

By: Gonzales

H.B. No. 3198

A BILL TO BE ENTITLED

1 AN ACT
2 relating to default on a student loan administered by the Texas
3 Higher Education Coordinating Board and to the effects of default
4 on renewal of certain licenses.

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

6 SECTION 1. Section 52.39, Education Code, is amended to
7 read as follows:

8 Sec. 52.39. DEFAULT; SUIT. (a) When any person who has
9 received a loan authorized by this chapter has failed or refused to
10 make as many as six monthly payments due in accordance with an
11 executed note, then the full amount of the remaining principal and
12 interest becomes due and payable immediately, and the amount due,
13 the person's name and his last known address, and other necessary
14 information shall be reported by the board to the attorney general.

15 (b) Unless the attorney general advises the board in writing
16 that there is reasonable justification for delaying suit, a suit to
17 collect the amount due [~~Suit for the remaining sum~~] shall be
18 instituted by the attorney general[~~7~~] or any county or district
19 attorney acting for the attorney general. Venue for the suit is
20 [~~him~~~~7~~] in:

21 (1) the county of [~~the person's~~] residence of the
22 person who received the loan;

23 (2) [~~7~~] the county in which [~~is located~~] the
24 institution at which the person was last enrolled is located; [~~7~~] or

1 (3) [in] Travis County~~[, unless the attorney general~~
2 ~~finds reasonable justification for delaying suit and so advises the~~
3 ~~board in writing]~~.

4 SECTION 2. Subchapter C, Chapter 52, Education Code, is
5 amended by adding Section 52.42 to read as follows:

6 Sec. 52.42. LOAN DEFAULT GROUND FOR NONRENEWAL OF
7 PROFESSIONAL OR OCCUPATIONAL LICENSE. (a) In this section:

8 (1) "License" means a certificate or similar form of
9 permission issued or renewed by a licensing agency and required by
10 law to engage in a profession or occupation.

11 (2) "Licensee" means a person to whom a licensing
12 agency issues a license.

13 (3) "Licensing agency" means a board, commission,
14 department, or other agency in the executive branch of state
15 government that issues or renews a license. The term does not
16 include the State Securities Board.

17 (b) The Texas Higher Education Coordinating Board shall
18 identify the licensing agencies subject to this section and provide
19 written notice to those agencies of the requirements prescribed by
20 this section. Only those licensing agencies that the board
21 identifies and that receive such notice are required to carry out
22 this section.

23 (c) Annually, each licensing agency shall prepare a list of
24 the agency's licensees and submit the list to the board in hard copy
25 or electronic form. Using the submitted lists, the board
26 periodically shall:

27 (1) identify the licensees on the list who are in

1 default on loans administered by the board; and

2 (2) provide a list of those licensees to the
3 appropriate licensing agencies in hard copy or electronic form.

4 (d) A person who is in default on a loan administered by the
5 board may enter into an agreement with the board for repayment of
6 the defaulted loan. The board shall provide the person with a
7 certificate certifying that the person has entered a repayment
8 agreement on the defaulted loan.

9 (e) A licensing agency may not renew the license of a
10 licensee on the list provided by the board under Subsection (c)(2)
11 unless the licensee presents to the agency a certificate issued by
12 the board certifying that:

13 (1) the licensee has entered into a repayment
14 agreement with the board on the defaulted loan; or

15 (2) the licensee is not in default on a loan
16 administered by the board.

17 (f) A licensing agency may not renew the license of a
18 licensee who defaults on a repayment agreement unless the licensee
19 presents to the agency a certificate issued by the board certifying
20 that:

21 (1) the licensee has entered into another repayment
22 agreement with the board on the defaulted loan; or

23 (2) the licensee is not in default on a loan
24 administered by the board or on a repayment agreement.

25 (g) A licensing agency shall provide written notice of the
26 nonrenewal policies established by Subsections (e) and (f) to each
27 applicant for a license or for renewal of a license. The board

1 shall provide written notice of those policies on each loan
2 application form provided by the board and on each promissory note
3 signed by a borrower. Failure to provide the notice required by
4 this subsection does not affect the default status of a borrower or
5 the prohibitions on renewal of a license held by a person in
6 default.

7 (h) A licensing agency shall provide an opportunity for a
8 hearing to a licensee before the agency takes action concerning the
9 nonrenewal of a license under this section.

10 (i) Each licensing agency shall adopt any rules necessary to
11 carry out the licensing agency's duties under this section.

12 (j) The board by rule shall establish procedures to carry
13 out the board's duties under this section.

14 SECTION 3. Section 82.022, Government Code, is amended by
15 adding Subsection (d) to read as follows:

16 (d) The supreme court may adopt rules relating to the
17 nonrenewal of the license of a lawyer who is in default on a loan
18 administered by the Texas Higher Education Coordinating Board under
19 Chapter 52, Education Code.

20 SECTION 4. The Texas Higher Education Coordinating Board
21 shall adopt rules for the administration of Section 52.42,
22 Education Code, as added by this Act, as soon as practicable after
23 this Act takes effect. For that purpose, the coordinating board may
24 adopt the initial rules in the manner provided by law for emergency
25 rules.

26 SECTION 5. In consultation with the Texas Higher Education
27 Coordinating Board, each licensing agency subject to Section 52.42,

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1 Education Code, as added by this Act, shall adopt any rules
2 necessary to carry out the licensing agency's duties under that
3 section as soon as practicable following the effective date of this
4 Act.

5 SECTION 6. This Act takes effect September 1, 2013.