

AMENDED IN SENATE MAY 13, 2008  
AMENDED IN SENATE APRIL 23, 2008  
AMENDED IN SENATE APRIL 1, 2008

**SENATE BILL**

**No. 1355**

---

---

**Introduced by Senator Corbett**

February 20, 2008

---

---

An act to add Article 14 (commencing with Section 69800) to Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code, relating to student financial aid.

LEGISLATIVE COUNSEL'S DIGEST

SB 1355, as amended, Corbett. Postsecondary education: private student loans.

Existing law establishes the University of California, California State University, the California Community Colleges, and independent colleges and universities as the 4 segments of postsecondary education in this state. Existing law establishes various student financial aid programs for students attending all segments of postsecondary education.

This bill would require a public or private postsecondary educational institution to make specified disclosures related to private student loans in financial aid material, distinguish private loans from federal loans in individual financial aid awards, and for any private loan lender list, provide general information on the terms of the loan available through the lender and disclose the reason for each lender's inclusion on the list. The bill would apply to the University of California only to the extent that the Regents of the University of California act, by resolution, to make it applicable.

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. Article 14 (commencing with Section 69800) is  
 2 added to Chapter 2 of Part 42 of Division 5 of Title 3 of the  
 3 Education Code, to read:

4  
 5 Article 14. Private Student Loans  
 6

7 69800. A public or private postsecondary educational institution  
 8 shall do all of the following:

9 ~~(a) State in all financial aid materials issued or made available~~  
 10 ~~to students all of the following:~~

11 *(a) State all of the following in all printed and online financial*  
 12 *aid materials issued or distributed by the institution to applicants*  
 13 *for admission or matriculated students and with private loan*  
 14 *applications provided or made available by the institution:*

- 15 (1) Private loans are not guaranteed by the federal government.
- 16 (2) Private loans may cost more than federal loans.
- 17 (3) Federal Stafford loans are available to students regardless  
 18 of income.

19 (b) Clearly distinguish private loans from federal loans in  
 20 individual financial aid awards by stating, for any private loans  
 21 offered by the institution *as part of the institution's award package*,  
 22 all of the following:

- 23 (1) The range of interest rates that may be charged on the private  
 24 loan.
- 25 (2) Whether the rate is fixed or variable.
- 26 (3) If the interest rate on the loan is variable, the frequency of  
 27 interest rate changes, the explanation for that rate change, and, if  
 28 applicable, the maximum interest rate increase.
- 29 (4) Any and all fees associated with the assumption of the loan.
- 30 (5) An explanation that the interest rate on a private loan may  
 31 depend on the borrower's credit rating.

32 (c) For any private loan lender list, provide general information  
 33 on the terms of the loan available through the lender and disclose  
 34 the reason for each lender's inclusion on the list. The institution

1 shall also inform the student of his or her right to choose other  
2 lenders.

3 *(d) For purposes of this article, a private loan does not include*  
4 *a loan made directly by a public postsecondary institution that*  
5 *has terms at least as favorable to the borrower as a federal Perkins*  
6 *loan. For purposes of this article, “public postsecondary*  
7 *institution” includes the University of California, the California*  
8 *State University, and the California Community Colleges.*

9 69802. This article shall apply to the University of California  
10 only to the extent that the Regents of the University of California  
11 act, by resolution, to make it applicable.

O