

§16-108. Prohibition on acceleration of private education loans

1. Prohibition on acceleration. A private education loan executed after the effective date of this section may not include a provision that permits the private education lender to accelerate, in whole or in part, payments on the private education loan, except in cases of payment default. A lender may not place any private education loan or account into default or accelerate a private education loan for any reason, other than for payment default.

[PL 2021, c. 357, §2 (NEW).]

2. Private education loans executed prior to effective date of section. For a private education loan executed prior to the effective date of this section:

A. The loan may permit the private education lender to accelerate payments only if the promissory note or loan agreement explicitly authorizes an acceleration and only for the reasons stated in the note or agreement; [PL 2021, c. 357, §2 (NEW).]

B. If a cosigner of the private education loan dies, the lender may not attempt to collect against the cosigner's estate other than for payment default; [PL 2021, c. 357, §2 (NEW).]

C. Upon receiving notification of the death or bankruptcy of a cosigner of the loan, if the loan is not more than 60 days delinquent at the time of the notification, the private education lender may not change any terms or benefits under the promissory note, repayment schedule, repayment terms or monthly payment amount or any other provision associated with the loan; and [PL 2021, c. 357, §2 (NEW).]

D. The private education lender may not place the loan or account into default or accelerate payments on a loan while a borrower is seeking a loan modification or enrollment in an alternative repayment plan, except that the lender may place a loan or account into default or accelerate a loan for payment default 90 days following the borrower's default. [PL 2021, c. 357, §2 (NEW).]

[PL 2021, c. 357, §2 (NEW).]

SECTION HISTORY

PL 2021, c. 357, §2 (NEW).

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