
HOUSE BILL 1748

State of Washington

53rd Legislature

1993 Regular Session

By Representatives Shin, Quall, Wood, Jacobsen, Veloria, Wineberry, Valle, Morris, Basich, Kessler, Orr, L. Johnson and J. Kohl

Read first time 02/08/93. Referred to Committee on Higher Education.

1 AN ACT Relating to financial aid; and amending RCW 28B.15.820.

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

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

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

11 (2) An "eligible student" for the purposes of this section is a
12 student registered for at least six credit hours or the equivalent, who
13 is eligible for resident tuition and fee rates as defined in RCW
14 28B.15.012 through 28B.15.015, and who is a "needy student" as defined
15 in RCW 28B.10.802.

16 (3) The amount of the loans made under subsection (1) of this
17 section shall not exceed the demonstrated financial need of the
18 student. Each institution shall establish loan terms and conditions
19 which shall be consistent with the terms of the guaranteed loan program

1 established by 20 U.S. Code Section 1071 et seq., as now or hereafter
2 amended. All loans made shall be guaranteed by the Washington student
3 loan guaranty association or its successor agency. Institutions are
4 hereby granted full authority to operate as an eligible lender under
5 the guaranteed loan program.

6 (4) Before approving a guaranteed loan, each institution shall
7 analyze the ability of the student to repay the loan based on factors
8 which include, but are not limited to, the student's accumulated total
9 education loan burdens and the employment opportunities and average
10 starting salary characteristics of the student's chosen fields of
11 study. The institution shall counsel the student on the advisability
12 of acquiring additional debt, and on the availability of other forms of
13 financial aid.

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

31 (6) Receipts from payment of interest or principal or any other
32 subsidies to which institutions as lenders are entitled, which are paid
33 by or on behalf of borrowers of funds under subsection (1) of this
34 section, shall be deposited in each institution's general local fund
35 and shall be used to cover the costs of making the loans under
36 subsection (1) of this section and maintaining necessary records and
37 making collections under subsection (5) of this section: PROVIDED,
38 That such costs shall not exceed five percent of aggregate outstanding
39 loan principle. Institutions shall maintain accurate records of such

1 costs, and all receipts beyond those necessary to pay such costs, shall
2 be used for the support of the institution's operating budget.

3 (7) The boards of regents of the state universities, the boards of
4 trustees of the regional universities and The Evergreen State College,
5 and the state board for community and technical colleges ~~((education))~~,
6 on behalf of the community colleges, shall each adopt necessary rules
7 and regulations to implement this section.

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

13 (9) Short-term ~~((interim))~~ loans ~~((, not to exceed one hundred
14 twenty days,))~~ may be made from the institutional long-term loan fund
15 to students ~~((eligible for guaranteed student loans and whose receipt
16 of such loans is pending. Such short term loans shall not be subject
17 to the guarantee restrictions or the constraints of federal law imposed
18 by subsection (3) of this section))~~ enrolled in the institution. No
19 such loan shall be made to any student who is known by the institution
20 to be in default or delinquent in the payment of any outstanding
21 student loan.

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

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