

EDUCATION CODE

TITLE 3. HIGHER EDUCATION

SUBTITLE A. HIGHER EDUCATION IN GENERAL

CHAPTER 57. GUARANTEED STUDENT LOANS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 57.011. STATUS OF TEXAS GUARANTEED STUDENT LOAN CORPORATION. (a) The Texas Guaranteed Student Loan Corporation is converted as provided by this section from a public nonprofit corporation to a nonprofit corporation under Chapter 22, Business Organizations Code.

(b) On or immediately after September 1, 2013, to effectuate the conversion under Subsection (a), the corporation shall file a certificate of formation with the secretary of state or, if the secretary of state determines it appropriate, the corporation shall file a certificate of conversion under Chapter 10, Business Organizations Code.

(c) The corporation as converted under this section continues in existence uninterrupted from the date of its creation, August 27, 1979. The secretary of state shall recognize the continuous existence of the corporation from that date in the certificate of formation or certificate of conversion, as applicable.

(d) The corporation continues to serve as the designated guaranty agency for the State of Texas under the Higher Education Act of 1965 (20 U.S.C. Section 1001 et seq.).

(e) Student loan borrower information collected, assembled, or maintained by the corporation is confidential and is not subject to public disclosure.

Added by Acts 2013, 83rd Leg., R.S., Ch. 1155 (S.B. 215), Sec. 22, eff. September 1, 2013.

Sec. 57.02. DEFINITIONS. In this chapter:

(1) Repealed by Acts 2013, 83rd Leg., R.S., Ch. 1155, Sec. 62(6), eff. September 1, 2013.

(2) "Corporation" means the Texas Guaranteed Student

Loan Corporation.

(3) Repealed by Acts 2013, 83rd Leg., R.S., Ch. 1155, Sec. 62(6), eff. September 1, 2013.

Added by Acts 1979, 66th Leg., p. 1711, ch. 706, Sec. 1, eff. Aug. 27, 1979.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1155 (S.B. 215), Sec. 62(6), eff. September 1, 2013.

SUBCHAPTER C. STUDENT LOANS

Sec. 57.48. PAYMENTS BY THE COMPTROLLER TO DEFAULTING PERSONS PROHIBITED. (a) Except as provided by Subsection (g), the corporation shall report to the comptroller the name of any person who is in default on a loan guaranteed under this chapter. The report must contain the information and be submitted in the manner and with the frequency required by rules of the comptroller.

(b) Except as provided by this section, the comptroller, as a ministerial duty, may not issue a warrant or initiate an electronic funds transfer to a person who has been reported properly under Subsection (a).

(c) Except as provided by this section, the comptroller may not issue a warrant or initiate an electronic funds transfer to the assignee of a person who has been reported properly under Subsection (a) if the assignment became effective after the person defaulted.

(d) If this section prohibits the comptroller from issuing a warrant or initiating an electronic funds transfer to a person, the comptroller may issue a warrant or initiate an electronic funds transfer only as provided by this section to:

- (1) the person's estate;
- (2) the distributees of the person's estate; or
- (3) the person's surviving spouse.

(e) This section does not prohibit the comptroller from issuing a warrant or initiating an electronic funds transfer to a person reported properly under Subsection (a) or to the assignee of the person if the corporation subsequently and properly reports to

the comptroller that:

(1) the person is complying with an installment payment agreement or similar agreement to eliminate the default, unless the corporation subsequently and properly reports to the comptroller that the person no longer is complying with the agreement;

(2) the default is being eliminated by deductions of money from the person's compensation under the garnishment provisions of 20 U.S.C. Section 1095a, unless the corporation subsequently and properly reports to the comptroller that the default is no longer being eliminated by the deductions;

(3) the default has been eliminated; or

(4) the report of default was prohibited by Subsection (g) or was otherwise erroneous.

(f) This section does not prohibit the comptroller from issuing a warrant or initiating an electronic funds transfer to pay:

(1) the compensation of a state officer or employee;
or

(2) the remuneration of an individual if the remuneration is being paid by a private person through a state agency.

(g) The corporation may not report a person under Subsection (a) unless the corporation first provides the person with an opportunity to exercise any due process or other constitutional or statutory protection that must be accommodated before the corporation may begin a collection action or procedure. The comptroller may not investigate or determine whether the corporation has complied with this prohibition.

(h) This section does not prohibit the comptroller from issuing a warrant or initiating an electronic funds transfer if:

(1) the warrant or transfer would result in a payment being made in whole or in part with money paid to the state by the United States; and

(2) the state agency that administers the money certifies to the comptroller that federal law:

(A) requires the payment to be made; or

(B) conditions the state's receipt of the money on the payment being made.

(i) This section does not prohibit the comptroller from issuing a warrant or initiating an electronic funds transfer to a person reported properly under Subsection (a) or to the person's assignee, the person's estate, the distributees of the person's estate, or the person's surviving spouse if the corporation consents to issuance of the warrant or initiation of the transfer.

(j) The comptroller may adopt rules and establish procedures to administer this section.

(k) In this section:

(1) "Compensation" means base salary or wages, longevity pay, hazardous duty pay, benefit replacement pay, or an emolument provided in lieu of base salary or wages.

(2) "State agency" means a board, commission, council, committee, department, office, agency, or other governmental entity in the executive, legislative, or judicial branch of state government. The term includes an institution of higher education as defined by Section 61.003, other than a public junior or community college.

(3) "State officer or employee" means an officer or employee of a state agency.

Added by Acts 1979, 66th Leg., p. 1711, ch. 706, Sec. 1, eff. Aug. 27, 1979. Amended by Acts 1991, 72nd Leg., ch. 641, Sec. 1, eff. Sept. 1, 1991; Acts 1993, 73rd Leg., ch. 449, Sec. 20, eff. Sept. 1, 1993; Acts 1997, 75th Leg., ch. 1035, Sec. 21, 22, eff. June 19, 1997; Acts 1999, 76th Leg., ch. 1467, Sec. 1.01, eff. Jan. 1, 2000; Acts 2001, 77th Leg., ch. 1158, Sec. 5, eff. June 15, 2001.

Sec. 57.482. PAYMENTS BY A STATE AGENCY TO DEFAULTING PERSONS PROHIBITED. (a) A state agency, as a ministerial duty, may not use funds inside or outside the state treasury to pay a person or the person's assignee if Section 57.48 prohibits the comptroller from issuing a warrant or initiating an electronic funds transfer to the person or assignee.

(b) A state agency that is prohibited by Subsection (a) from making a payment to a person also is prohibited from paying any part

of that payment to:

- (1) the person's estate;
- (2) the distributees of the person's estate; or
- (3) the person's surviving spouse.

(c) The comptroller may not reimburse a state agency for a payment that the comptroller determines was made in violation of this section.

(d) This section applies to a payment only if the comptroller is not responsible under Section 404.046, 404.069, or 2103.003, Government Code, for issuing a warrant or initiating an electronic funds transfer to make the payment.

(e) In this section, "state agency" has the meaning assigned by Section 57.48.

Added by Acts 1999, 76th Leg., ch. 1467, Sec. 1.02, eff. Jan. 1, 2000.

Sec. 57.49. COOPERATION OF STATE AGENCIES AND SUBDIVISIONS. Each agency and political subdivision of the state shall cooperate with the corporation in providing information to the agency's or political subdivision's clients concerning student financial aid, including information about default prevention. Each agency and political subdivision shall provide information to the corporation on request to assist the corporation in curing delinquent loans and collecting defaulted loans.

Added by Acts 1979, 66th Leg., p. 1711, ch. 706, Sec. 1, eff. Aug. 27, 1979. Amended by Acts 1999, 76th Leg., ch. 967, Sec. 10, eff. June 18, 1999.

Sec. 57.491. LOAN DEFAULT GROUND FOR NONRENEWAL OF PROFESSIONAL OR OCCUPATIONAL LICENSE. (a) In this section:

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

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

(3) "Licensing agency" means a board, commission, department, or other agency in the executive branch of state

government that issues or renews a license.

(b) The corporation shall identify the licensing agencies subject to this section and provide written notice to those agencies of the requirements prescribed by this section. Only those licensing agencies that the corporation identifies and that receive such notice are required to carry out this section.

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

(1) identify the persons who are in default on loans guaranteed by the corporation; and

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

(d) A person who is in default on a loan may enter an agreement with the corporation for repayment of a defaulted loan as required under this section. The corporation shall provide the person with a certificate certifying that the person has entered a repayment agreement on the defaulted loan.

(e) A licensing agency shall not renew the license of a licensee whose name is on the list provided by the corporation under Subsection (c) unless the licensee presents to the agency a certificate issued by the corporation certifying that:

(1) the licensee has entered a repayment agreement on the defaulted loan; or

(2) the licensee is not in default on a loan guaranteed by the corporation.

(f) Repealed by Acts 2005, 79th Leg., Ch. 221, Sec. 13(3), eff. September 1, 2005.

(g) A licensing agency shall not renew the license of a licensee who defaults on a repayment agreement unless the person presents to the agency a certificate issued by the corporation certifying that:

(1) the licensee has entered another repayment agreement on the defaulted loan; or

(2) the licensee is not in default on a loan guaranteed by the corporation or on a repayment agreement.

(h) A licensing agency shall provide written notice of the nonrenewal policies established under Subsections (e) and (g) to each applicant for a license or for renewal of a license. The corporation shall provide written notice of those same policies on each loan application form provided by the corporation and on each promissory note signed by a borrower. Failure to provide the notice required by this subsection does not affect the default status of a borrower or the prohibitions on renewal of a license held by a person in default.

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

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

(k) The board shall establish procedures to carry out the corporation's duties under this section.

(l) This section does not apply to the State Securities Board.

Added by Acts 1989, 71st Leg., ch. 985, Sec. 16, eff. Sept. 1, 1989.

Amended by:

Acts 2005, 79th Leg., Ch. 221 (H.B. [2274](#)), Sec. 11, eff. September 1, 2005.

Acts 2005, 79th Leg., Ch. 221 (H.B. [2274](#)), Sec. 13(3), eff. September 1, 2005.