

**§16-104. Cosigner release**

**1. Annual written notice.** A private education lender shall inform the borrower and cosigner of all administrative, nonjudgmental criteria required for cosigner release. A private education lender shall provide the borrower and the cosigner of a cosigned private education loan an annual written notice containing information about cosigner release, including the criteria the lender requires to approve cosigner release and the process for applying for cosigner release.

[PL 2021, c. 676, Pt. A, §12 (AMD).]

**2. Written notification of eligibility for release.** If the borrower of a cosigned private education loan has met the applicable payment requirement to be eligible for cosigner release and the borrower or cosigner has elected to receive electronic communications from the lender, the lender shall send the borrower and the cosigner a written notification by mail and, if the borrower or cosigner has elected to receive electronic communications from the lender, by e-mail informing the borrower and cosigner that the payment requirement to be eligible for cosigner release has been met. The notification must also include information about any additional criteria to qualify for cosigner release and the procedure to apply for cosigner release.

[PL 2021, c. 357, §2 (NEW).]

**3. Incomplete cosigner release application.** If an application by a borrower of a cosigned private education loan for cosigner release is incomplete, the private education lender shall provide written notice to the borrower that the application is incomplete. The written notice must include a description of the information needed to consider the application complete and the date by which the missing information must be received by the lender.

[PL 2021, c. 357, §2 (NEW).]

**4. Approval or denial of application for cosigner release.** Within 30 days after a borrower of a cosigned private education loan submits a completed application for cosigner release, the private education lender shall send the borrower and cosigner a written notice that informs the borrower and cosigner whether the cosigner release application has been approved or denied. If the lender denies a request for cosigner release, the borrower may request any documents or information used in the determination, including, but not limited to, the credit score threshold used by the lender, the borrower's consumer report, the borrower's credit score and any other documents specific to the borrower. The lender shall also provide any adverse action notices required under applicable federal law if the denial is based in whole or in part on any information contained in a consumer report.

[PL 2021, c. 357, §2 (NEW).]

**5. Request for cosigner release.** In response to a written or oral request for cosigner release, a private education lender shall provide the requestor information detailing the criteria to qualify for cosigner release and the procedure to apply for cosigner release.

[PL 2021, c. 357, §2 (NEW).]

**6. Prohibition on restriction from cosigner release.** A private education lender may not impose any restriction that permanently bars a borrower of a cosigned private education loan from qualifying for cosigner release, including restricting the number of times the borrower may apply for cosigner release.

[PL 2021, c. 357, §2 (NEW).]

**7. Prohibition on negative consequences.** A private education lender may not impose any negative consequences on any borrower or cosigner of a cosigned private education loan during the 60 days following the issuance of the notice under subsection 3 or until the lender makes a final determination about a borrower's cosigner release application, whichever is earlier. For the purpose of this subsection, "negative consequences" includes, but is not limited to, the imposition of additional cosigner release eligibility criteria, negative credit reporting, lost eligibility for cosigner release, late fees, interest capitalization and other financial injury.

[PL 2021, c. 357, §2 (NEW).]

**8. Consecutive on-time payments.** For a loan made after the effective date of this section, a private education lender may not require more than 12 consecutive on-time payments as criteria for cosigner release. A borrower of a cosigned private education loan who has paid the equivalent of 12 months of principal and interest payments within any 12-month period satisfies the consecutive on-time payment requirement, regardless of whether the borrower has made payments monthly during the 12-month period.

[PL 2021, c. 357, §2 (NEW).]

**9. Change in terms.** If a borrower or cosigner of a cosigned private education loan requests a change in terms of the loan that restarts the count of consecutive on-time payments required for cosigner release, the private education lender shall notify the borrower and cosigner in writing of an adverse effect of the change and provide the borrower or cosigner the right to withdraw or reverse the request to avoid that adverse effect.

[PL 2021, c. 357, §2 (NEW).]

**10. Appeal of denial.** A borrower of a cosigned private education loan has the right to request an appeal of a private education lender's determination to deny a request for cosigner release and the lender shall permit the borrower to submit additional documentation evidencing the borrower's ability, willingness and stability to meet the payment obligations. The borrower may request review of the cosigner release determination by another employee of the private education lender.

[PL 2021, c. 357, §2 (NEW).]

**11. Comprehensive record management system.** A private education lender shall establish and maintain a comprehensive record management system designed to reasonably ensure the accuracy, integrity and completeness of data and other information about cosigner release applications and to ensure compliance with applicable state and federal laws, including but not limited to the federal Equal Credit Opportunity Act and the federal Fair Credit Reporting Act. The system required by this subsection must include the number of cosigner release applications received by the lender, the approval and denial rate and the primary reasons for any denial.

[PL 2021, c. 357, §2 (NEW).]

## SECTION HISTORY

PL 2021, c. 357, §2 (NEW). PL 2021, c. 676, Pt. A, §12 (AMD).

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