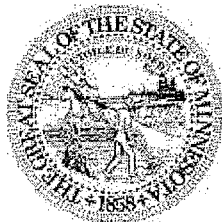# Office of the Revisor of Statutes
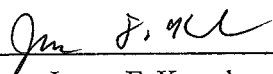## Administrative Rules

TITLE: Proposed Permanent Rules Relating to Higher Education Financial Assistance and
Supplemental Student Loans

AGENCY: Office of Higher Education

REVISOR ID: R-4425

MINNESOTA RULES: Chapters 4830 and 4850

The attached rules are approved for
publication in the State Register

Jason F. Kuenle
Senior Assistant Revisor

1.1 **Office of Higher Education**

1.2 **Proposed Permanent Rules Relating to Higher Education Financial Assistance and**
1.3 **Supplemental Student Loans**

1.4 **4830.0150   TERMINATION PROCEDURE.**

1.5 *[For text of subp 1, see M.R.]*

1.6 Subp. 2. **Notification.** The office shall send the institution written notification of the
1.7 termination of the institution's eligibility to participate in a program. Termination shall be
1.8 effective 90 days from the date of the written notification or after appeal proceedings are
1.9 complete, whichever is later.

1.10 **4850.0011   DEFINITIONS.**

1.11 *[For text of subps 1 to 8, see M.R.]*

1.12 Subp. 9. **Creditworthy cosigner.** "Creditworthy cosigner" means one who, based on
1.13 either information provided by a national credit bureau or information available to the office,
1.14 has:

1.15 *[For text of items A and B, see M.R.]*

1.16 C. no more than $300 combined total in unsatisfied credit or unsatisfied payment
1.17 obligations including, but not limited to, charged-off loans, credit, medical, utility accounts,
1.18 collection items, and tax or mechanics liens; and

1.19 D. no more than five percent of total credit bureau balances past due, unless the
1.20 amount past due is $300 or less.;

1.21 E. no current delinquency on any loan payments to the office;

1.22 F. no defaulted loan with the office which has not been paid in full in accordance
1.23 with the requirements of the office; and

1.24 G. a required credit score, if established, under part 4850.0013.

2.1   *[For text of subps 10 to 11a, see M.R.]*

2.2   Subp. 12. **Delinquency.** "Delinquency" means the condition that exists when a

2.3   borrower's scheduled payment of principal or interest or both is <u>not</u> received by the

2.4   commissioner ~~after~~ <u>or the office's agent by</u> the due date.

2.5   *[For text of subps 12a and 13, see M.R.]*

2.6   Subp. 14. **Eligible school.** "Eligible school" means a school that <u>meets the requirements</u>

2.7   <u>for an eligible institution as defined in Minnesota Statutes, section 136A.155, and either:</u>

2.8   ~~A.   meets the requirements for an eligible institution as defined in Minnesota~~

2.9   ~~Statutes, section 136A.15, subdivision 6; and~~

2.10   ~~B.~~ <u>A.</u>   signs an institutional loan participation agreement with the commissioner

2.11   that lists the duties and responsibilities of both the school and the commissioner~~.~~<u>; or</u>

2.12   <u>B.   is designated by the office as a maintenance-only school. The office shall</u>

2.13   <u>designate a school as a maintenance-only school if the school participates in the National</u>

2.14   <u>Student Clearinghouse and the school is not certifying new SELF loans. Maintenance-only</u>

2.15   <u>schools allow eligible students, as reported by the National Student Clearinghouse, to</u>

2.16   <u>continue in the in-school period.</u>

2.17   Subp. 15. **Eligible student.** "Eligible student" means a student who:

2.18   A.   is enrolled in an eligible school in Minnesota, or is a Minnesota resident enrolled

2.19   in an eligible school in another state~~,~~ <u>or</u> United States territory~~, or province~~ as defined in

2.20   Minnesota Statutes, section ~~136A.002, subdivision 4~~ <u>136A.155</u>;

2.21   *[For text of item B, see M.R.]*

2.22   C.   is making satisfactory academic progress as defined ~~by the school~~ <u>in Minnesota</u>

2.23   <u>Statutes, section 136A.101, subdivision 10</u>;

2.24   *[For text of items D to H, see M.R.]*

4850.0011   2

3.1   *[For text of subps 16 to 23, see M.R.]*

3.2   Subp. 24. **Late charge.** "Late charge" means a charge, not to exceed $20, that is

3.3   assessed against borrowers each time a payment of principal and/or interest is ~~received by~~

3.4   not paid to the commissioner ~~more than~~ within 15 days after the due date.

3.5   *[For text of subps 24a to 26, see M.R.]*

3.6   Subp. 26a. **Office.** "Office" means the Minnesota Office of Higher Education or its

3.7   predecessors or successors.

3.8   *[For text of subps 27 to 30, see M.R.]*

3.9   **4850.0012 SCHOOL AGREEMENTS AND STUDENT APPLICATIONS.**

3.10   Subpart 1. **Institutional loan participation agreement.** For an eligible school to

3.11   certify new SELF loans, the eligible school and the commissioner must sign a loan

3.12   participation agreement that will:

3.13   *[For text of items A and B, see M.R.]*

3.14   Subp. 2. **Termination.** The commissioner may terminate the agreement for

3.15   participation in the SELF program with an eligible school upon determining:

3.16   A. ~~that~~ the school is not complying with ~~the rules in~~ parts 4850.0010 to 4850.0024;

3.17   or

3.18   B. loans originated at the school that go into default exceed the guidelines

3.19   established in the SELF Loan Operations Manual.

3.20   Termination can also occur in accordance with the terms of the Institutional Loan

3.21   Participation Agreement.

4.1   All obligations of the school under the agreement shall continue in full force and effect

4.2   with respect to all SELF loans then outstanding to students of the school. The termination

4.3   of an agreement with a school shall be made pursuant to ~~part~~ parts 4830.0140 and 4830.0150.

4.4   *[For text of subps 3 and 4, see M.R.]*

4.5   **4850.0013   CREDIT SCORE.**

4.6   The commissioner may establish credit score requirements if the financial strength of

4.7   the loan program, or the office's ability to obtain cost-effective financing options, has been

4.8   affected or is anticipated to be affected by factors including current or projected market

4.9   conditions, loan defaults, bond rating agency requirements, and credit-scoring definitions.

4.10   The commissioner must review and adjust the credit score requirements at least every 12

4.11   months using current and projected market conditions. The required credit scores must be

4.12   available to prospective borrowers on the Web site.

4.13   **4850.0017   REPAYMENT PROCEDURES.**

4.14   Borrowers or cosigners shall make payments of principal and interest according to the

4.15   following schedule.

4.16   *[For text of items A to E, see M.R.]*

4.17   F. The commissioner shall grant forbearances in those instances when the borrower

4.18   ~~experiences hardship in making payments of principal and/or interest, and when the cosigner~~

4.19   ~~has either died, become temporarily or permanently disabled, or for some other reason, such~~

4.20   ~~as unemployment or limited fixed income, demonstrated an inability to make payment.~~

4.21   ~~Such a forbearance shall be granted upon receipt of written documentation from the borrower~~

4.22   ~~and the cosigner relating to the unemployment or similar financial hardship case and is~~

4.23   ~~limited to 120 days, renewable upon further documentation for another 120 days.~~ is unable

4.24   to make payment and has not exhausted the permitted number of occurrences. The

4.25   forbearance shall be granted upon receipt of a written request from the borrower and the

5.1 cosigner. The commissioner shall grant exceptions for obtaining signatures from both the

5.2 borrower and the cosigner in certain situations, such as when there is no current contact

5.3 information for one of the parties or there is an adversarial relationship between the parties.

5.4 The commissioner shall set policies for the length of a permitted forbearance and the

5.5 maximum number of occurrences in a given loan repayment period. In setting policies, the

5.6 commissioner shall take into consideration the financial strength of the loan program, the

5.7 impact of policy changes on the office's ability to obtain cost-effective financing options,

5.8 current or projected market conditions, loan defaults, and bond rating agency requirements.

5.9 *[For text of item G, see M.R.]*