AB-1895 California DREAM Loan Program: repayment, deferment, and forbearance. (2017-2018)

SHARE THIS:

Date Published: 09/27/2018 09:00 PM

Assembly Bill No. 1895

CHAPTER 747

An act to amend Section 70034 of the Education Code, relating to postsecondary education.

[Approved by Governor September 26, 2018. Filed with Secretary of State September 26, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1895, Calderon. California DREAM Loan Program: repayment, deferment, and forbearance.

The California DREAM Loan Program provides that a student attending a participating campus of the University of California or California State University may receive a loan, referred to as a DREAM loan, through the program if the student satisfies specified requirements, including a requirement that the student be exempt from paying nonresident tuition or meet equivalent requirements adopted by the Regents of the University of California. The program requires that repayment of the DREAM loan commence following a 6-month grace period that begins when a student graduates or ceases to maintain at least half-time enrollment in a degree or certificate program. The program requires a participating campus to determine eligibility for deferment or forbearance of a DREAM loan in accordance with the standards set forth in specified federal law.

This bill would require a participating campus, on or before January 1, 2020, to adopt procedures allowing a borrower to select an income-based repayment plan for the repayment of a DREAM loan, as specified.

Vote: majority   Appropriation: no   Fiscal Committee: yes   Local Program: no

---

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 70034 of the Education Code is amended to read:

70034. (a) The amount of a DREAM loan offered to an individual student by a participating institution shall be determined by the institution, subject to the following provisions:

(1) The loan may not exceed the financial need of the student.

(2) No student may borrow more than four thousand dollars ($4,000) under this program within a single academic year.

(3) No student may borrow more than twenty thousand dollars ($20,000) in the aggregate under the program from any one participating institution.

(b) The interest rate for loans issued under the program shall be the same as the then-current interest rate for undergraduate loans under the William D. Ford Federal Direct Loan Program.

(c) Except as provided in subdivision (d), the standard repayment term for a DREAM loan shall be 10 years. Repayment shall commence following a six-month grace period that begins when a student graduates or ceases to maintain at least half-time enrollment in a degree or certificate program.

(d) On or before January 1, 2020, a participating institution shall adopt procedures allowing a borrower to select an income-based repayment plan for the repayment of a DREAM loan, in accordance with the standards set forth in the William D. Ford Federal Direct Loan Program for income-based repayment plans.

(e) Interest shall not accrue on a DREAM loan during periods of at least half-time enrollment in a degree or certificate program or during the six-month grace period specified in subdivision (c).

(f) Eligibility for deferment or forbearance of a DREAM loan shall be determined by the participating institution in accordance with the standards set forth in the William D. Ford Federal Direct Loan Program.

(g) Participating institutions shall use a common promissory note, approved by the Treasurer, to issue DREAM loans.