

7380.0475 PENALTIES FOR DEFAULT.

Subpart 1. **Penalty for late payment.** If a borrower fails to make a payment in the amount and at the times prescribed by the authority, and fails to remedy the default within five business days after the payment due date, the authority shall charge the borrower the lesser of 18 percent per annum, based on 30-day months and a 360-day year, or the highest interest rate allowed by law, on the unpaid principal amount.

Subp. 2. **Penalty for material noncompliance.** If the authority notifies a borrower that the borrower is not in compliance with the loan conditions provided in parts 7380.0400 to 7380.0480, the borrower shall have three months from the date of notification to return to compliance or provide a written plan to the authority for returning to compliance. Upon submission of a plan by the borrower, the authority shall either accept or reject the plan. A borrower's failure to return to compliance or to provide an acceptable plan, or failure to return to compliance within the time periods specified in an accepted plan, shall result in an immediate increase in the interest rate on the loan by eliminating all interest rate discounts that were applied in determining the interest rate under part 7380.0442, subpart 3. If the authority determines that the borrower has returned to compliance, the interest rate on the unpaid loan principal shall revert back to the original interest rate as of the date of the notification of noncompliance by the authority.

Statutory Authority: *MS s 446A.07; 446A.081; 446A.11*

History: *32 SR 321*

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