

Senate Bill No. 440

CHAPTER 259

An act to amend Section 70037 of the Education Code, relating to postsecondary education.

[Approved by Governor September 3, 2015. Filed with
Secretary of State September 3, 2015.]

LEGISLATIVE COUNSEL'S DIGEST

SB 440, Committee on Education. Postsecondary education: institutions.

Existing law establishes the California DREAM Loan Program, which provides a student attending a participating campus of the University of California or California State University with a loan, referred to as a DREAM loan, if the student satisfies specified requirements. The program requires the trustees and requests the regents to adopt regulations providing for the withholding of institutional services from current and former students who have been notified in writing that they are in default on DREAM loans. The program specifies that registration privileges may not be withheld from students who are in default on DREAM loans.

This bill would authorize the withholding of registration privileges from these students.

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

SECTION 1. Section 70037 of the Education Code is amended to read:

70037. (a) The Trustees of the California State University and the Regents of the University of California shall adopt regulations providing for the withholding of institutional services from students or former students who have been notified in writing at the student's or former student's last known address that he or she is in default on a loan or loans under the DREAM Program.

(b) The regulations adopted pursuant to subdivision (a) shall provide that the services withheld may be provided during a period when the facts are in dispute or when the student or former student demonstrates to either the Trustees of the California State University or the Regents of the University of California, as applicable, that reasonable progress has been made to repay the loan or that there exists a reasonable justification for the delay as determined by the institution. The regulations shall specify the services to be withheld from the student, which may include, but are not limited to, the following:

- (1) The provision of grades.
- (2) The provision of transcripts.

(3) The provision of diplomas.

(c) "Default," for purposes of this section, means the failure of a borrower to make an installment payment when due, or to meet other terms of the promissory note under circumstances where the institution holding the loan finds it reasonable to conclude that the borrower no longer intends to honor the obligation to repay, provided that this failure persists for 180 days for a loan repayable in monthly installments, or 240 days for a loan repayable in less frequent installments.

(d) This section shall not impose any requirement upon the University of California unless the Regents of the University of California, by resolution, makes this section applicable.