

ACT 280

S.B. NO. 2067

A Bill for an Act Relating to Higher Education.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 304-93, Hawaii Revised Statutes, is amended to read as follows:

“§304-93 Repayment of loans[.]; collection. (a) All loans made under this part shall bear interest at five per cent simple interest. Repayment of principal and interest charges shall commence nine months after graduation or after a borrower ceases to be enrolled at least half-time in a degree program and shall be paid in periodic installments within a ten-year period. The university may charge late fees and all other reasonable costs for the collection of delinquent loans. The board of regents may, upon application by the student and upon a showing of good cause, defer repayment of the loan and commencement of interest. Liability for repayment of a loan shall be canceled upon the death or permanent total disability of the borrower.

(b) The university may spend out of the state higher education loan fund up to two per cent of the total amount of loans outstanding for collection and administrative expenses. In accordance with chapter 103D, the university may enter into written contracts with collection agencies for the purpose of collecting delinquent

student loans. [In addition, all] All payments collected, exclusive of a collection agency's commissions, shall revert, [to] and be credited, to the loan fund.

(c) A collection agency that enters into a written contract with the University of Hawaii for the collection of delinquent student loans pursuant to subsection (b), may collect a commission from the debtor in accordance with the terms of, and up to the amounts authorized in, the written contract."

SECTION 2. Section 443B-9, Hawaii Revised Statutes, is amended to read as follows:

"[[]§443B-9 Collection, attorney's, or commission fees[.]); exception.

(a) A collection agency shall not collect, or attempt to collect, any collection fee or attorney's fee or commission from any debtor; provided that an attorney's fee or commission may be collected after filing of a suit against any debtor and the fee or commission shall not be in excess of twenty-five per cent of the unpaid principal balance. All attorney's fees or commissions collected by a collection agency shall be remitted to the attorney and no portion of the collection shall be retained by the collection agency.

(b) This section shall not prohibit a collection agency from collecting, or attempting to collect, from a debtor, a commission authorized under a contract with the University of Hawaii pursuant to section 304-93(b)."

SECTION 3. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

(Approved June 18, 1996.)