

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.

Text of subsection effective until December 31, 2019

(f) In accordance with an agreement with the Texas Higher Education Coordinating Board, the Texas Guaranteed Student Loan Corporation shall administer the pilot program established under Section 61.0763. The corporation shall submit to the governor, the lieutenant governor, and the speaker of the house of representatives any annual report or end of program report the

corporation submits to the United States Department of Education in administering the pilot program. This subsection expires December 31, 2019.

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

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 943 (S.B. 1799), Sec. 2, eff. June 15, 2017.

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(1) Repealed by Acts 2013, 83rd Leg., R.S., Ch. 1155, Sec. 62(6), eff.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(3) Repealed by Acts 2013, 83rd Leg., R.S., Ch. 1155, Sec. 62(6), eff.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