



SENATE BILL No. 831

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September 21, 1993, Introduced by Senators HOFFMAN, CARL, WELBORN, DI NELLO, DINGELL, WATNER, DUNASKISS and MC MANUS and referred to the Committee on Education.

A bill to amend sections 4a and 12 of Act No. 222 of the Public Acts of 1975, entitled as amended "Higher education loan authority act," section 4a as added by Act No. 96 of the Public Acts of 1989 and section 12 as amended by Act No. 206 of the Public Acts of 1987, being sections 390.1154a and 390.1162 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 4a and 12 of Act No. 222 of the Public
2 Acts of 1975, section 4a as added by Act No. 96 of the Public
3 Acts of 1989 and section 12 as amended by Act No. 206 of the
4 Public Acts of 1987, being sections 390.1154a and 390.1162 of the
5 Michigan Compiled Laws, are amended to read as follows:

6 Sec. 4a. (1) In addition to the powers enumerated in
7 section 4, the authority may loan money to students or parents of

1 students who are residents of this state to assist them to pay
2 for the cost of the student's attendance at a degree-granting
3 college or university located in this state. The authority shall
4 promulgate rules under the administrative procedures act of 1969,
5 Act No. 306 of the Public Acts of 1969, being sections 24.201 to
6 24.328 of the Michigan Compiled Laws, to establish payment and
7 repayment terms for the loans authorized under this section.

8 (2) IF A STUDENT HAS BEEN CONVICTED OF A VIOLATION OF SEC-
9 TION 7401; 7402; 7403(2)(A), (B), OR (E); 7407(1)(B), (C), OR
10 (G); OR 7416 OF THE PUBLIC HEALTH CODE, ACT NO. 368 OF THE PUBLIC
11 ACTS OF 1978, BEING SECTIONS 333.7401, 333.7402, 333.7403,
12 333.7407, AND 333.7416 OF THE MICHIGAN COMPILED LAWS, THE STUDENT
13 IS INELIGIBLE FOR A LOAN UNDER THIS SECTION, AND THE STUDENT'S
14 PARENTS ARE INELIGIBLE FOR A LOAN UNDER THIS SECTION TO THE
15 EXTENT THAT THE LOAN IS TO BE USED TO PAY FOR THE EDUCATIONAL
16 EXPENSES OF THE CONVICTED STUDENT, AS FOLLOWS:

17 (A) IF IT IS THE STUDENT'S FIRST CONVICTION FOR ANY OF THOSE
18 VIOLATIONS, THE STUDENT AND THE STUDENT'S PARENTS ARE INELIGIBLE
19 FOR A PERIOD OF 1 YEAR AFTER THE DATE OF CONVICTION.

20 (B) IF THE STUDENT HAS PREVIOUSLY BEEN CONVICTED OF ANY OF
21 THOSE VIOLATIONS ONCE, THE STUDENT AND THE STUDENT'S PARENTS ARE
22 INELIGIBLE FOR A PERIOD OF 2 YEARS AFTER THE DATE OF THE LATEST
23 CONVICTION.

24 (C) IF THE STUDENT HAS PREVIOUSLY BEEN CONVICTED OF ANY OF
25 THOSE VIOLATIONS OR A COMBINATION OF THEM 2 OR MORE TIMES, THE
26 STUDENT AND THE STUDENT'S PARENTS ARE INELIGIBLE FOR THE LIFE OF
27 THE STUDENT.

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

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

24 (a) The term of the loan.

25 (b) The repayment period on the loan.

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

1 (d) A deferment or forbearance on the repayment of the loan
2 or on interest accruing on the loan, whether interest is to be
3 paid during the deferment or forbearance, and the terms of repay-
4 ment after the deferment or forbearance.

5 (e) The period of time between installment payments on the
6 loan and whether graduated or unequal installment payments may be
7 made.

8 (f) The minimum annual payment on the loan, and if more than
9 1 loan is taken from the authority or if the borrower takes or
10 has taken an educational loan from another source, the availabil-
11 ity of consolidation, transfer, or assignment of the loans and
12 the minimum annual payment on the aggregate of the loans.

13 (g) The availability of loan counseling to answer questions
14 relating to repayment options.

15 (h) The revision or renegotiation of the repayment schedule
16 on the loan after repayment has commenced, or if other educa-
17 tional loans from the authority or another source are taken after
18 the repayment has commenced.

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

1 (4) IF A STUDENT HAS BEEN CONVICTED OF A VIOLATION OF
2 SECTION 7401; 7402; 7403(2)(A), (B), OR (E); 7407(1)(B), (C), OR
3 (G); OR 7416 OF THE PUBLIC HEALTH CODE, ACT NO. 368 OF THE PUBLIC
4 ACTS OF 1978, BEING SECTIONS 333.7401, 333.7402, 333.7403,
5 333.7407, AND 333.7416 OF THE MICHIGAN COMPILED LAWS, THE STUDENT
6 IS INELIGIBLE FOR A LOAN UNDER THIS SECTION, AND THE STUDENT'S
7 PARENTS ARE INELIGIBLE FOR A LOAN UNDER THIS SECTION TO THE
8 EXTENT THAT THE LOAN IS TO BE USED TO PAY FOR THE EDUCATIONAL
9 EXPENSES OF THE CONVICTED STUDENT, AS FOLLOWS:

10 (A) IF IT IS THE STUDENT'S FIRST CONVICTION FOR ANY OF THOSE
11 VIOLATIONS, THE STUDENT AND THE STUDENT'S PARENTS ARE INELIGIBLE
12 FOR A PERIOD OF 1 YEAR AFTER THE DATE OF CONVICTION.

13 (B) IF THE STUDENT HAS PREVIOUSLY BEEN CONVICTED OF ANY OF
14 THOSE VIOLATIONS ONCE, THE STUDENT AND THE STUDENT'S PARENTS ARE
15 INELIGIBLE FOR A PERIOD OF 2 YEARS AFTER THE DATE OF THE LATEST
16 CONVICTION.

17 (C) IF THE STUDENT HAS PREVIOUSLY BEEN CONVICTED OF ANY OF
18 THOSE VIOLATIONS OR A COMBINATION OF THEM 2 OR MORE TIMES, THE
19 STUDENT AND THE STUDENT'S PARENTS ARE INELIGIBLE FOR THE LIFE OF
20 THE STUDENT.

21 (5) IF A PARENT OF A STUDENT HAS BEEN CONVICTED OF A VIOLA-
22 TION OF SECTION 7401; 7402; 7403(2)(A), (B), OR (E); 7407(1)(B),
23 (C), OR (G); OR 7416 OF THE PUBLIC HEALTH CODE, ACT NO. 368 OF
24 THE PUBLIC ACTS OF 1978, BEING SECTIONS 333.7401, 333.7402,
25 333.7403, 333.7407, AND 333.7416 OF THE MICHIGAN COMPILED LAWS,
26 THE PARENT AND THE PARENT'S SPOUSE ARE INELIGIBLE FOR A LOAN
27 UNDER THIS SECTION AS FOLLOWS:

1 (A) IF IT IS THE PARENT'S FIRST CONVICTION FOR ANY OF THOSE
2 VIOLATIONS, THE PARENT AND THE PARENT'S SPOUSE ARE INELIGIBLE FOR
3 A PERIOD OF 1 YEAR AFTER THE DATE OF CONVICTION.

4 (B) IF THE PARENT HAS PREVIOUSLY BEEN CONVICTED OF ANY OF
5 THOSE VIOLATIONS ONCE, THE PARENT AND THE PARENT'S SPOUSE ARE
6 INELIGIBLE FOR A PERIOD OF 2 YEARS AFTER THE DATE OF THE LATEST
7 CONVICTION.

8 (C) IF THE PARENT HAS PREVIOUSLY BEEN CONVICTED OF ANY OF
9 THOSE VIOLATIONS OR A COMBINATION OF THEM 2 OR MORE TIMES, THE
10 PARENT AND THE PARENT'S SPOUSE ARE INELIGIBLE FOR THE LIFE OF THE
11 PARENT.