

# HOUSE BILL 298

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By: **Delegates Morhaim, Nathan–Pulliam, and Stein**

Introduced and read first time: January 27, 2010

Assigned to: Ways and Means

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 23, 2010

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Office of Student Financial Assistance – Service Obligation – ~~Waiver~~**  
3 **Financial Counseling Session Required**

4 FOR the purpose of requiring the Office of Student Financial Assistance in the  
5 Maryland Higher Education Commission to ~~grant a waiver from the remaining~~  
6 ~~service obligation component of certain scholarships under certain~~  
7 ~~circumstances~~ require certain individuals to attend a certain financial  
8 counseling session under certain circumstances; specifying that the financial  
9 counseling session include certain matters; requiring the Office to adopt certain  
10 regulations; providing for the application of this Act; and generally relating to  
11 ~~the waiver of a service obligation commitment by~~ a financial counseling session  
12 for applicants for certain student financial assistance by the Office of Student  
13 Financial Assistance.

14 BY repealing and reenacting, without amendments,  
15 Article – Education  
16 Section 18–201 and 18–205  
17 Annotated Code of Maryland  
18 (2008 Replacement Volume and 2009 Supplement)

19 BY adding to  
20 Article – Education  
21 Section 18–206  
22 Annotated Code of Maryland  
23 (2008 Replacement Volume and 2009 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
2 MARYLAND, That the Laws of Maryland read as follows:

3 Article - Education

4 ~~18-206.~~

5 ~~(A) THE OFFICE SHALL GRANT A WAIVER FROM THE REMAINING~~  
6 ~~SERVICE OBLIGATION COMPONENT OF A SCHOLARSHIP AWARDED UNDER THIS~~  
7 ~~TITLE TO AN INDIVIDUAL WHO:~~

8 ~~(1) HAS COMPLETED OR WILL COMPLETE 50% OF THE~~  
9 ~~INDIVIDUAL'S SERVICE OBLIGATION COMPONENT ON OR BEFORE THE DATE THE~~  
10 ~~INDIVIDUAL TERMINATES THE SCHOLARSHIP CONTRACT;~~

11 ~~(2) COMPLIED WITH ALL THE TERMS OF THE SCHOLARSHIP~~  
12 ~~AWARD WHILE PERFORMING THE SERVICE OBLIGATION COMPONENT;~~

13 ~~(3) HAS NOT RECEIVED THE AWARD MONEY THE INDIVIDUAL~~  
14 ~~WOULD HAVE RECEIVED IF THE INDIVIDUAL HAD PERFORMED THE SERVICES OF~~  
15 ~~THE REMAINING 50% OF THE SERVICE OBLIGATION;~~

16 ~~(4) SUBMITS TO THE OFFICE:~~

17 ~~(i) WRITTEN NOTICE OF THE INDIVIDUAL'S INTENTION TO~~  
18 ~~TERMINATE THE SCHOLARSHIP CONTRACT BEFORE THE DATE SET FORTH IN~~  
19 ~~THE CONTRACT; AND~~

20 ~~(ii) DOCUMENTATION OF A BONA FIDE OFFER OF~~  
21 ~~EMPLOYMENT FROM A FEDERAL, STATE, OR LOCAL GOVERNMENT ENTITY,~~  
22 ~~NONPROFIT HEALTH ORGANIZATION, OR FEDERALLY QUALIFIED HEALTH~~  
23 ~~CENTER; AND~~

24 ~~(5) PAYS TO THE OFFICE AN EARLY CONTRACT TERMINATION~~  
25 ~~FINANCIAL PENALTY THAT IS EQUAL TO 5% OF THE VALUE OF THE AMOUNT OF~~  
26 ~~OBLIGATED SERVICE TIME NOT SERVED WITHIN A REASONABLE PERIOD OF~~  
27 ~~TIME, AS DETERMINED BY THE OFFICE.~~

28 18-201.

29 There is an Office of Student Financial Assistance within the Commission.

30 18-205.

1        The Office shall grant a deferment from the service obligation component of a  
2 scholarship awarded under this title to:

3            (1)    An individual who has been assigned military duty outside of the  
4 State; or

5            (2)    The spouse of an individual who has been assigned military duty  
6 outside of the State.

7    **18-206.**

8            **(A) THE OFFICE SHALL REQUIRE EACH APPLICANT FOR STUDENT**  
9 **FINANCIAL ASSISTANCE OR A SCHOLARSHIP, GRANT, OR LOAN ADMINISTERED**  
10 **UNDER THIS TITLE TO ATTEND A FINANCIAL COUNSELING SESSION GIVEN BY**  
11 **THE OFFICE BEFORE THE APPLICANT MAY SIGN A CONTRACT ACCEPTING THE**  
12 **FINANCIAL ASSISTANCE, SCHOLARSHIP, GRANT, OR LOAN.**

13           **(B) THE FINANCIAL COUNSELING SESSION SHALL INCLUDE:**

14            **(1) A DETAILED EXPLANATION OF THE LEGAL TERMS,**  
15 **OBLIGATIONS, AND PENALTIES FOR A BREACH OF CONTRACT;**

16            **(2) AN INDIVIDUAL CALCULATION OF THE FINANCIAL PENALTIES**  
17 **IMPOSED ON AN INDIVIDUAL IN THE EVENT OF A BREACH OF CONTRACT; AND**

18            **(3) AN EXPLANATION OF THE IMPACT ON AN INDIVIDUAL'S**  
19 **CREDIT HISTORY OF A BREACH OF CONTRACT.**

20           ~~**(B)**~~ **(C) THE OFFICE SHALL ADOPT REGULATIONS TO CARRY OUT THE**  
21 **PROVISIONS OF THIS SECTION.**

22            SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be applied  
23 to and interpreted to affect a contract for loan assistance with a service obligation  
24 component that was awarded under § 18-1502(c) of the Education Article or Title 18,  
25 Subtitle 24 of the Education Article and signed on or after the effective date of this  
26 Act.

27            SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take  
28 effect July 1, 2010.