

CHAPTER 4850
HIGHER EDUCATION COORDINATING BOARD
SUPPLEMENTAL STUDENT LOANS

4850 0011 DEFINITIONS
 4850 0012 SCHOOL AGREEMENTS AND
 STUDENT APPLICATIONS

4850 0014 AMOUNT AND TERMS
 4850 0017 REPAYMENT PROCEDURES

4850.0011 DEFINITIONS.

[For text of subps 1 to 9, see M R]

Subp. 10 **Cosigners.** All borrowers from the student educational loan fund shall have a credit worthy cosigner who is either a United States citizen or a permanent resident. The cosigner is jointly and separately responsible for making loan payments (principal, interest, and other charges). The cosigner is relieved of this financial responsibility only in the event of death or permanent disability of the borrower. A cosigner must

A. be at least 18 years old;

B. be a person or an eligible school,

C. agree to the release of information to a consumer credit reporting agency, as described in part 4850 0012, subpart 4, and

D. permanently reside in the United States.

If the cosigner has no credit history, credit worthiness shall be determined by the executive director, by a review of banking references and a review of net worth data with a minimum test requiring that net worth equal or exceed a sum ten times the size of each loan amount requested.

[For text of subps 11 to 14, see M R]

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

A. is enrolled in an eligible school in Minnesota, or is a Minnesota resident enrolled in an eligible school in another state, United States territory, or province as defined in Minnesota Statutes, section 136A.15, subdivision 5;

[For text of items B and C, see M R]

D. is not currently in default, as defined by each specific program, of any student educational loan program (Stafford Loan, GSL, FISL, NDSL, Perkins, HPL, HEAL, ALAS/SLS, or other similar federal, state, private, or institutional student loan program) at the current or any previous school,

[For text of items E to I, see M R]

[For text of subps 16 to 25, see M R]

Subp. 26 **Maximum effort.** To have used "maximum effort" means that the student has applied for and exhausted all eligibility for other forms of financial aid (except work-study, PLUS/ALAS, unsubsidized Stafford, or other similar federal student loan, and HEAL) before applying for a SELF loan. Financial aid administrators must include any financial aid that has been awarded or is expected to be awarded to the student for the loan period.

[For text of subps 27 and 28, see M R]

Subp. 29 **Transition period.** "Transition period" means a 12-month period immediately following graduation or termination of enrollment for borrowers who have loans made from the bonds. Borrowers with loans made from sources other than the bonds may extend the transition period an additional period not to exceed 24 months upon approval by the executive director. During the transition period, borrowers are billed for interest only.

[For text of subp 30, see M R]

Statutory Authority: *MS s 136A 04, 136A 16*

History: *18 SR 1848*

4850.0012 SCHOOL AGREEMENTS AND STUDENT APPLICATIONS.

[For text of subps 1 and 2, see M R]

Subp 3 **Application, guarantee, and promissory note.** The student shall follow the appropriate SELF application process used at the eligible school. The student shall deliver or mail the application and promissory note to the cosigner who shall complete the cosigner's portion of the application and promissory note and deliver or mail them to the executive director. The executive director will check the application and promissory note for completeness, determine the eligibility of the applicant, and conduct a credit check of the cosigner. If the executive director approves the loan application, the document file shall be sent to the trustee (or agent) for approval. The trustee (or agent) shall approve the application and forward the document file to the servicer or shall reject the application and return the document file to the executive director. The servicer shall enter the application on the servicing computer system, prepare and mail a disclosure statement to the borrower and cosigner, advise the school of the loan approval, schedule disbursements, deduct and mail the guarantee fee from the loan proceeds to the insurer, and place the document file in permanent storage. If the executive director rejects the loan application, the applicant and the cosigner must be advised in writing of the decision and the reasons for the rejection.

[For text of subp 4, see M R]

Statutory Authority: *MS s 136A.04, 136A 16*

History: *18 SR 1848*

4850.0014 AMOUNT AND TERMS.

Subpart 1 **Loan amounts.** The minimum loan amount from the student educational loan fund is \$500.

The annual and maximum loan amounts for

A an undergraduate student are those prescribed in this part, not to exceed the limits specified in Minnesota Statutes, section 136A 1701, subdivisions 4 and 5. The loan must not exceed the annual borrowing maximums of \$4,500 for grade levels one and two, and \$6,000 for grade levels three, four, and five or the cost of attendance less all other financial aid (including PLUS loans or other similar federal parent loans borrowed on the student's behalf); and the cumulative student loan debt (excluding PLUS loans or other similar federal parent loans borrowed on the student's behalf) must not exceed the aggregate borrowing maximums by grade level indicated in this subpart. The cumulative undergraduate borrowing maximums are

- (1) grade level 1, \$ 4,500,
- (2) grade level 2, \$ 9,000,
- (3) grade level 3, \$15,000;
- (4) grade level 4, \$21,000, and
- (5) grade level 5, \$25,000

B a graduate student are those prescribed in Minnesota Statutes, section 136A 1701. The loan must not exceed the annual graduate student borrowing maximum of \$9,000 for grade levels 6 through 9 or the cost of attendance less all other financial aid (including PLUS loans borrowed on the student's behalf), and the cumulative student loan debt of the graduate student (excluding PLUS loans borrowed on the student's behalf) does not exceed \$40,000 for both undergraduate and graduate educations combined.

[For text of subps 2 to 4, see M R.]

Statutory Authority: *MS s 136A 04; 136A 16*

History: *18 SR 1848*

4850.0017 REPAYMENT PROCEDURES.

Borrowers shall make payments of principal and interest according to the following schedule.

[For text of items A to G, see M.R.]

H Upon request, the executive director shall provide borrowers and cosigners with an annual statement of outstanding principal and interest paid during the previous calendar year.

Statutory Authority: *MS s 136A 04, 136A 16*

History: *18 SR 1848*