

ENGROSSED HOUSE  
BILL NO. 2887

By: Settle and Steidley of  
the House

and

Williams (Don) of the  
Senate

An Act relating to schools; amending 70 O.S. 1991, Section 623, which relates to guaranteed student loans; expanding authorization of State Regents to include administration of certain loan guarantee programs; providing for rules specifying certain procedures relating to such loans; authorizing the State Regents to notify certain licensing boards for certain purposes; authorizing certain collection program; providing for certain due process prior to notification to licensing boards; specifying procedures for licensing boards to suspend or not renew certain licenses; prohibiting certain actions relating to driver licenses until effective date of act; providing for certain hardship modifications; prohibiting certain civil liability under certain circumstances; providing for certain reinstatement and renewal of certain licenses and procedures relating thereto; defining terms; providing for codification; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 70 O.S. 1991, Section 623, is amended to read as follows:

Section 623. The Oklahoma State Regents for Higher Education are hereby authorized to utilize the Student Educational Assistance Fund and to administer the student loan guarantee program under the federal Higher Education Act of 1965 for guaranteeing loans made by private or public lending institutions to applicants for such loan guarantees for the purpose of obtaining financial assistance for attendance at any vocational rehabilitation school, vocational education or trade school, or any institution of higher learning, under the following conditions:

~~a.~~ 1. Every such applicant shall demonstrate to the satisfaction of the Regents or their delegate or delegates that the student is a worthy applicant for such assistance, that the student is unable to obtain funds necessary for an adequate program of education at the institution of ~~his~~ the student's choice without such assistance, and shall undertake repayment of the loan guarantee in compliance with conditions stated herein~~;~~;

~~b.~~ 2. No such loan guaranteed by the Regents through the Student Educational Assistance Fund, except as required by federal regulation, shall require repayment while the student is pursuing at least a half-time course of study on a continuing basis in a vocational rehabilitation school, vocational education or trade school, or institution of higher learning. The rate of interest on the loan shall be subject to the approval of the Regents, but shall not be in excess of the interest or rate of interest allowable in any similar federally guaranteed Student Loan Program~~;~~;

~~c.~~ 3. The Regents for Higher Education are further authorized and empowered to promulgate such rules, ~~regulations~~ and procedures with respect to applicant eligibility, terms of loans, and other

matters they may consider appropriate, as will facilitate the program authorized by this act, and as will not conflict with the terms hereof. Such procedures may include, but not be limited to, entering into agreements with other Federal Family Education Loan Program (FFELP) participants such as schools, lenders, services, secondary markets, collection agencies, guarantee agencies, and the United States Department of Education. It is the intent of the Legislature that the Regents for Higher Education consider the hardships existing due to previous requirements of applicants. That, further, the Regents make every effort to consolidate previous loans of full-time students for students now qualifying as part-time students and guarantee these combined loans-;

4. The Oklahoma State Regents for Higher Education may notify each licensing board in this state of the default of payment of the student in accordance with Section 2 of this act; and

5. In addition to other collection methods authorized by law, the Oklahoma State Regents for Higher Education may establish and implement any program to collect on defaulted student loans as are prescribed by federal law, including administrative garnishment and wage withholding.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 623.1 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. In accordance with procedures that the Regents shall prescribe to provide a licensee an opportunity to enter satisfactory repayment and an opportunity for a hearing, prior to issuance of the notification, following determination of default, and at least thirty (30) days prior to notification of each appropriate licensing board, the Regents shall mail to the licensee's last-known address, a written notice of:

1. The nature and amount of the debt;

2. The intention of the Regents to issue notification of default to the appropriate licensing board or boards; and

3. The explanation of the licensee's rights.

B. As necessary, upon notice and opportunity of a hearing before the State Regents and following the determination of default, the Oklahoma State Regents for Higher Education may notify each licensing board in this state of any person who has been determined to be in default on a student loan. Upon receipt of the notice, the licensing boards shall suspend and not renew the license of the licensee until further notification by the State Regents. For any student loan agreement or contract executed after July 1, 1996, the driver license of the person defaulting on the loan shall be subject to the provisions of this act. Provided however, in case of extreme or unusual hardship, as determined by the State Regents, a modification of the nonrenewal or suspension of the driver license of the person who has been determined to be in default, may be granted.

C. Once so notified, no further administrative review or contested case proceeding within or by the licensing board is required. No licensing board shall be held liable for any suspension or nonrenewal of a license or driver license pursuant to the provisions of this act.

D. The State Regents shall promptly notify each licensing board when a formerly reported licensee is no longer in default status due to repayment in full, loan rehabilitation or some other action that discharges the licensee of responsibility for repayment or when the licensee achieves satisfactory repayment status. The issuing licensing board shall reinstate or renew the license of the licensee within thirty (30) days contingent upon the requirements of the licensing board.

E. For purposes of this act:

1. "Driver license" means a driver license or other permit issued pursuant to Title 47 of the Oklahoma Statutes;

2. "Licensing board" means any bureau, department, division, board, agency or commission of this state or of a municipality in this state that issues a license;

3. "License" means a license, certificate, registration, permit, approval or other similar document issued by a licensing board granting to an individual a right or privilege to engage in a profession, occupation or business; and

4. "Licensee" means any individual who is issued a license by any licensing board in this state.

SECTION 3. This act shall become effective July 1, 1996.

SECTION 4. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the House of Representatives the 27th day of February, 1996.

Speaker of the House of Representatives

Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 1996.

President of the Senate