

STATE OF NEW YORK

3498

2017-2018 Regular Sessions

IN ASSEMBLY

January 27, 2017

Introduced by M. of A. CRESPO, SEPULVEDA, PICHARDO, RAMOS, RIVERA, ARROYO, DILAN, RODRIGUEZ, MOYA, DE LA ROSA -- read once and referred to the Committee on Higher Education

AN ACT to amend the education law, in relation to establishing the New York state higher education debt consolidation and refinancing program

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Article 14 of the education law is amended by adding a new part VI to read as follows:

PART VI

NEW YORK STATE HIGHER EDUCATION DEBT CONSOLIDATION AND REFINANCING PROGRAM

Section 694-j. New York state higher education debt consolidation and refinancing program.

§ 694-j. New York state higher education debt consolidation and refinancing program. 1. The corporation shall have the authority to issue up to five hundred million dollars in bonds, to consolidate and refinance the education loans of eligible borrowers at a lower interest rate, provided, however if the corporation determines it needs to issue more than five hundred million dollars in bonds to operate the program effectively, the corporation shall make the determination by January fifteen of the year subsequent to when the program goes into effect.

2. The corporation shall consolidate and refinance the education loans of eligible borrowers and interest shall accrue upon all student loan payments made by eligible borrowers to the corporation at a rate per annum that is equal to or less than 5.5%. Interest shall accrue from the time the eligible borrower commences repayment under this section, and shall accrue only during the period over which the eligible borrower is required to make such repayment.

3. Should an eligible borrower fail to pay to the division any amounts owed under this section within thirty days of the due date, the corpo-

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

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1 ration shall review the eligible borrower's financial circumstances in
2 order to determine whether the delinquency is a result of a change in
3 the eligible borrower's financial circumstances. If such a determination
4 is made, the corporation may modify the eligible borrower's required
5 payments. If failure to pay is not determined to be due to a material
6 deterioration in the eligible borrower's financial circumstances, the
7 corporation shall terminate and take any legal action necessary to
8 enforce the terms of the loan.

9 4. The program's operating and administrative costs shall be covered
10 by the fees charged to apply for the refinancing and the interest rate
11 surcharge.

12 5. The corporation shall submit an annual report on the program to the
13 governor and the legislature and the report shall be published on the
14 corporation's website. The report shall include but not be limited to
15 the following:

16 (a) The amount of bonds floated to cover the student debt refinancing;
17 (b) The number of loans refinanced;
18 (c) The breakdown of the refinancing rates charged to refinance;
19 (d) The gender, race and ethnicity of the person refinancing;
20 (e) The total debt load refinanced by each racial or ethnic group; and
21 (f) The total administrative costs for operating the refinancing
22 program and the projected total refinancing costs incurred till debt is
23 paid for each racial and ethnic group.

24 6. The corporation is authorized to promulgate rules and regulations
25 necessary for the implementation of the provisions of this section.

26 7. Under this section "eligible borrower" and "education loan" shall
27 mean as defined under section six hundred ninety of this article.

28 § 2. This act shall take effect on the one hundred twentieth day after
29 it shall have become a law.