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March 26, 2024

ENGROSSED HOUSE
BILL NO. 3459

By: Moore of the House

and

Rader of the Senate

An Act relating to the Oklahoma Student Loan Act; amending 70 O.S. 2021, Section 695.2, which relates to definitions; modifying definition; amending 70 O.S. 2021, Section 695.3, which relates to the authority of Governor and issuance of bonds; modifying requirements; amending 70 O.S. 2021, Section 695.5, which relates to the Student Loan Fund; authorizing use of funds for provision of loans; amending 70 O.S. 2021, Section 695.6, which relates to payments of loan money; modifying requirement; amending 70 O.S. 2021, Section 695.7, which relates to procedures of the Student Loan Authority; modifying procedures; amending 70 O.S. 2021, Section 695.17, which relates to the authority to make loans from the Student Loan Fund; modifying to whom loans may be made; amending 70 O.S. 2021, Section 695.18, which relates to supplemental loan program for qualified students; modifying definition; modifying due diligence to collect; modifying when interest shall be paid on loans; and providing an effective date.

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

SECTION 1. AMENDATORY 70 O.S. 2021, Section 695.2, is amended to read as follows:

Section 695.2 As used in the Oklahoma Student Loan Act:

1. "Authority" means the Oklahoma Student Loan Authority;

1 2. "Participating institution" means any educational
2 institution, public or private, including junior colleges and
3 vocational-technical schools, which qualifies as an eligible
4 institution for the federal insured loan program under the Federal
5 Higher Education Act of 1965, as amended, and participating in
6 student loan programs under the Oklahoma Student Loan Act;

7 3. "Qualified person" means a person who is eligible for a
8 student loan ~~insured by the United States~~ under the Oklahoma Student
9 Loan Act; and

10 4. "Bond" or "Bonds" means revenue bonds and notes issued by
11 the Authority.

12 SECTION 2. AMENDATORY 70 O.S. 2021, Section 695.3, is
13 amended to read as follows:

14 Section 695.3 The Governor is hereby authorized to accept
15 beneficial interest on behalf of the State of Oklahoma in an express
16 trust which shall be an agency of the state for the specific object
17 and purpose of providing student loan funds pursuant to requirements
18 of any appropriate federal agency to qualified persons as provided
19 herein. Said state trust shall be entitled the Oklahoma Student
20 Loan Authority. The Authority shall be created in accordance with
21 the provisions of ~~Title 60 of the Oklahoma Statutes~~, Section 176 et
22 seq. of Title 60 of the Oklahoma Statutes. It shall issue bonds or
23 other obligations from time to time for and on behalf of the State
24 of Oklahoma as such funds are needed to underwrite loans ~~insured by~~

1 ~~the United States~~ to qualified persons at participating institutions
2 as provided herein. Bonds issued by the Authority, or interest
3 thereon, shall be paid through funds received by the Authority as
4 provided in Section 695.7 of this title.

5 All bonds issued under the Oklahoma Student Loan Act are legal
6 and authorized investments for banks, savings banks, trust
7 companies, savings and loan associations, insurance companies,
8 credit unions, fiduciaries, trustees and guardians, and for the
9 State of Oklahoma and any of its political subdivisions,
10 departments, institutions and agencies. When accompanied by all
11 unmatured coupons appurtenant thereto, the bonds are sufficient
12 security for all deposits of state funds and of all funds of any
13 board in control at the par value of the bond. The bonds and the
14 income therefrom are free from taxation within this state.

15 SECTION 3. AMENDATORY 70 O.S. 2021, Section 695.5, is
16 amended to read as follows:

17 Section 695.5 There shall be created in the Authority the
18 "Student Loan Fund". The Authority may use the Student Loan Fund to
19 purchase loans insured by the United States made to qualified
20 persons at participating institutions, provide loans under the
21 Oklahoma Student Loan Act, and such other expenses as may be
22 appropriate in connection herewith.

23 SECTION 4. AMENDATORY 70 O.S. 2021, Section 695.6, is
24 amended to read as follows:

1 Section 695.6 The amount of any loan to a qualified person
2 shall be determined according to regulations promulgated by the
3 Student Loan Authority. No payment shall be made to any qualified
4 person until he has executed a note, ~~insured by the United States~~
5 ~~and~~ payable to a fund which shall be created to be known as the
6 "Student Loan Sinking Fund", for the full amount of the loan and
7 interest thereon. For the purpose of the Oklahoma Student Loan Act,
8 Section 695.1 et seq. of this title, a qualified person has the
9 capacity to contract and is bound by any contract executed by him;
10 the defense that he was a minor at the time he executed a note is
11 not available to him in any action arising on his note. Payments to
12 qualified persons executing notes may be made annually,
13 semiannually, or for each semester as determined by the Authority.
14 The rate of interest charged the student shall ~~not exceed the~~
15 ~~maximum authorized by federal regulations~~ be determined by the
16 Student Loan Authority. Disbursements may be made to a
17 participating institution pursuant to a contract between the
18 Authority and the participating institution executed under the
19 Oklahoma Student Loan Act.

20 SECTION 5. AMENDATORY 70 O.S. 2021, Section 695.7, is
21 amended to read as follows:

22 Section 695.7 A. ~~The Authority shall accumulate individual~~
23 ~~loan applications from the several participating institutions and~~
24 ~~shall submit these applications to the appropriate federally~~

1 ~~approved guarantor for approval and insurance.~~ The Authority may
2 fix deadlines for the receipt of applications relative to each
3 academic term.

4 B. The Authority may disburse to each of the participating
5 institutions funds sufficient only to enable payments to those
6 participating students whose loans have been approved ~~and insured.~~
7 Any funds not so disbursed shall be returned to the Authority by the
8 participating institution. The Authority may also disburse loan
9 funds directly to participating students and through institutional
10 officials.

11 C. The Authority shall collect interest payments and interest
12 subsidies paid on behalf of the qualified person by the United
13 States and shall also collect all interest and principal payments
14 made by the student under the terms of his obligation to the Student
15 Loan Fund. When any person who has received a loan fails to make
16 payments due in accordance with an executed note, the Authority may
17 declare the full amount of remaining principal and interest due and
18 payable immediately. In the event of default of payment, the
19 Authority shall undertake collection and, in the event of failure to
20 collect on a guaranteed loan after such reasonable efforts as are
21 prescribed by federal regulations, shall file a claim for payment
22 under the terms of the federal insurance.

23 ~~D. The Authority is authorized to designate the president of~~
24 ~~each participating institution, or an official of the institution~~

1 ~~designated by the president, as a representative for the purpose of~~
2 ~~facilitating and processing loan applications, disbursement and~~
3 ~~delivery of loan funds to participating students and the receipt of~~
4 ~~executed notes and payments thereon by participating students.~~ The
5 Authority may promulgate such rules and regulations as shall be
6 deemed necessary and proper to carry out the duties imposed upon the
7 Authority and any institutional representative under the provisions
8 of the Oklahoma Student Loan Act.

9 SECTION 6. AMENDATORY 70 O.S. 2021, Section 695.17, is
10 amended to read as follows:

11 Section 695.17 The Oklahoma Student Loan Authority and the
12 Oklahoma State Regents for Higher Education functioning as the
13 fiscal agent for the Authority in the administration of the Oklahoma
14 Student Loan Act (Chapter 125, Oklahoma Session Laws 1972; 70 O.S.
15 Supp. 1975, Sections 695.1 to 695.16) shall have authority to make
16 loans to qualified ~~students~~ persons under provisions of ~~said act if~~
17 ~~the loans are insured or coinsured by the United States under either~~
18 ~~Title IV-A or Title IV-B of the Higher Education Act of 1965, as~~
19 ~~amended~~ the Oklahoma Student Loan Act.

20 SECTION 7. AMENDATORY 70 O.S. 2021, Section 695.18, is
21 amended to read as follows:

22 Section 695.18 The Oklahoma Student Loan Authority shall
23 establish and operate a supplemental loan program for qualified
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1 students who are not eligible for loans under the federally insured
2 student loan program, pursuant to the following:

3 A. "Qualified ~~students~~ person" shall be those students
4 enrolled in ~~collegiate education~~ a participating institution or a
5 biological or adoptive parent of such student who ~~have completed~~
6 ~~federal needs analysis and require additional financial assistance~~
7 ~~as certified by the institution of enrollment but are ineligible for~~
8 ~~a Guaranteed Student Loan sufficient to meet that need, provided~~
9 ~~that in no instance shall a supplemental loan be made to any student~~
10 ~~whose family income, if dependent, or whose personal income, if~~
11 ~~independent, exceeded Eighty Thousand Dollars (\$80,000.00), or the~~
12 ~~income limitation as adjusted pursuant to this subsection, in the~~
13 ~~previous tax year~~ meets the eligibility requirements set by the
14 Oklahoma Student Loan Authority. ~~Beginning with the fiscal year~~
15 ~~ending June 30, 2002, the Authority shall prescribe a cost-of-living~~
16 ~~adjustment to the income limitation provided in this section. The~~
17 ~~adjustment shall be based on the maximum percentage increase, if~~
18 ~~any, not to exceed the previous year's Consumer Price Index for All~~
19 ~~Urban Consumers (CPI-U) as prepared by the United States Bureau of~~
20 ~~Labor Statistics.~~

21 B. The Authority may enter into agreements with the
22 Commissioners of the Land Office for funding this loan program or
23 may obtain funding through authorized procedures as provided for in
24 the Oklahoma Student Loan Act.

1 C. The Authority may enter into agreements with the State
2 Guarantee Agency or any nationally recognized guarantor approved by
3 the United States Secretary of Education for the insurance of such
4 loans.

5 D. The Authority shall collect its loans when due; and, in the
6 event of a possible default after due diligence has been performed
7 to collect on a guaranteed loan, a claim shall be filed with the
8 State Guarantee Agency for collection under the insurance program,
9 which guarantor shall pay the claim for the Authority, following
10 which it shall take whatever action may be necessary to collect from
11 the borrower in order to assure that the State of Oklahoma will not
12 suffer any loss in connection with default payments; and if
13 insurance of the loan is with a nationally recognized guarantor, the
14 same procedure shall apply.

15 E. The Authority shall establish the rate of interest to be
16 paid on loans, which shall be paid by the borrowers to the Authority
17 ~~on a quarterly basis~~, which rate shall be as modest as possible for
18 the benefit of the student but shall be at sufficient level to
19 assure repayment of the debt incurred to underwrite the loans and
20 expenses incurred by the Authority in administration of the program.

21 F. The Authority shall promulgate rules as may be necessary and
22 appropriate for the full and effective administration of the loan
23 program provided for in the Oklahoma Student Loan Act, and it shall
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1 be the sole state agency for providing loans to eligible persons
2 under the federal and state student loan programs.

3 G. As in the case of other trust agencies, the State of
4 Oklahoma is not obligated to support with state-appropriated funds
5 the loan program provided for in the Oklahoma Student Loan Act.

6 SECTION 8. This act shall become effective November 1, 2024.

7 COMMITTEE REPORT BY: COMMITTEE ON EDUCATION
8 March 26, 2024 - DO PASS
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