

By: Zaffirini

S.B. No. 2049

A BILL TO BE ENTITLED

1 AN ACT

2 relating to certain prohibitions regarding the relationship
3 between student loan lenders and public or private institutions of
4 higher education.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Subchapter Z, Chapter 51, Education Code, is
7 amended by adding Section 51.9645 to read as follows:

8 Sec. 51.9645. PROHIBITIONS REGARDING THE RELATIONSHIP
9 BETWEEN STUDENT LOAN LENDERS AND PUBLIC OR PRIVATE INSTITUTIONS OF
10 HIGHER EDUCATION. (a) In this section:

11 (1) "Public or private institution of higher
12 education" means:

13 (A) an institution of higher education, as
14 defined by Section 61.003; and

15 (B) a private or independent institution of
16 higher education, as defined by Section 61.003.

17 (2) "Student loan" means a loan that requires that all
18 or part of the loan proceeds be used to assist a person in paying the
19 costs incurred by a person in attending a public or private
20 institution of higher education.

21 (3) "Student loan lender" means a person whose primary
22 business is:

23 (A) making, brokering, arranging, or accepting
24 applications for student loans; or

1 (B) a combination of activities described by
2 Paragraph (A).

3 (b) A student loan lender and a public or private
4 institution of higher education may not enter into an agreement
5 under which the lender:

6 (1) pays the institution a percentage of the principal
7 of loans directed towards the lender from a borrower for higher
8 education expenses related to attending the institution; or

9 (2) shares the proceeds from the lender's student loan
10 activities with the institution in any other manner.

11 (c) A student loan lender may not:

12 (1) offer or provide any gift to a public or private
13 institution of higher education or to an employee of a public or
14 private institution of higher education in exchange for the
15 institution or employee recommending the lender to students or
16 potential students of the institution who are seeking financial
17 aid; or

18 (2) provide any remuneration to an employee of a
19 public or private institution of higher education for service on an
20 advisory board to the lender.

21 (d) A public or private institution of higher education or
22 an employee of a public or private institution of higher education
23 may not solicit or accept any gift from a student loan lender in
24 exchange for the institution or employee recommending the lender to
25 students or potential students of the institution who are seeking
26 financial aid.

27 (e) An employee of a public or private institution of higher

1 education may not accept any remuneration for service on an
2 advisory board to a student loan lender.

3 SECTION 2. This Act takes effect immediately if it receives
4 a vote of two-thirds of all the members elected to each house, as
5 provided by Section 39, Article III, Texas Constitution. If this
6 Act does not receive the vote necessary for immediate effect, this
7 Act takes effect September 1, 2007.