

College Access Loan

Hinson-Hazlewood College Student Loan Program

Texas Administrative Code (TAC), Title 19, Chapter 22, Subchapter C

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§22.42 Authority and Purpose

(a) Unless otherwise noted in a section, the authority for these provisions is provided by the Texas Education Code, §§52.31-52.40.

(b) This subchapter establishes rules relating to the administration of several student loan programs that have been authorized by the Texas Legislature to improve and increase access to higher education in the State of Texas.

Source Note: The provisions of this §22.42 adopted to be effective May 22, 2003, 28 TexReg 3950; transferred effective June 1, 2017, as published in the Texas Register May 19, 2017, 42 TexReg 2739; amended to be effective December 5, 2019, 44 TexReg 7381

§22.44 Definitions

In addition to the words and terms defined in Texas Administrative Code, §22.1 of this title (relating to Definitions) the following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Alternative Educator Certification Program--an approved educator preparation program, delivered by entities approved by the State Board for Educator Certification under the provisions of Texas Administrative Code, §228.10 of this title (relating to Approval Process), specifically designed as an alternative to a traditional undergraduate certification program, for individuals already holding at least a baccalaureate degree.

(2) CAL--College Access Loan Program.

(3) Cosigner/Accommodation Party--one who signs a student loan promissory note and thereby assumes liability for the debt and all fees and expenses associated with the note, who is not a direct beneficiary of the proceeds of the loan.

(4) Default--the failure of a borrower and cosigner, if any, to make loan installment payments when due for a total of 180 days for CAL and HELP loans and 270 days for FFELP and HEAL loans.

(5) Deferment--any period during which a borrower, upon adequate showing of entitlement under the terms of the particular lending program, shall be eligible to suspend payments.

(6) FFELP--the Federal Family Education Loan Program, formerly the Guaranteed Student Loan Program, authorized by the Higher Education Act of 1965, as amended, 20 U.S.C. §§1071 - 1087-4. Included in the FFELP are Federal Stafford Loans and Federal Supplemental Loans for Students.

(7) Forbearance--discretionary permission from the Commissioner or his designees that allows a borrower to cease payments temporarily, or allows an extension of time for making payments, or temporarily reduces the payment amount from the amount that was previously scheduled.

(8) FSL--the Robert T. Stafford Federal Student Loan Program to be known as "Federal Stafford Loans," formerly known as Stafford Loans and Guaranteed Student Loans, which included Federal Insured Student Loans. FSLs are made under provisions of the Federal Family Education Loan Program; but, for purposes of this subchapter, the acronym FSL will designate those rules specific to FSL.

(9) FSLs--Federal Supplemental Loans for Students, formerly known as Supplemental Loans for Students and Auxiliary Loans for Students. The FSLs are made under provisions of the Federal Family Education Loan Program; but, for purposes of this subchapter, the acronym FSLs will designate those rules specific to FSLs.

(10) Fund--the Texas Opportunity Plan Fund as created by the Constitution of the State of Texas, Article III, 50b; the Student Loan Revenue Bond Fund authorized in the Texas Education Code, Chapter 56, Subchapter H; and/or the Student Loan Auxiliary Fund, authorized in the Texas Education Code, Chapter 52, Subchapter F.

(11) HEAL--Health Education Assistance Loan Program authorized by the Public Health Service Act, as amended, 42 U.S.C. §§292 - 292y.

(12) HELP--Health Education Loan Program.

(13) Hinson-Hazlewood College Student Loan Program, or Program--the commonly used name for the Board program which provides and administers FFELP, CAL, HEAL, and HELP student loans under the authority of Texas Education Code, §§52.31 - 52.40.

(14) Regional Education Service Center--a center established and operated by the Commissioner of Education under Texas Education Code, Chapter 8.

Source Note: The provisions of this §22.44 adopted to be effective May 22, 2003, 28 TexReg 3950; amended to be effective December 7, 2003, 28 TexReg 10756; amended to be effective November 28, 2005, 30 TexReg 7855; amended to be effective February 28, 2012, 37 TexReg 1329; amended to be effective August 30, 2016, 41 TexReg 6482; transferred effective June 1, 2017, as published in the Texas Register May 19, 2017, 42 TexReg 2739; amended to be effective December 5, 2019, 44 TexReg 7381

§22.45 Eligible Institutions

(a) Eligible higher educational institution means a public or private nonprofit institution of higher education, including a junior college, accredited by a recognized accrediting agency as defined by Texas Education Code §61.003, or a regional education service center or other entity that offers an alternative educator certification program approved by the State Board for Educator Certification, Texas Education Code, Chapter 21, §21.049:

(1) is located in this state; and

(2) complies with the rules of the board promulgated in accordance with this subchapter.

(b) Each eligible institution shall designate a full-time administrative official of the institution who will act as the Board's on-campus agent. This officer shall certify all institutional transactions and activities with respect to the fund, and shall be responsible for all records and reports reflecting the transactions with respect to the Fund. The Program Officer may authorize other student financial aid officials at the institution to certify Hinson-Hazlewood College Student Loan Program applications.

(c) Each eligible institution shall promptly report student borrower changes in enrollment status to the Board directly or to the National Student Clearinghouse.

Source Note: The provisions of this §22.45 adopted to be effective May 22, 2003, 28 TexReg 3950; amended to be effective November 28, 2005, 30 TexReg 7855; amended to be effective May 21, 2008, 33 TexReg 3939; amended to be effective August 30, 2016, 41 TexReg 6482; transferred effective June 1, 2017, as published in the Texas Register May 19, 2017, 42 TexReg 2739; amended to be effective December 5, 2019, 44 TexReg 7381

§22.46 Eligible Students

(a) Subject to the requirement in subsection (b) of this provision, the Commissioner may authorize, or cause to be authorized, Hinson-Hazlewood College Student Loans to students at any eligible institution which certifies that the student meets program qualifications, if the student:

(1) is a resident of Texas as defined in these regulations;

(2) has been accepted for regular, non-probationary enrollment at an eligible institution and is adjudged by the institution to have the ability to benefit from the instruction or training to be provided; or, in the case of a student already attending such institution, is in good standing and is making satisfactory progress toward his or her educational goals as determined by the institution;

(3) is enrolled in at least one half of the normal full-time course workload as determined by the institution;

(4) has provided the Board with a statement of the estimated cost of attendance at the institution for that student;

(5) has insufficient resources to finance his or her education;

(6) has provided information on two references who live at separate addresses and are expected to know the student's current address at all times throughout the life of the loan;

(7) has signed a promissory note acknowledging his or her obligations and responsibilities to the fund;

(8) for CAL, has received a favorable evaluation of his/her credit report or has obtained the signature of a qualified cosigner/accommodation party who has received a favorable evaluation of his/her credit report;

(9) for FSLP, has been issued or will be issued a student loan under any loan program administered by the Board.

(b) When certifying a non-guaranteed loan, the institution shall certify that the amount of the loan does not exceed the difference between the cost of attendance and the financial resources available to the applicant, including the applicant's scholarships, gifts, grants, and other financial aid. The student's maximum eligibility for Federal Direct Loans, with the exception of Federal Plus loans, must be considered as other financial aid, whether or not the student actually receives such assistance.

Source Note: The provisions of this §22.46 adopted to be effective May 22, 2003, 28 TexReg 3950; amended to be effective December 7, 2003, 28 TexReg 10756; amended to be effective November 28, 2005, 30 TexReg 7855; amended to be effective August 15, 2006, 31 TexReg 6332; amended to be effective August 16, 2007, 32 TexReg 4976; amended to be effective May 21, 2008, 33 TexReg 3939; amended to be effective August 30, 2016, 41 TexReg 6482; transferred effective June 1, 2017, as published in the Texas Register May 19, 2017, 42 TexReg 2739; amended to be effective December 5, 2019, 44 TexReg 7381

§22.47 Requirements of Cosigner/Accommodation Party

(a) A cosigner/accommodation party shall:

(1) be at least 21 years of age or older;

(2) have a regular source of income;

(3) have received a favorable evaluation of his/her credit report; and

(4) reside in the United States or a U.S. territory and be a U.S. citizen or permanent resident of the United States.

(b) A spouse may not act as the cosigner/accommodation party for the student.

(c) CAL or HELP cosigners/ accommodation parties are guarantors of payment and not of collection; it is not necessary for the Board to demonstrate that the borrower is insolvent before it may pursue collection against the cosigner/accommodation party.

Source Note: The provisions of this §22.47 adopted to be effective May 22, 2003, 28 TexReg 3950; amended to be effective November 28, 2005, 30 TexReg 7855; amended to be effective May 16, 2006, 31 TexReg 3872; transferred effective June 1, 2017, as published in the Texas Register May 19, 2017, 42 TexReg 2739

§22.48 Notice to Borrowers

On the application, the Board shall provide information regarding the rights and responsibilities of the borrower of a Hinson-Hazlewood College Student Loan. The borrower shall certify on the application that he or she has read and understood his or her responsibilities.

Source Note: The provisions of this §22.48 adopted to be effective May 22, 2003, 28 TexReg 3950; transferred effective June 1, 2017, as published in the Texas Register May 19, 2017, 42 TexReg 2739

§22.49 Amount of Loan

(a) Amount of Loan. For loan applications received by the agency prior to September 1, 2023, the amount of loan shall not exceed the amount that the student needs in order to meet reasonable expenses as a student.

(b) Annual and Aggregate Loan Limit. For loan applications received by the agency prior to September 1, 2023, the maximum annual and aggregate loan amounts for any eligible student shall be determined from time to time by the Commissioner. In no case shall the maximum annual loan amount be greater than the annual cost of attendance for the student at the eligible institution.

(c) Aggregate Loan Limit. For loan applications received by the agency on or after September 1, 2023:

(1) The maximum aggregate loan amount for an eligible undergraduate student shall be limited to an amount of debt defined as "manageable debt" under the Board's Long-Range Master Plan for Higher Education. The maximum amount of student loan debt is based on a reasonable monthly student loan payment, taking into consideration the borrower's area of study, as outlined in Figure 1. The agency may not loan a borrower an amount of College Access Loans that would cause the borrower's aggregate educational loan debt, as reported on the borrower's credit report, to exceed the maximum amount outlined in Figure 1.

(2) The maximum aggregate loan amount for an eligible graduate or professional student is the sum of the student's annual limits.

(d) Annual Loan Limit. For loan applications received by the agency on or after September 1, 2023, in no case shall the maximum annual loan amount exceed the difference between the cost of attendance and the financial resources available to the applicant, including the applicant's scholarships, gifts, grants, and other financial aid. The student's maximum eligibility for Federal Direct Loans, except for Federal Plus loans, must be considered by the institution as other financial aid, whether or not the student actually receives such assistance.

Source Note: The provisions of this §22.49 adopted to be effective May 22, 2003, 28 TexReg 3950; amended to be effective November 28, 2005, 30 TexReg 7855; transferred effective June 1, 2017, as published in the Texas Register May 19, 2017, 42 TexReg 2739; amended to be effective May 18, 2023, 48 TexReg 2501

§22.50 Loan Origination Fees

(a) Each FSL student borrower shall pay an origination fee in an amount that is determined from time to time by the United States Department of Education. The fee is deducted from the loan proceeds at the time of disbursement.

(b) Each CAL and HELP student borrower shall pay an origination fee in an amount that is determined from time to time by the Commissioner. The fee is deducted from the loan proceeds at the time of disbursement.

Source Note: The provisions of this §22.50 adopted to be effective May 22, 2003, 28 TexReg 3950; transferred effective June 1, 2017, as published in the Texas Register May 19, 2017, 42 TexReg 2739

§22.51 Loan Interest

(a) FSL. The interest rate charged for loans shall be determined from time to time by the Commissioner, shall be simple interest, and shall accrue on the outstanding principal from the date of disbursement. FSLs made pursuant to this subchapter are eligible for interest subsidy and interest is charged to the borrower in accordance with the Higher Education Act of 1965, as amended, 20 U.S.C. §§1071 - 1087-4, and 34 Code of Federal Regulations Part 682.

(b) CAL. The interest rate charged for loans shall be set from time to time by the Commissioner, shall be simple interest, and shall begin to accrue on the outstanding principal from the date of disbursement. These loans are not eligible for interest subsidy.

(c) HEAL. The interest rate charged for loans shall be determined from time to time by the Commissioner, and interest shall accrue on the outstanding principal from the date of disbursement.

(d) HELP. The interest rate charged for loans shall be determined from time to time by the Commissioner, and interest shall accrue on the outstanding principal.

Source Note: The provisions of this §22.51 adopted to be effective May 22, 2003, 28 TexReg 3950; transferred effective June 1, 2017, as published in the Texas Register May 19, 2017, 42 TexReg 2739; amended to be effective December 5, 2019, 44 TexReg 7381

§22.52 Disbursement to Students

(a) No disbursement shall be made to any student until he or she has executed a promissory note payable to the program for the full amount of any loan plus interest and other authorized fees. In addition, for CAL loans, a cosigner's signature may be also required in accordance with the provisions of §22.46(a)(8) of this title (relating to Eligibility of Students).

(b) The original of such executed promissory note shall be forwarded to the Board immediately.

(c) For the purposes of any promissory note executed by a borrower, the defense that he or she was a minor at the time he or she executed a note shall not be available to him or her in any action arising on the note.

Source Note: The provisions of this §22.52 adopted to be effective May 22, 2003, 28 TexReg 3950; amended to be effective May 16, 2006, 31 TexReg 3872; amended to be effective May 21, 2008, 33 TexReg 3939; transferred effective June 1, 2017, as published in the Texas Register May 19, 2017, 42 TexReg 2739; amended to be effective December 5, 2019, 44 TexReg 7381

§22.53 Repayment of Loans

(a) Period of loan repayment.

(1) FSL. All loans shall be repaid in accordance with the statutes and regulations governing the Federal Family Education Loan Program.

(2) FSLs. All loans shall be repaid in accordance with the statutes and regulations governing the Federal Family Education Loan Program.

(3) CAL.

(A) The repayment period shall be calculated based upon the amount borrowed.

(B) The repayment period shall begin no earlier than six months after the date on which the student ceases to carry, at an eligible institution, at least one half the normal full-time course load as determined by the institution.

(4) HEAL. All loans shall be repaid in accordance with the statutes and regulations governing the Health Education Assistance Loan Program, authorized by the Public Health Service Act, as amended, 42 U.S.C. §§292 - 292y.

(5) HELP. All loans extended under this program by the Board shall be repaid in the manner and under the statutes, rules and guidelines governing HEAL.

(b) Minimum repayment amount.

(1) FSL. The Board shall provide a repayment schedule in which all of the FSL notes extended by the Board to a borrower are treated as an account, and the repayment amount shall be calculated to repay the account over the maximum authorized period. In no case will the minimum annual repayment on the account be less than \$600.

(2) FSLS. The Board shall provide a repayment schedule in which all of the FSLS notes extended by the Board to a borrower are treated as an account, and the repayment amount shall be calculated to repay the account over the maximum authorized period. In no case will the minimum annual repayment on the account be less than \$600.

(3) CAL. The Board shall provide a repayment schedule in which all of the CAL notes extended by the Board to a borrower are treated as an account, and the repayment amount shall be calculated to repay the account over the maximum authorized period.

(4) HEAL. The Board shall provide a repayment schedule in which all of the HEAL notes extended by the Board to a borrower are treated as an account, and the repayment amount shall be calculated to repay the account over the maximum authorized period. The minimum annual repayment shall not be less than the amount provided by 42 USCS 292(d).

(5) HELP. The Board shall provide a repayment schedule in which all of the HEAL notes extended by the Board to a borrower are treated as an account, and the repayment amount shall be calculated to repay the account over the maximum authorized period. The minimum annual repayment shall not be less than the amount that would have been provided by 42 U.S.C.S. §292(d), if the loan had been extended by the HEAL program.

(c) Prepayment. Any loans made through the program may be prepaid without penalty.

(d) Deferments.

(1) The Commissioner shall grant deferments of loan repayment for FSL and FSLS loans as required by The Higher Education Act of 1965, as amended, 20 U.S.C. §§1071 - 1087-4.

(2) The Commissioner shall grant deferments of loan repayment for HEAL and HELP loans in the manner and under the circumstances provided for the HEAL loans in the Public Health Service Act, as amended, 42 U.S.C. §§292 - 292y.

(3) Interest on non-subsidized loans (FSLS, HEAL, and HELP) which accrues during authorized deferment periods shall be charged to the borrower. Interest on FSLs which accrues during authorized deferment periods shall be charged to the United States Department of Education, unless the borrower has lost eligibility for federal interest subsidy benefits as described in federal law.

(4) Authorized deferments for FSL and FSLS loans shall extend the maximum repayment period.

(5) Authorized deferments for HEAL and HELP loans shall not extend the maximum repayment period.

(6) Deferments are available to any borrower whose account is not in default and who makes an adequate showing of entitlement. A borrower whose account is in default is not eligible for a deferment.

(e) Forbearance. The Commissioner may grant periods of forbearance for unusual financial hardship on any account that is held by the Board if the borrower presents the Commissioner or his designee with the reasons therefore, and the Commissioner or his designee determines that the borrower's account history justifies such action. Borrowers of federally insured loans may have rights to certain additional types of forbearances under the applicable program's statutes and rules.

(f) Late charges. A charge of five percent (5%) of the scheduled monthly payment or five dollars (\$5.00), whichever is less, shall be assessed if the past due amount is not received within 20 days of the scheduled due date. These charges shall be collected for late payment of all sums due and payable under the Hinson-Hazlewood Loan Program.

(g) Collection charges. In the case of delinquent accounts, the Commissioner may authorize the assessment of charges necessary to collect the loan which may include court costs fees, attorney fees, skip-trace fees, and long-distance telephone charges.

(h) Application of payments. In accordance with the terms of the promissory note, the Commissioner shall determine the priority order in which payments shall be applied to interest, late charges, principal, collections costs and any other charges.

Source Note: The provisions of this §22.53 adopted to be effective May 22, 2003, 28 TexReg 3950; amended to be effective November 28, 2005, 30 TexReg 7855; amended to be effective May 16, 2006, 31 TexReg 3872; amended to be effective May 21, 2008, 33 TexReg 3939; transferred effective June 1, 2017, as published in the Texas Register May 19, 2017, 42 TexReg 2739; amended to be effective December 5, 2019, 44 TexReg 7381; amended to be effective August 15, 2021, 46 TexReg 4852

§22.254 Deceased or Disabled Borrowers and Cosigners

(a) Upon final verification of the death or determination of permanent and total disability of a borrower, all loans through the Program shall be discharged unless there is a judgment against the borrower and the Commissioner determines that a release of the borrower's liability is not in the best interest of the Program.

(b) Verification of death and determination of permanent and total disability of a borrower or cosigner through the FSL, FSLs, and CAL programs shall be made in accordance with the governing provisions of the FSL program.

(c) Verification of death or determination of permanent and total disability of a borrower or cosigner through the HEAL and HELP programs shall be made in accordance with the governing provisions of the HEAL program.

(d) The final verification of death and determination of permanent and total disability of a borrower or cosigner shall be made by the appropriate official for each loan program as follows:

(1) for FSL, the United States Secretary of Education;

(2) for FSLs, the United States Secretary of Education;

(3) for CAL, the Commissioner;

(4) for HEAL, the United States Secretary of Health and Human Services; and

(5) for HELP, the Commissioner.

(e) Upon final verification of the death or determination of permanent and total disability of a borrower, the liability of the cosigner/accommodation party for that borrower shall be discharged.

(f) Upon final verification of the death or determination of permanent and total disability of a cosigner, the Commissioner shall determine if the release of the liability of the cosigner is in the best interest of the loan program and, if so, shall authorize a release of the cosigner's liability, whether or not there is a judgment against the cosigner.

Source Note: The provisions of this §22.54 adopted to be effective May 22, 2003, 28 TexReg 3950; amended to be effective August 15, 2006, 31 TexReg 6332; transferred effective June 1, 2017, as published in the Texas Register May 19, 2017, 42 TexReg 2739

§22.55 Enforcement of Collection

(a) Suit. When any CAL or HELP borrower or cosigner fails or refuses to make as many as five monthly payments due in accordance with an executed note, the full amount of remaining principal, accrued interest and other charges shall become due and payable immediately. When as many as six payments have been missed, the loan will be considered to be in default, and the Office of the Attorney General, at the request of the Commissioner, may file suit for the outstanding balance.

(b) When a borrower defaults on a FSL or FSLS account, the Board may file a default claim with the appropriate guarantor. When a borrower defaults on a HEAL account, the Board may file suit in order to perfect a default claim with the United States Secretary of Health and Human Services. Repayment amounts and prerogatives may be radically different after an account has been assigned to a guarantor.

Source Note: The provisions of this §22.55 adopted to be effective May 22, 2003, 28 TexReg 3950; amended to be effective May 21, 2008, 33 TexReg 3939; transferred effective June 1, 2017, as published in the Texas Register May 19, 2017, 42 TexReg 2739; amended to be effective December 5, 2019, 44 TexReg 7381