronic access to documents
5 and records for a borrower, it shall provide equivalent
6 electronic access to the cosigner.

7 (c) Upon a borrower's request, the servicer shall redact
8 the borrower's contact information from documents and records
9 provided to a cosigner.

10 (d) A servicer may not include in a private education loan
11 executed on or after the effective date of this amendatory Act
12 of the 103rd General Assembly a provision that permits the
13 servicer to accelerate payments, in whole or in part, except
14 upon a payment default. A servicer may not place any loan or
15 account into default or accelerate a loan for any reason other
16 than payment default.

17 (e) A private education loan executed before the effective
18 date of this amendatory Act of the 103rd General Assembly may
19 permit the servicer to accelerate payments only if the
20 promissory note or loan agreement explicitly authorizes an
21 acceleration and only for the reasons stated in the note or
22 agreement.

23 (110 ILCS 992/5-80 new)

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

25 (a) If a cosigner dies, the servicer may not attempt to

1 collect against the cosigner's estate other than for payment
2 default.

3 (b) With regard to the death or bankruptcy of a cosigner,
4 if a private education loan is not more than 60 days delinquent
5 at the time the servicer is notified of the cosigner's death or
6 bankruptcy, the servicer may not change any terms or benefits
7 under the promissory note, the repayment schedule, the
8 repayment terms, or the monthly payment amount or any other
9 provision associated with the loan.

10 (110 ILCS 992/5-85 new)

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

13 (a) 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, when notified of the total and permanent
16 disability of a borrower or cosigner, shall release the
17 cosigner from the obligations of a cosigner under the private
18 education loan. The servicer may not attempt to collect a
19 payment from a cosigner following a notification of total and
20 permanent disability of the borrower or cosigner.

21 (b) A servicer shall be notified of the total and
22 permanent disability of a borrower and discharge the liability
23 of the borrower and cosigner on the loan.

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

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

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

5 (d) A servicer shall, within 30 days after the release of
6 either a cosigner or borrower from the obligation of a private
7 education loan pursuant to subsection (a) or (b) of this
8 Section, notify both the borrower and cosigner of the release.

9 (e) A servicer shall, within 30 days after receiving
10 notice of the total and permanent disability of a borrower
11 pursuant to subsection (a) of this Section, provide the
12 borrower with an option to designate an individual to have the
13 legal authority to act on behalf of the borrower.

14 (f) If a cosigner is released from the obligations of a
15 private education loan pursuant to subsection (a) of this
16 Section, the servicer may not require the borrower to obtain
17 another cosigner on the loan obligation.

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

22 Section 99. Effective date. This Act takes effect upon
23 becoming law."