

**SENATE BILL NO. 564**

June 4, 1997, Introduced by Senators GOUGEON, HOFFMAN,  
BULLARD, SHUGARS, BENNETT and ROGERS and referred to the  
Committee on Education.

A bill to amend 1975 PA 222, entitled  
"Higher education loan authority act,"  
by amending sections 4a and 12 (MCL 390.1154a and 390.1162), sec-  
tion 4a as added by 1989 PA 96 and section 12 as amended by 1987  
PA 206.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 4a. (1) In addition to the powers enumerated in  
2 section 4, the authority may loan money to students or parents of  
3 students who are residents of this state to assist them to pay  
4 for the cost of the student's attendance at a degree-granting  
5 college or university located in this state. The authority shall  
6 promulgate rules under the administrative procedures act of 1969,  
7 ~~Act No. 306 of the Public Acts of 1969, being sections 24.201 to~~  
8 ~~24.328 of the Michigan Compiled Laws~~ 1969 PA 306, MCL 24.201 TO

1 24.328, to establish payment and repayment terms for the loans  
2 authorized under this section.

3 (2) IF A STUDENT IS SUBJECT TO A COURT ORDER DENYING FEDERAL  
4 BENEFITS AS DESCRIBED IN SECTION 421 OF PART D OF THE CONTROLLED  
5 SUBSTANCES ACT, TITLE II OF THE COMPREHENSIVE DRUG ABUSE PREVEN-  
6 TION AND CONTROL ACT OF 1970, PUBLIC LAW 91-513, 21 U.S.C. 862,  
7 THE STUDENT IS INELIGIBLE FOR A LOAN UNDER THIS SECTION, AND THE  
8 STUDENT'S PARENTS ARE INELIGIBLE FOR A LOAN UNDER THIS SECTION TO  
9 THE EXTENT THAT THE LOAN IS TO BE USED TO PAY FOR THE EDUCATIONAL  
10 EXPENSES OF THAT STUDENT, FOR THE DURATION OF THE COURT ORDER.

11 Sec. 12. (1) ~~The~~ UNLESS THE STUDENT OR THE PARENTS OF A  
12 STUDENT ARE INELIGIBLE UNDER SUBSECTION (4) OR (5), THE authority  
13 may make ~~loans to students~~ A LOAN TO A STUDENT enrolled or to  
14 be enrolled in AN eligible ~~institutions~~ INSTITUTION or to the  
15 parents of ~~students~~ A STUDENT out of ~~moneys~~ MONEY available  
16 to the authority for loans. The authority shall promulgate rules  
17 for determining the needs of the respective students and parents  
18 of students for loans and for the purpose of making loans. The  
19 amount of a loan made by the authority to a student or parent of  
20 a student, whether the student is enrolled or is to be enrolled  
21 in a private institution or a tax-supported public institution,  
22 shall be determined by the authority upon the basis of substan-  
23 tially similar standards and guides for any authority loan pro-  
24 gram set forth in the authority's rules. The authority, in  
25 determining the needs of ~~students~~ A STUDENT or parents of  
26 ~~students~~ A STUDENT for loans, may consider the amount of  
27 assistance available to the ~~students~~ STUDENT.

1           (2) At the time the authority makes a loan, and again when a  
2 repayment schedule on the loan is provided to the borrower, the  
3 authority shall describe in detail whether an option exists, and  
4 if so, who may exercise the option, under what conditions the  
5 option may be exercised, and what options are available relating  
6 to all of the following:

7           (a) The term of the loan.

8           (b) The repayment period on the loan.

9           (c) An extension of the term or repayment period on the loan  
10 and the conditions of repayment under the extension.

11           (d) A deferment or forbearance on the repayment of the loan  
12 or on interest accruing on the loan, whether interest is to be  
13 paid during the deferment or forbearance, and the terms of repay-  
14 ment after the deferment or forbearance.

15           (e) The period of time between installment payments on the  
16 loan and whether graduated or unequal installment payments may be  
17 made.

18           (f) The minimum annual payment on the loan, and if more than  
19 1 loan is taken from the authority or if the borrower takes or  
20 has taken an educational loan from another source, the availabil-  
21 ity of consolidation, transfer, or assignment of the loans and  
22 the minimum annual payment on the aggregate of the loans.

23           (g) The availability of loan counseling to answer questions  
24 relating to repayment options.

25           (h) The revision or renegotiation of the repayment schedule  
26 on the loan after repayment has commenced, or if other

1 educational loans from the authority or another source are taken  
2 after the repayment has commenced.

3 (3) On loans made by the authority ~~which~~ THAT are feder-  
4 ally reinsured loans, the authority may establish variable repay-  
5 ment schedules conforming to the need and documented income  
6 levels of borrowers, if the schedules are not inconsistent with  
7 the federal laws, rules, or regulations governing the reinsured  
8 loans. A borrower making payments on a loan may request and be  
9 granted a revised repayment term or schedule based upon the  
10 established variable repayment schedules.

11 (4) IF A STUDENT IS SUBJECT TO A COURT ORDER DENYING FEDERAL  
12 BENEFITS AS DESCRIBED IN SECTION 421 OF PART D OF THE CONTROLLED  
13 SUBSTANCES ACT, TITLE II OF THE COMPREHENSIVE DRUG ABUSE PREVEN-  
14 TION AND CONTROL ACT OF 1970, PUBLIC LAW 91-513, 21 U.S.C. 862,  
15 THE STUDENT IS INELIGIBLE FOR A LOAN UNDER THIS SECTION, AND THE  
16 STUDENT'S PARENTS ARE INELIGIBLE FOR A LOAN UNDER THIS SECTION TO  
17 THE EXTENT THAT THE LOAN IS TO BE USED TO PAY FOR THE EDUCATIONAL  
18 EXPENSES OF THAT STUDENT, FOR THE DURATION OF THE COURT ORDER.

19 (5) IF A PARENT OF A STUDENT IS SUBJECT TO A COURT ORDER  
20 DENYING FEDERAL BENEFITS AS DESCRIBED IN SECTION 421 OF PART D OF  
21 THE CONTROLLED SUBSTANCES ACT, TITLE II OF THE COMPREHENSIVE DRUG  
22 ABUSE PREVENTION AND CONTROL ACT OF 1970, PUBLIC LAW 91-513, 21  
23 U.S.C. 862, THE PARENT AND THE PARENT'S SPOUSE ARE INELIGIBLE FOR  
24 A LOAN UNDER THIS SECTION FOR THE DURATION OF THE COURT ORDER.