

4850.0024 DEFAULTED LOAN REHABILITATION.

Subpart 1. **Availability.** A defaulted loan rehabilitation option is available for loans which defaulted after June 30, 2008.

Subp. 2. **Exclusions.** A defaulted loan rehabilitation option is not available for loans that have been turned over to a collection entity or that are in default for a second time.

Subp. 3. **Rehabilitation deadline.** Rehabilitation must be completed within two years from the default date.

Subp. 4. **Payment in full option.** A defaulted loan is considered rehabilitated if the outstanding balance of the defaulted loan is paid in full to the office within 90 days from the default date.

Subp. 5. **Payment plan option.** A borrower or cosigner may rehabilitate a defaulted loan upon approval by the office of a rehabilitation request signed by the borrower or cosigner and submitted to the office. If the office approves the rehabilitation request, the borrower or cosigner must make 12 monthly on-time payments on the defaulted loan. If the borrower or cosigner fails to make 12 consecutive on-time payments and if there is sufficient time remaining within the maximum two-year rehabilitation period, the borrower or cosigner may submit a second rehabilitation request for approval by the office to make 12 on-time payments. The combined payment amounts must be sufficient so that at the end of the rehabilitation period the loan conforms with the promissory note repayment terms had the loan not defaulted. A payment is considered on time if the payment is received by the office no later than seven calendar days after the agreed upon due date.

Subp. 6. **Rehabilitated loan requirement.** Once a loan has successfully been rehabilitated, the remaining balance must be repaid within the original time frame and according to the original terms and conditions of the promissory note.

Subp. 7. **Deletion of default loan status.** Upon completion of the loan rehabilitation, the office shall request deletion of the defaulted loan status from the credit bureaus if deletion is permitted by the credit bureaus. Deletion of the default status is contingent upon approval by the credit bureaus. Any past due reporting to the credit bureaus prior to the default will not be deleted.

Statutory Authority: *MS s 136A.16*

History: *32 SR 2268; 35 SR 1092*

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