

Education Code

69763

(a) (1) The commission shall administer the Federal Family Education Loan Program as authorized pursuant to this chapter. The commission may enter into any contract with the United States Secretary of Education or any other federal officer or agency under Title IV of the Higher Education Act of 1965, any extension thereof, or any similar act of Congress, may cooperate with the government of the United States, or any agency or agencies thereof, in administration of the act of Congress and the rules and regulations adopted thereunder. The commission shall adopt any rules and regulations it deems necessary for the proper administration of this chapter.

(2) Loans or loan guarantees issued by the commission, irrespective of the domicile of the eligible student or the location of the educational institution attended by the eligible student, prior to the effective date of amendments made to this section during the 1999 portion of the 1999-2000 Regular Session, have been determined by the Legislature to be consistent with the purposes of California's participation in the Federal Family Education Loan Program, and within the authority of the commission to administer that program, and consistent with the intent of the Legislature in enacting Chapter 961 of the Statutes of 1996.

(b) The rules and regulations adopted by the commission pursuant to this section shall include a provision authorizing the commission to impose a civil penalty in an amount not to exceed twenty-five thousand dollars (\$25,000) per violation against any financial or educational institution that violates any applicable law, rule, regulation, limitation, consent agreement, or school or lender agreement, relative to a state financial aid program. The rules and regulations adopted pursuant to this section shall provide all of the following:

(1) No civil penalty shall be imposed against an institution without first affording that institution an opportunity to request a hearing and, if a request for a hearing is made, a hearing shall be held before a representative of the commission.

(2) No civil penalty shall be imposed against an institution unless an action against that institution has been initiated pursuant to Section 30302 or 30304 of Title 5 of the California Code of Regulations.

(c) Any moneys derived from the assessment of penalties pursuant to this section shall be deposited into the Student Loan Operating Fund.