

CALIFORNIA STUDENT AID COMMISSION
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AMENDMENT TO TITLE 5, DIVISION 4, CHAPTER 1, CA CODE OF REGULATIONS
REGARDING IMPLEMENTATION OF NATIONAL GUARD ASSUMPTION PROGRAM OF
LOANS FOR EDUCATION (Educ. Code §§ 69750-69751.8)

PROPOSED TEXT

Article 14.5 National Guard Assumption Program of Loans for Education

Section 30710

Definitions

- (a) *“Year of service” means the qualifying year of service to receive loan assumption benefits as defined by the Military Department.*
- (b) *“Financially needy” means a household income and asset level that is at or below the maximum set for participation in the Cal Grant A Program under Section 69432.7 of the California Educational Code.*
- (d) *“Program” means the National Guard Assumption Program of Loans for Education established in Article 5.6(commencing with Section 69750) of Chapter 2 of Part 42 of Division 5 of Title 3 of the California Code of Education and as set forth in this Article.*
- (e) *“Program participant” means a person who has a loan assumption agreement signed by both the student and the Commission.*
- (f) *“Qualified vocational diploma program” means an educational program having all of the following characteristics:*
- (a) *The educational program consists of a job-training program or other instruction, training, or education that the institution represents will lead to, fit, or prepare students for employment in any occupation.*
 - (b) *The program is offered to students who do not possess a bachelor’s or graduate degree in the field of training.*
 - (c) *Students who complete all or a portion of the program are awarded a diploma, certificate, or occupational associate degree.*
- (g) *“Institution of higher education” means a post-secondary educational institution that has a location in California.*

- (h) *“California resident” means a person who has residence, pursuant to Article 5 (commencing with Section 68060) of Chapter 1, part 41 of the California Education Code, in this state for more than one year immediately preceding the date of application to the program.*
- (i) *“Satisfactory service” means (need definition from military)*
- (j) *“Half-time basis” means half-time enrollment at an institution of higher education that has a location in California.*

- (j) *“Qualifying member” means a person as defined in Section 66025.6 (2) of the Education code.*

Note

Authority cited: Section 69750 of the California Education Code and Section 94746 of the California Education Code.

Section 30711 Application to Participate in the Program

A person shall submit an application to participate in the program to Office of the Adjutant General. The application shall include the following information:

(a) Personal information:

- (1) Last name, first name and middle initial;*
- (2) Social Security number;*
- (3) Address and telephone number;*
- (4) Date of birth;*
- (5) Ethnicity;*
- (6) Gender;*
- (7) E-mail address, if available;*
- (8) a copy of the student’s federal Student Aid Report generated by the United States Department of Education based upon the Free Application for Federal Student Aid (FAFSA) with an Expected Family Contribution (EFC) for the academic year in which the student applies to the program. Verification of information provided in the FAFSA and used to calculate the EFC may be requested by the Commission as necessary. Failure to provide verification in a timely manner, if requested, may result in disqualification from consideration for an award.*
- (9) Membership in an eligible military unit under the California National Guard.*
- (10) California institution of higher education or California vocational training program, including Federal code.*

(b) Information relating to criteria for being awarded a loan assumption agreement:

- (1) Verification that the student:*

(i) *is enrolled in an institution of higher education or a vocational diploma program within California; and*

(ii) *has agreed to enlist or reenlist in the National Guard, the State Military Reserve, or the Naval Militia.*

(2) *Representation that the applicant will serve in the National Guard, the State Military Reserve, or the Naval Militia within the meaning of Section 66025.6 of the Education Code.*

(3) *The name of lender, loan identification number(s), and current balance(s) of a loan or loans the student has received, or has been approved to receive, in order to meet the costs of obtaining a degree or vocational diploma/certificate/degree, under one or more of the following designated loan programs:*

(i) *the Federal Family Education Loan Program (20 U.S.C. Sec. 1071 et seq.);*

(ii) *the Federal Direct Loan Program (20 U.S.C. Sec. 1087b et seq.);*

(iii) *any loan program approved by the Commission on a case by case basis but not including lines of credit, home equity loans, credit card debt, and other general consumer loans, business loans, personal loans, or mortgages.*

(c) *The application shall state that by signing, the applicant agrees that, if requested, the applicant will provide information or documentation to verify the accuracy of the information included in the application, and the student understands that failure to provide accurate and complete information as requested may result in disqualification from the program and loss of program benefits. The application shall be dated and signed by the student under penalty of perjury under the laws of the State of California.*

Note

Authority cited: Section 69750.3 of the California Education Code.

Section 30712 Nominations by the statewide Office of the Adjutant General

(a) *The statewide Office of the Adjutant General may nominate one or more students who have submitted applications to participate in the program by complying with the procedures listed in this section.*

(b) *The statewide Office of the Adjutant General may nominate a student satisfying the requirements in Section 69750.3 by submitting to the Commission the following:*

(1) *the student's completed application including Student Aid Report (SAR) per Section 30711*

(2) *the statewide Office of the Adjutant General's certification that the applicant has agreed to enlist or reenlist in the National Guard, the State Military Reserve, or the Naval Militia.*

(c) Each nomination, including the certifications required by this section, submitted by the statewide Office of the Adjutant General shall be signed by a designated official from the Military Department under penalty of perjury under the laws of the State of California.

Note

Authority cited: Section 69751(a) of the Education Code.

Section 30713 Award Process

(a) The Commission shall select program participants from among the applicants whose nominations are received by the Commission by the designated deadline of each academic year and whose nominations and applications are complete. If the maximum allocation of awards is not exhausted after this selection process is completed, the Commission may continue to accept nominations and select program participants based on the date the nominations are received by the Commission. The Commission may continue to make awards until the maximum allocation is satisfied.

Authority cited: Section 69751 of the California Education Code.

Section 30714 Applicant Priority

(a) The Commission shall grant the following applicants priority for participation in the program if funding is insufficient to fully support this program:

(1) Individuals who are financially needy, as indicated by a household income and asset level that is at or below the maximum set for participants in the Cal Grant A program.

(2) Individuals who have been called to full-time active military duty

(b) Individuals who are financially needy, as determined in subsection (1) will be scored and awarded points using the Cal Grant A scoring methodology for family income and household size. (maximum points 76, 50% of score) Individuals called to active duty will receive 76 pts, 50% of score)

(c) The Commission will select nominees with the highest point totals until the authorized funding is exhausted. In the case of a tie in the total number of points, the Commission will select nominees based on the earliest date of receipt of the nomination by the Commission.

Note

Authority cited: Section 69751, 69751.2 of the California Education Code.

Section 30715 Loan Assumption Agreements

(a) The Commission shall provide a loan assumption agreement to each nominated student who has been chosen by the Commission to be a program participant. The loan assumption agreement shall be effective when both the program participant and the Commission have signed the agreement.

(b) The loan assumption agreement shall include the following:

(1) The program participant's agreements to:

(i) maintain satisfactory service in the California National Guard, State Military Reserve or the Naval Militia throughout the period that he or she participates in the program
(ii) be enrolled on at least a half-time basis each academic term in an institution of higher education in California or a vocational diploma program as defined in Section 94746

(iii) provide four consecutive years of satisfactory service in the National Guard, the State Military Reserve, or the Naval Militia

(iv) authorize the college or university he or she is attending, Military Department, and lenders to provide information requested by the Commission for the purposes of administering the loan assumption agreement.

(2) The Commission shall agree that:

(i) after the program participant has completed one year of service as, or in the case of a participant who is eligible because he or she has agreed to reenlist, one year of additional service as, a qualifying member within the meaning of Section 66025.6 of the California Education Code, the Commission shall assume, subject to the requirements of section 69750.7 of the California Education Code, up to two thousand dollars (\$2,000) of the outstanding liability of the participant under one or more of the designated loan programs;

(ii) after the program participant has completed two consecutive years of service as, or in the case of a participant who is eligible because he or she has agreed to reenlist, two consecutive years of additional service as, a qualifying member within the meaning of Section 66025.6 of the California Education Code, the Commission shall assume, subject to the terms of section 69750.7, up to an additional three thousand dollars (\$3,000) of the outstanding liability of the participant under one or more of the designated loan programs, for a total loan assumption of up to five thousand dollars (\$5,000); and

(iii) after the program participant has completed three consecutive years of service as, or in the case of a participant who is eligible because he or she has agreed to reenlist, three consecutive years of additional service as, a qualifying member within the meaning of Section 66025.6 of the California Education Code, the Commission shall assume, subject to the terms of section 69750.7, up to an additional three thousand dollars (\$3,000) of the outstanding liability of the participant under one or more of the designated loan programs, for a total loan assumption of up to eight thousand dollars (\$8,000).

(iv) after the program participant has completed four consecutive years of service as, or in the case of a participant who is eligible because he or she has agreed to reenlist, four consecutive years of additional service as, a qualifying member within the meaning of Section 66025.6 of the California Education Code, the Commission shall

assume, subject to the terms of section 69750.7, up to an additional three thousand dollars (\$3,000) of the outstanding liability of the participant under one or more of the designated loan programs, for a total loan assumption of up to eleven thousand dollars (\$11,000).

(3) *The program participant shall agree to the provisions of section 30717.*

(c) *The term of the loan assumption agreement shall be no more than 10 years from the date signed by the program participant and the Commission.*

(d) *The loan assumption agreement shall constitute a conditional warrant that may be redeemed with the Commission as specified in section 30716.*

Note

Authority cited: Section 69750.3, 69750.5, 69750.7 of the California Education Code

Section 30716. Loan Payments

(a) *A program participant may redeem the conditional warrant and the Commission shall make loan payments, as provided in subsection (c), when:*

(1) *the program participant has provided the following information for each applicable year of service subject to the loan assumption agreement:*

(i) *program participant's name and social security number;*

(ii) *program participant's signature under penalty of perjury under the laws of the State of California.*

(2) *the program participant has provided the following certification from the Military Department for each applicable year of service subject to the loan assumption agreement:*

(i) *statement that the program participant completed one year of satisfactory service, or a statement that the program participant did not complete one year of satisfactory service*

(ii) *Military Department representative's printed or typed name, title, and telephone number;*

(iii) *Military Department representative's signature under penalty of perjury under the laws of the State of California;*

(3) *the program participant has provided the following information from each lending institution on the loans subject to the loan assumption agreement:*

(i) *program participant's name and social security number;*

(ii) *account number for each loan;*

(iii) *interest rate for each loan;*

(iv) *disbursement date for each loan;*

(v) *payoff amount for each loan as of June 30;*

(vi) *lending institution/servicer name;*

(vii) *lending institution/servicer eight-digit servicer identification code;*

- (viii) address for where payment is to be sent;
- (ix) a signature of the lending institution official under penalty of perjury under the laws of the State of California
- (x) printed name of the lending institution official;
- (xi) e-mail address of the lending institution official;
- (xii) telephone number of the lending institution official;

(4) The program participant has provided the following information from their school of attendance;

(i) verification of half-time enrollment for the academic year corresponding with the year of military service..

(a) Loan payments shall be made by lump-sum payment to the lender, to be applied directly to the principal balance, if not otherwise prohibited by applicable law or by the terms of the loan agreement between the program participant and the lender. Payments shall first be made toward loans with the highest interest rates. The program participant shall continue to make payments as required under the terms of the loans to avoid defaulting on those loans, until notified by the lenders or loan servicers that the loans are paid in full.

Note

Authority cited: Section 69750.5, 69750.7 of the Education Code.

Section 30717. Failure to Comply with the Loan Assumption Agreement

(a) A program participant who fails to maintain half-time enrollment, unless granted an academic leave of absence for active duty, or is unable to complete one of the four consecutive years of military service, shall be withdrawn from the program. The program participant shall retain responsibility to continue to make any payments required under the terms of any outstanding loans to avoid defaulting on those loans.

(b) A program participant who is enrolled and in good standing, who undertakes active duty is entitled to an academic leave of absence for any academic session that the person is unable to attend or complete because he or she is on active duty. The program participant, however, shall retain responsibility to continue to make any payments required under the terms of any outstanding loans to avoid defaulting on those loans.

Note

Authority cited: Section 69750.7, 69751 of the California Education Code.