

**§16-105. Disability; discharge of liability**

**1. Notification of total and permanent disability.** A private education lender, when notified of the total and permanent disability of a borrower or cosigner of a cosigned private education loan, shall release a cosigner from the obligations of the cosigner under the loan. The lender may not attempt to collect a payment from a cosigner following a notification of total and permanent disability of a cosigner or borrower. A private education lender shall, when notified of the total and permanent disability of a borrower, discharge the liability of the borrower and cosigner on the loan.  
[PL 2021, c. 357, §2 (NEW).]

**2. Notification of release.** If either a cosigner or a borrower is released from the obligations of a cosigned private education loan under this section, the private education lender shall notify the borrower and cosigner within 30 days of the release.  
[PL 2021, c. 357, §2 (NEW).]

**3. Legal authority to act on behalf of borrower.** A private education lender that extends a cosigned private education loan shall provide the borrower an option to designate an individual to have the legal authority to act on behalf of the borrower with respect to the private education loan in the event of the total and permanent disability of the borrower.  
[PL 2021, c. 357, §2 (NEW).]

**4. Cosigner release.** If a cosigner is released from the obligations of a cosigned private education loan pursuant to subsection 1, the private education lender may not require the borrower to obtain another cosigner on the loan.  
[PL 2021, c. 357, §2 (NEW).]

**5. Prohibition on default or acceleration of loan.** A private education lender may not declare a default or accelerate the debt against a borrower on the sole basis of a cosigner release under subsection 1.  
[PL 2021, c. 357, §2 (NEW).]

**6. Prohibited activities after notice of disability of borrower.** After receiving a notification of a borrower's total and permanent disability under subsection 1, the private education lender may not:

A. Attempt to collect on the outstanding liability of the borrower or cosigner; or [PL 2021, c. 357, §2 (NEW).]

B. Monitor the disability status of the borrower at any point after the date of discharge of liability.  
[PL 2021, c. 357, §2 (NEW).]

[PL 2021, c. 357, §2 (NEW).]

**SECTION HISTORY**

PL 2021, c. 357, §2 (NEW).

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