

4850.0018 CLAIMS.

Subpart 1. **When filed.** If after exercising due diligence, and after 120 days from the billing date the commissioner fails to collect a payment from a borrower or the cosigner, a claim must be filed to the bad debt reserve by the commissioner for the outstanding principal of the loan plus accrued interest.

Subp. 2. **When paid.** Claims are paid in four categories:

A. A claim for death of the borrower must be filed by the commissioner upon receipt of a death record. The cosigner's obligation to make any further payment of principal and interest or both on a SELF loan is canceled as of the date of death.

B. If the borrower becomes totally and permanently disabled, a claim must be filed by the commissioner upon receipt of proper medical documentation. The borrower's and cosigner's obligation to make any further payment of principal and interest on a SELF loan is canceled as of the date of approval of the medical documentation by the office.

C. If a borrower or cosigner fails to perform any of the conditions of the promissory note, a claim must be filed by the commissioner.

D. If a borrower is adjudicated bankrupt and has liability for the SELF loan discharged, the cosigner remains liable for unpaid principal and interest. If the cosigner fails to perform any of the conditions of the promissory note, the commissioner shall file a claim.

Statutory Authority: *MS s 136A.01; 136A.04; 136A.111; 136A.16; 136A.1701; 136A.234*

History: *10 SR 1852; 15 SR 1780; 20 SR 2214; L 2001 1Sp9 art 15 s 32; 32 SR 2268; L 2013 c 99 art 2 s 29*

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