

AMENDED IN ASSEMBLY APRIL 29, 2013

AMENDED IN ASSEMBLY APRIL 15, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 534

Introduced by Assembly Member Wieckowski
(Principal coauthor: Assembly Member Chau)
(Coauthor: Senator Lieu)

February 20, 2013

An act to add Chapter 1.5 (commencing with Section 99050) to Part 65 of Division 14 of Title 3 of the Education Code, relating to postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

AB 534, as amended, Wieckowski. Postsecondary education: institutional and financial assistance information for students.

Under existing law, there are 4 segments of postsecondary education in this state: the University of California, the California State University, the California Community Colleges, and independent institutions of higher education. Existing law, the California Private Postsecondary Education Act of 2009, regulates the operations of private postsecondary educational institutions, as defined, some of which are not accredited. Existing federal law, the Higher Education Opportunity Act, requires postsecondary institutions whose students receive certain federally funded, or federally insured or guaranteed, student loans to provide, among other services, entrance and exit counseling to students with specified information about these loans.

This bill would require each campus of the 4 segments listed above, and private postsecondary educational institutions subject to the

California Private Postsecondary Education Act of 2009, to provide entrance and exit counseling, as specified, with respect to any student loans offered by the institution or a private lender or recommended to the student by the institution or segment. The bill would also allow an institution to assess a reasonable fee to the lender, not exceeding \$50, in order to defray the cost of additional counseling. The bill would not apply to federally funded, federally insured, or federally guaranteed loans for which counseling is required by the federal Higher Education Opportunity Act.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 1.5 (commencing with Section 99050)
2 is added to Part 65 of Division 14 of Title 3 of the Education Code,
3 to read:

4
5 CHAPTER 1.5. INSTITUTIONAL AND FINANCIAL ASSISTANCE
6 INFORMATION FOR STUDENTS
7

8 99050. The Regents of the University of California, the
9 Trustees of the California State University, the governing board
10 of each community college district, the governing body of each
11 accredited independent institution of higher education in this state,
12 and the governing body of each private postsecondary educational
13 institution as defined in Section 94858 that is subject to Chapter
14 8 (commencing with Section 94800) of Part 59 of Division 10,
15 shall each provide entrance and exit counseling services for
16 students at all campuses within their respective jurisdictions with
17 respect to any student loans offered by the institution or a private
18 lender or recommended to a student by the institution or segment,
19 except as provided in Section 99051.

20 99051. (a) This chapter shall not apply to a federally funded,
21 federally insured, or federally guaranteed loan for which counseling
22 is required by Section 1092 of Title 20 of the United States Code.

23 (b) *Nothing in this chapter shall be interpreted to conflict with*
24 *federal law.*

25 99052. As used in this chapter:

26 (a) "Entrance counseling" includes all of the following:

1 (1) Providing the student with comprehensive information on
2 the terms and conditions of the loan and of the responsibilities the
3 student has with respect to the loan. This information shall be
4 provided before the student enters into the loan agreement, and
5 shall be expressed in a simple and understandable manner. The
6 information may be provided during an entrance counseling session
7 conducted in person, on a written form provided to the student that
8 the student signs and returns to the institution, or online, with the
9 student acknowledging receipt of the information.

10 (2) The comprehensive information provided under this
11 subdivision shall include all of the following:

12 (A) To the extent practicable, the effect of accepting the loan
13 to be disbursed on the eligibility of the borrower for other forms
14 of student financial assistance.

15 (B) Information on how interest accrues and is capitalized during
16 periods when the interest is not paid by the borrower.

17 (C) The definitions of full-time and half-time enrollment at the
18 institution, during regular terms and intersession terms, if
19 applicable, and the consequences of not maintaining full-time or
20 half-time enrollment.

21 (D) An explanation of the importance of contacting the
22 appropriate offices at the institution if the borrower withdraws
23 before completing his or her program of study so that the institution
24 can provide exit counseling.

25 (E) Sample monthly repayment amounts, based on a range of
26 levels of indebtedness.

27 (F) The obligation of the borrower to repay the full amount of
28 the loan, irrespective of whether the borrower completes his or her
29 program of study at the institution.

30 (G) The likely consequences of default on the loan, including
31 adverse credit reports, delinquent debt collection procedures, and
32 litigation.

33 (H) Information about whether the student has hit the maximum
34 on his or her federal student loan opportunities.

35 (I) (i) The name of, and contact information for, an individual
36 the borrower may contact if he or she has any questions about the
37 borrower's rights and responsibilities or the terms and conditions
38 of the loan.

39 (ii) Information regarding how a student or any member of the
40 public may file a complaint about ~~this institution~~ *a lender* with the

1 ~~Bureau for Private Postsecondary Education~~ *Consumer Financial*
2 *Protection Bureau* by calling a toll-free telephone number, or by
3 completing a complaint form, which can be obtained on the
4 bureau's Internet Web site. The toll-free telephone number and
5 Internet Web site address of the bureau shall be included.

6 (J) All of the information required pursuant to subdivisions (b)
7 and (c) of Section 69800.

8 (b) (1) "Exit counseling" shall be provided as close as
9 practicable to the date that a student graduates from, transfers from,
10 withdraws from, or otherwise completes his or her program of
11 study at, the institution. "Exit counseling" includes information
12 relating to all of the following:

13 (A) Repayment plans that are available, including a description
14 of the different features of each plan and sample information
15 showing the average anticipated monthly payments, and the
16 difference in interest paid and total payments, under each plan.

17 (B) Debt management strategies that are designed to facilitate
18 the repayment of indebtedness.

19 (C) An explanation that the borrower has the options to prepay
20 each loan, pay each loan on a shorter schedule, or change
21 repayment plans.

22 (D) The likely consequences of default on the loan, including
23 adverse credit reports, delinquent debt collection procedures, and
24 litigation.

25 (E) Information on the effects of consolidation on a borrower's
26 underlying loan benefits.

27 (F) Information on grace periods, loan forgiveness, cancellation,
28 and deferment opportunities.

29 (G) The borrower benefit programs of different lenders.

30 (H) A general description of the tax benefits that may be
31 available to borrowers.

32 (I) Information on how to enroll in income-based repayment.

33 (2) With respect to a student who leaves an institution without
34 the knowledge of the institution, the institution shall attempt to
35 provide the information described in paragraph (1) to the student
36 in writing.

37 (c) (1) A lender shall not accept a final and complete application
38 for a private student loan from a prospective applicant, or assess
39 any fees upon a prospective applicant, without first receiving
40 certification from the applicant's institution that the applicant has

1 received entrance counseling from the educational institution and
2 that the counseling was conducted in person, unless the certification
3 specified that the applicant elected to receive the counseling in a
4 manner other than in person.

5 (2) The certification required by this subdivision shall be signed
6 by the borrower and the institutional counselor, and shall include
7 the date of the counseling and the name, address, and telephone
8 number of both the counselor and the applicant. An electronic
9 facsimile copy of the counseling certification satisfies the
10 requirement of this subdivision. The lender shall maintain the
11 certification in an accurate, reproducible, and accessible format
12 for the term of the student loan.

13 (d) An institution may assess a reasonable fee to the lender to
14 defray the cost of additional counseling in an amount not exceeding
15 fifty dollars (\$50) for providing the service.

16 (e) For purposes of this section, “institution” means a campus
17 of the University of California, the California State University, or
18 the California Community Colleges, an accredited private and
19 independent college or university, or a private postsecondary
20 educational institution as defined in Section 94858 that is subject
21 to Chapter 8 (commencing with Section 94800) of Part 59 of
22 Division 10.