

2 **EHB 1748** - S COMM AMD
3 By Committee on Higher Education

4 ADOPTED 4/13/93

5 Strike everything after the enacting clause and insert the
6 following:

7 "**Sec. 1.** RCW 28B.15.820 and 1985 c 390 s 35 are each amended to
8 read as follows:

9 (1) Each institution of higher education shall deposit two and one-
10 half percent of revenues collected from tuition and services and
11 activities fees in an institutional long-term loan fund which is hereby
12 created and which shall be held locally. Moneys in such fund shall be
13 used to make guaranteed loans to eligible students except as provided
14 for in subsections (9) and (10) of this section.

15 (2) With the exception of subsection (9) of this section, an
16 "eligible student" for the purposes of this section is a student
17 registered for at least six credit hours or the equivalent, who is
18 eligible for resident tuition and fee rates as defined in RCW
19 28B.15.012 through 28B.15.015, and who is a "needy student" as defined
20 in RCW 28B.10.802.

21 (3) The amount of the loans made under subsection (1) of this
22 section shall not exceed the demonstrated financial need of the
23 student. Each institution shall establish loan terms and conditions
24 which shall be consistent with the terms of the guaranteed loan program
25 established by 20 U.S. Code Section 1071 et seq., as now or hereafter
26 amended. All loans made shall be guaranteed by the Washington student
27 loan guaranty association or its successor agency. Institutions are
28 hereby granted full authority to operate as an eligible lender under
29 the guaranteed loan program. Twenty percent of the total institutional
30 long-term loan fund shall be used for the sole purpose of long-term
31 loans repayable by the borrower and twenty percent of the institutional
32 long-term loan fund shall be used for the sole purpose of short-term
33 loans repayable by the borrower.

34 (4) Before approving a guaranteed loan, each institution shall
35 analyze the ability of the student to repay the loan based on factors
36 which include, but are not limited to, the student's accumulated total

1 education loan burdens and the employment opportunities and average
2 starting salary characteristics of the student's chosen fields of
3 study. The institution shall counsel the student on the advisability
4 of acquiring additional debt, and on the availability of other forms of
5 financial aid.

6 (5) Each institution is responsible for collection of loans made
7 under subsection (1) of this section and shall exercise due diligence
8 in such collection, maintaining all necessary records to insure that
9 maximum repayments are made. Institutions shall cooperate with other
10 lenders and the Washington student loan guaranty association, or its
11 successor agency, in the coordinated collection of guaranteed loans,
12 and shall assure that the guarantability of the loans is not violated.
13 Collection and servicing of loans under subsection (1) of this section
14 shall be performed by entities approved for such servicing by the
15 Washington student loan guaranty association or its successor agency:
16 PROVIDED, That institutions be permitted to perform such servicing if
17 specifically recognized to do so by the Washington student loan
18 guaranty association or its successor agency. Collection and servicing
19 of loans made by community colleges under subsection (1) of this
20 section shall be coordinated by the state board for community and
21 technical colleges ((education)) and shall be conducted under
22 procedures adopted by such state board.

23 (6) Receipts from payment of interest or principal or any other
24 subsidies to which institutions as lenders are entitled, which are paid
25 by or on behalf of borrowers of funds under subsection (1) of this
26 section, shall be deposited in each institution's general local fund
27 and shall be used to cover the costs of making the loans under
28 subsection (1) of this section and maintaining necessary records and
29 making collections under subsection (5) of this section: PROVIDED,
30 That such costs shall not exceed five percent of aggregate outstanding
31 loan principle. Institutions shall maintain accurate records of such
32 costs, and all receipts beyond those necessary to pay such costs, shall
33 be used for the support of the institution's operating budget.

34 (7) The boards of regents of the state universities, the boards of
35 trustees of the regional universities and The Evergreen State College,
36 and the state board for community and technical colleges ((education)),
37 on behalf of the community colleges, shall each adopt necessary rules
38 and regulations to implement this section.

1 (8) Lending activities under this section shall be directed toward
2 students who would not normally have access to educational loans from
3 private financial institutions in Washington state, and maximum use
4 shall be made of secondary markets in the support of loan
5 consolidation.

6 (9) Short-term (~~((interim))~~) loans, not to exceed one (~~((hundred~~
7 ~~twenty days))~~) year, may be made from the institutional long-term loan
8 fund to students (~~((eligible for guaranteed student loans and whose~~
9 ~~receipt of such loans is pending. Such short term loans shall not be~~
10 ~~subject to the guarantee restrictions or the constraints of federal law~~
11 ~~imposed by subsection (3) of this section))~~) enrolled in the
12 institution. No such loan shall be made to any student who is known by
13 the institution to be in default or delinquent in the payment of any
14 outstanding student loan. A short-term loan may be made only if the
15 institution has ample evidence that the student has the capability of
16 repaying the loan within the time frame specified by the institution
17 for repayment.

18 (10) Any moneys deposited in the institutional long-term loan fund
19 which are not used in making long or short term loans or transferred to
20 institutional operating budgets may be used by the institution for
21 locally-administered financial aid programs for needy students, such as
22 need-based institutional employment programs or need-based tuition and
23 fee waiver programs. These funds shall be used in addition to and not
24 to replace institutional funds which would otherwise support these
25 locally-administered financial aid programs. Priority in the use of
26 these funds shall be given to needy students who have accumulated
27 excessive educational loan burdens. An excessive educational loan
28 burden is a burden that will be difficult to repay given employment
29 opportunities and average starting salaries in the student's chosen
30 fields of study."

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34 On page 1, line 1 of the title, after "aid;" strike the remainder
35 of the title and insert "and amending RCW 28B.15.820."

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