

1 Higher Education Coordinating Board

2

3 Adopted Permanent Rules Relating to Financial Aid

4

5 Rules as Adopted

6 4830.0100 DEFINITIONS FOR HIGHER EDUCATION PROGRAMS.

7 [For text of subps 1 to 4, see M.R.]

8 Subp. 5. **Eligible student.** "Eligible student" means a
9 student who meets, at a minimum, all of the following
10 requirements:

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

12 E. is in good standing and making satisfactory
13 progress, as determined by the school;

14 F. is a permanent resident of the United States, if
15 the student is not a United States citizen; and

16 G. is not in default, as defined under the applicable
17 loan program, of any educational loan, or, if the student is in
18 default, has made satisfactory arrangements to repay the loan.

19 Subp. 6. **Executive director.** "Executive director" means
20 the executive director of the board, or board staff who perform
21 duties as assigned by the executive director.

22 [For text of subps 7 to 9, see M.R.]

23 Subp. 10. **Minnesota resident.** "Minnesota resident" means:

24 A. a dependent student whose parent or legal guardian
25 resides in Minnesota on the date of application;

26 B. an independent student who has resided in
27 Minnesota for other than educational purposes for at least 12
28 consecutive months prior to the date of application;

29 C. a student who graduated from a Minnesota high
30 school; or

31 D. a student who, after residing in the state for a
32 minimum of one year, earned a high school equivalency
33 certificate in Minnesota.

34 Subp. 10a. **Determination of student residence.** The
35 residence of the parent whose financial information is reported

1 in the financial need analysis determines the residence of the
2 student.

3 [For text of subp 11, see M.R.]

4 Subp. 12. **Returning student.** "Returning student" is a
5 student who has not been in attendance at a postsecondary
6 institution for at least the last three consecutive years before
7 applying for aid.

8 **STATE SCHOLARSHIPS-AND GRANTS**

9 **4830.0200 SCOPE.**

10 Parts 4830.0200 to 4830.0700 govern state ~~scholarships-and~~
11 grants.

12 **4830.0300 ELIGIBLE SCHOOLS.**

13 Subpart 1. **Annual list.** Annually the board shall adopt by
14 resolution a list of schools at which a state ~~scholarship-or~~
15 grant may be used. Schools may be added to the list by the
16 board anytime during the school year.

17 Subp. 2. **Requirements.** To be eligible a school must:

18 A. be located in Minnesota;

19 B. offer at least one program that:

20 (1) is vocational or academic in nature;

21 (2) leads to a certificate or degree;

22 (3) is at least ten weeks long; and

23 (4) involves at least 12 academic credits or 300

24 clock hours;

25 C. be:

26 (1) accredited by a federally recognized

27 accrediting agency or association;

28 (2) approved to offer degrees or use terms in its

29 name according to part 4840.0500; or

30 (3) licensed by an appropriate state agency; and

31 D. sign an institutional agreement with the executive
32 director.

33 **4830.0400 APPLICATION DATES AND STUDENT ELIGIBILITY.**

34 [For text of subpart 1, see M.R.]

1 Subp. 2. [See Repealer.]

2 Subp. 2a. ~~Out-of-state housing.~~ A student's Minnesota
3 residence is not lost if the student must live outside of
4 Minnesota for housing purposes while attending an eligible
5 school located within ten miles of the Minnesota border. The
6 student must have moved to the out-of-state address within six
7 months of beginning attendance at an eligible school.

8 ~~Subp. 3. Eligibility for initial scholarship. To be~~
9 ~~eligible for an initial scholarship a student must be an~~
10 ~~eligible student, as defined in part 4830.0100, subpart 5,~~
11 ~~except item E, and:~~

12 ~~A. demonstrate financial need;~~

13 ~~B. have ranked in the upper quarter of the class at~~
14 ~~the end of the junior year of senior high school, or the~~
15 ~~equivalent, based on the student's cumulative scholastic record~~
16 ~~in senior high school;~~

17 ~~C. be enrolled in a program that is at least ten~~
18 ~~weeks long, and involves at least 12 academic credits or 300~~
19 ~~clock hours; and~~

20 ~~D. must not have received a previous Minnesota state~~
21 ~~scholarship or grant.~~

22 Subp. 4. Eligibility for initial grant. To be eligible
23 for an initial grant a student must be an eligible student, as
24 defined in part 4830.0100, subpart 5, except E, and:

25 A. demonstrate financial need;

26 B. if under 17 years old, hold a high school diploma
27 or the equivalent;

28 C. be enrolled in a program that is at least ten
29 weeks long, and involves at least 12 academic credits or 300
30 clock hours; and

31 D. must not have received a previous Minnesota state
32 scholarship or grant.

33 Subp. 5. Renewal awards. A scholarship or grant is
34 renewable for a maximum of six semesters, nine quarters, or the
35 equivalent, but must not continue after the first of the
36 following occurrences:

1 A. the recipient has obtained a baccalaureate degree;
2 or

3 B. the recipient has been enrolled on a full-time
4 basis for eight semesters, 12 quarters, or the equivalent.
5 To be eligible to renew a ~~scholarship-or~~ grant a student must
6 apply each year and continue to meet the requirements for an
7 initial ~~scholarship-or~~ grant, except for ~~subparts-3-and~~ subpart
8 4, item D. A student must have made satisfactory progress as
9 determined by the school.

10 Subp. 6. **Overlapping awards.** A student may not receive
11 funds from the state campus-based part-time student grant
12 program and the state ~~scholarship-and~~ grant program for the same
13 or overlapping periods of enrollment.

14 4830.0500 RANKING APPLICANTS.

15 Subpart 1. **Classification and ranking of applicants.** Each
16 applicant shall be placed in at least one of the following
17 classifications: ~~renewal-scholarship,~~ renewal grant,~~-initial~~
18 ~~scholarship,~~ or initial grant. Grant applicants are ranked
19 according to parental contribution; applicants with the least
20 parental contribution are awarded first. ~~Scholarship-applicants~~
21 ~~are-ranked-according-to-class-rank-as-a-junior-in-high-school,~~
22 ~~applicants-with-the-highest-class-rank-are-awarded-first.~~

23 Subp. 2. **Priority of classes of applicants.** ~~Applicants~~
24 ~~renewing-scholarships-shall-be-given-first-priority.~~ Applicants
25 renewing grants shall be given ~~second~~ first priority.
26 ~~Applicants-for-initial-scholarships-shall-be-given-third~~
27 ~~priority.~~ Applicants for initial grants shall be given ~~fourth~~
28 second priority. Awards shall be made on a funds available
29 basis. Once an award is made it may not be withdrawn in order
30 to award an applicant of higher priority.

31 [For text of subp 3, see M.R.]

32 4830.0600 AWARDS.

33 Subpart 1. **Monetary awards.** The amount of a ~~scholarship~~
34 ~~or~~ grant may not exceed an applicant's cost of attendance, as
35 defined in Minnesota Statutes, section 136A.121, subdivision 6,

1 after deducting the following:

2 [For text of item A, see M.R.]

3 B. For an applicant who is not an independent
4 student, a contribution by the applicant's parents, as
5 determined by the financial need analysis.

6 [For text of items C and D, see M.R.]

7 Subp. 1a. **Minimum.** The minimum award amount shall be \$100.

8 Subp. 2. **Adjustments to awards.** If financial need
9 decreases because a recipient chooses a different school after
10 the ~~scholarship-or~~ grant award is offered, the award shall be
11 reduced. If a change in schools causes financial need to
12 increase, the award shall be increased only if funds are
13 available.

14 4830.0700 METHOD OF PAYMENT.

15 Subpart 1. **Payments to schools.** After a ~~scholarship-and~~
16 grant award is determined, the award shall be sent by the
17 executive director to the school chosen by the recipient. The
18 school shall apply the award to the recipient's educational
19 costs in the following order: tuition, fees, books, supplies,
20 and other expenses. The costs must be prorated for each term of
21 the academic year. The school shall notify each recipient that
22 the award has been received by the school.

23 Subp. 2. **Refunds.** A ~~scholarship-and~~ grant is awarded for
24 full-time attendance at a specified school for the academic year
25 of nine months within the state fiscal year. If a recipient
26 fails to enroll or reduces enrollment, the school must refund
27 the unused portion of the award. If the executive director
28 determines that a school has fraudulently handled ~~scholarship-or~~
29 grant money, the refund of the unused portion of the award is
30 immediately due, and the board may institute a civil action for
31 recovery if necessary. Refunds to the board are determined as
32 follows:

33 A. Determine the percentage that the state
34 ~~scholarship-or~~ grant award represents of the student's total
35 financial aid package for the applicable term;

1 Parts 4830.1550 to 4830.1556 govern state grants for less
2 than half-time students.

3 4830.1551 ELIGIBLE SCHOOLS.

4 Schools eligible for part-time student grants are the same
5 schools eligible for state ~~scholarships-and~~ grants under part
6 4830.0300.

7 4830.1552 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

8 Subpart 1. Allocation formula. The executive director
9 shall allocate funds to each school according to the following
10 formula:

11 A. Each school's share is the number of part-time
12 students enrolled in the last fiscal year, multiplied by the
13 average registration level of its part-time students in the last
14 fiscal year, multiplied by the institutional budget used by the
15 ~~scholarship-and~~ grant program for the current fiscal year.

16 B. Each school's initial allocation is the school's
17 share divided by the sum of school shares, multiplied by the
18 last year's percent of usage, multiplied by 90 percent. Percent
19 of usage is defined as follows:

20 (1) If no final report is received by the first
21 working day after August 9, the percent of usage is 80 percent.

22 (2) If the final report is received before August
23 10, the percent of usage is the total amount of funds used
24 divided by the last year's allocation.

25 (3) A refund in excess of \$1,000 received after
26 April 1 is multiplied by 150 percent and subtracted from the
27 original allocation to determine the funds used. This amount is
28 divided by the last year's allocation to determine the percent
29 of usage.

30 C. Each January, the executive director shall
31 allocate the remaining ten percent of the total part-time grant
32 allocation according to the same formula, except that the last
33 year's percent of usage must not be applied.

34 "Number of part-time students" means the sum of all
35 enrolled resident, extension, and unclassified part-time

1 students, who are Minnesota residents, and are reported to the
2 board for its annual enrollment survey as lower division, upper
3 division, and vocational students in the fall term of the school
4 year.

5 "Registration level" is the number of credits (or an
6 equivalent measure) taken by part-time students in the fall term
7 of the school year as reported to the board for its annual
8 enrollment survey, divided by 12 credits (or an equivalent
9 measure).

10 Subp. 2. **Notification.** The executive director shall
11 notify each school of the amount allocated to it.

12 Subp. 3. **Accountability.** Each participating school shall
13 be accountable for any funds disbursed to students for grants
14 for part-time students. Funds may be used only during the
15 fiscal year of disbursement. If a student does not use a grant
16 because the student does not enroll or withdraws from school,
17 the school may use the funds for other eligible students or
18 return them to the board.

19 Subp. 4. **Unused funds.** When requested by the executive
20 director, a school shall report its use of funds and shall
21 return unused funds. The executive director shall reallocate
22 unused funds to schools desiring additional funds.

23 4830.1553 DETERMINATION OF ELIGIBILITY.

24 A school shall determine if a student is eligible for a
25 part-time student grant. To be eligible a student must be an
26 eligible student as defined in part 4830.0100, subpart 5, items
27 A, B, C, E, F, and G. The student must be pursuing course work
28 applicable to a degree, diploma, or certificate and be enrolled
29 either less than half-time as defined by the board, or as a new
30 or returning student enrolled at least half-time but less than
31 full-time as defined by the board.

32 4830.1554 AMOUNT AND TERM OF GRANTS.

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

34 Subp. 3. **Amount.** The amount of the grant when combined
35 with (a) grant assistance from federal, state, institutional, or

1 private sources, (b) employer reimbursement, and (c) the
2 expected parent/student contribution resulting from the
3 assessment of financial need under subpart 1, must not exceed
4 the student's direct educational cost as defined in subpart 2.

5 4830.1555 REPORTS OF DATA.

6 The school must collect demographic, educational, and
7 financial data specified by the executive director from eligible
8 students requesting grants. The school shall provide the
9 executive director with individual student data upon request.

10 End of year program activity and student data reports are
11 required by the executive director. The school must correctly
12 complete and submit the reports and any applicable refunds to
13 the executive director by the first working day after August 9.
14 The executive director shall withhold the school's subsequent
15 year's allocation if the above deadline is not met.

16 4830.2100 ELIGIBLE SCHOOLS.

17 Schools eligible for work-study grants are the same schools
18 eligible for state ~~scholarships-and~~ grants under part 4830.0300.

19 4830.2200 APPLICATION AND DISTRIBUTION OF FUNDS FOR GRANTS.

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

21 Subp. 3. **Modification of allocations.** The executive
22 director shall allocate funds equal to a school's estimated need
23 if the estimated need is less than the amount determined by the
24 allocation formula.

25 [For text of subp 4, see M.R.]

26 Subp. 5. **Unused funds.** The school must return funds which
27 the school determines will not be used within 30 days from the
28 date of a request by the executive director. The executive
29 director shall reallocate the funds to other participating
30 schools requesting additional funds.

31 Subp. 6. **Reallocation.** The executive director shall
32 reallocate funds using the formula specified in subpart 2, items
33 A and B.

34 4830.2300 WORK-STUDY GRANTS.

1 A school shall determine if a student is eligible for a
2 work-study grant. To be eligible a student must meet the
3 requirements of part 4830.0100, subpart 5, items B to F. A
4 student employed during periods of nonenrollment must sign a
5 statement of intent to enroll full-time the next term or provide
6 proof of registration for the next term.

7 4830.2500 CONTRACTS WITH EMPLOYERS.

8 [For text of subps 1 to 3, see M.R.]

9 Subp. 4. **Supervision.** The school, with the employer, must
10 develop for each work-study assignment a program of supervision
11 consistent with the nature of the assignment and the needs of
12 the individual student. Upon request, the school must submit
13 the program of supervision to the executive director for review
14 and comment.

15 [For text of subp 5, see M.R.]

16 4830.2600 REPORTS BY SCHOOL.

17 The school must collect demographic and program activity
18 data as specified by the executive director. The school shall
19 provide the executive director with individual student data upon
20 request.

21 End of year program activity and student data reports are
22 required by the executive director. The school must correctly
23 complete and submit these reports and any applicable refunds to
24 the executive director by the first working day after August 9.
25 The executive director shall withhold the school's subsequent
26 year's allocation if the above deadline date is not met.

27 4850.0010 PURPOSE.

28 The purpose of parts 4850.0010 to 4850.0018 is to augment
29 Minnesota Statutes, sections 136A.15 to 136A.1702, establishing
30 a state program of supplemental loans to postsecondary students
31 by providing standards, criteria, and rules for the program.

32 4850.0011 DEFINITIONS.

33 Subpart 1. **Academic year.** "Academic year" means:

34 A. a period of time, typically eight or nine months,

1 in which a full-time student is expected to complete the
2 equivalent of at least two semesters, two trimesters, or three
3 quarters at an eligible school using credit hours; or

4 B. at least 900 clock hours of training for a program
5 at an eligible school using clock hours.

6 A student may borrow for a portion of the academic year, or
7 for all of it (see "loan period").

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

9 Subp. 5. **Certificate or degree.** "Certificate" or "degree"
10 means a written or printed statement of the fact that the holder
11 has met the eligible school's minimum requirements for
12 completion, and certifies a minimum mastery of the subject
13 matter for a particular academic or vocational program.

14 [For text of subps 6 to 8, see M.R.]

15 Subp. 9. **Credit worthy cosigner.** "Credit worthy cosigner"
16 means one who, in the judgment of the executive director has:

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

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

26 A. be at least 18 years old;

27 B. be a person or an eligible school; and

28 C. agree to the release of information to a consumer
29 credit reporting agency, as described in part 4850.0012, subpart
30 4.

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

36 [For text of subp 11, see M.R.]

1 Subp. 12. **Delinquency.** "Delinquency" means the condition
2 that exists when a borrower's scheduled payment of principal or
3 interest or both is received by the executive director after the
4 due date.

5 [For text of subp 13, see M.R.]

6 Subp. 14. **Eligible school.** "Eligible school" means a
7 school that:

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

9 C. signs an institutional loan participation
10 agreement with the executive director that lists the duties and
11 responsibilities of both the school and the executive director.

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

14 A. is enrolled in an eligible school in Minnesota, or
15 is a Minnesota resident enrolled in an eligible school in
16 another state or United States territory or is a student who
17 graduated from a Minnesota high school and is enrolled in an
18 eligible school in Minnesota or another state or United States
19 territory;

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

21 D. is not currently in default, as defined by each
22 specific program, of any student educational loan program
23 (Stafford Loan, GSL, FISL, NDSL, Perkins, HPL, HEAL, ALAS/SLS,
24 or other state supplemental loan program) at the current or any
25 previous school;

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

27 [For text of subp 16, see M.R.]

28 Subp. 16a. **Executive director.** "Executive director" means
29 the executive director of the board, or board staff who perform
30 duties as assigned by the executive director.

31 [For text of subps 17 to 20, see M.R.]

32 Subp. 21. **Graduate student.** "Graduate student" means a
33 student who is pursuing a program, or has a baccalaureate degree
34 and is enrolled in courses which are normally part of a program,
35 leading to a graduate or professional degree or certificate at
36 an eligible school; and has successfully completed the

1 equivalent of at least three years of full-time study at an
2 eligible school either prior to entrance into the program or as
3 part of the program itself.

4 [For text of subp 22, see M.R.]

5 Subp. 23. **In-school period.** "In-school period" means the
6 period that the eligible student is enrolled in an eligible
7 school.

8 Subp. 24. **Late charge.** "Late charge" means a charge, not
9 to exceed \$20, that is assessed against borrowers each time a
10 payment of principal and/or interest is received by the
11 executive director more than 15 days after the due date.

12 [For text of subps 25 and 26, see M.R.]

13 Subp. 27. **Repayment period.** "Repayment period" means the
14 time period which begins immediately following the transition
15 period and runs to the earliest of:

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

17 [For text of subps 28 to 30, see M.R.]

18 4850.0012 SCHOOL AGREEMENTS AND STUDENT APPLICATIONS.

19 Subpart 1. **Institutional loan participation agreement.**

20 The eligible school and the executive director must sign a loan
21 participation agreement that will:

22 A. state the eligible school's responsibility for
23 proper certification and delivery of loans to students; and

24 B. name a representative of the eligible school who
25 is to be responsible for the administration of the agreement.

26 Subp. 2. **Termination.** The executive director may
27 terminate the agreement with an eligible school upon determining
28 that the school is not complying with the rules in parts
29 4850.0010 to 4850.0018. All obligations of the school under the
30 agreement shall continue in full force and effect with respect
31 to all SELF loans then outstanding to students of the school.

32 Subp. 3. **Application, guarantee, and promissory note.** The
33 student shall complete the SELF application and attached
34 promissory note, and deliver or mail them to the eligible school
35 for certification. The eligible school shall then deliver or

1 mail the application and promissory note to the student who
2 shall deliver or mail them to the cosigner who shall complete
3 his or her portion of the application and promissory note and
4 deliver or mail them to the executive director. The executive
5 director will check the application and promissory note for
6 completeness, determine the eligibility of the applicant, and
7 conduct a credit check of the cosigner. If the executive
8 director approves the loan application, the document file shall
9 be sent to the trustee (or agent) for approval. The trustee (or
10 agent) shall approve the application and forward the document
11 file to the servicer or shall reject the application and return
12 the document file to the executive director. The servicer shall
13 enter the application on the servicing computer system, prepare
14 and mail a disclosure statement to the borrower and cosigner,
15 advise the school of the loan approval, schedule disbursements,
16 deduct and mail the guarantee fee from the loan proceeds to the
17 insurer, and place the document file in permanent storage. If
18 the executive director rejects the loan application, the
19 applicant and the cosigner must be advised in writing of the
20 decision and the reasons for the rejection.

21 [For text of subp 4, see M.R.]

22 4850.0014 AMOUNT AND TERMS.

23 Subpart 1. **Loan amounts.** The minimum loan amount from the
24 student educational loan fund is \$1,000.

25 The annual and maximum loan amounts for:

26 A. an undergraduate student are those prescribed in
27 Minnesota Statutes, section 136A.1701. The loan must not exceed
28 the stated annual undergraduate borrowing maximum or the cost of
29 attendance less all other financial aid (including PLUS loans
30 borrowed on the student's behalf); and the cumulative student
31 loan debt (excluding PLUS loans borrowed on the student's
32 behalf) must not exceed the product of the grade level times the
33 annual undergraduate borrowing maximum, except in grade level 05
34 when the cumulative undergraduate loan debt maximum stays the
35 same as in grade level 04. For example, if the annual

1 undergraduate borrowing maximum in statute is \$4,000, the
2 cumulative undergraduate loan debt maximum, by grade level, is:

- 3 (1) grade level 1, \$ 4,000;
4 (2) grade level 2, \$ 8,000;
5 (3) grade level 3, \$12,000;
6 (4) grade level 4, \$16,000; and
7 (5) grade level 5, \$16,000.

8 B. a graduate student are those prescribed in
9 Minnesota Statutes, section 136A.1701. The loan must not exceed
10 the stated annual graduate student borrowing maximum or the cost
11 of attendance less all other financial aid (including PLUS loans
12 borrowed on the student's behalf); and the cumulative student
13 loan debt of the graduate student (excluding PLUS loans borrowed
14 on the student's behalf) does not exceed the total amount
15 prescribed in Minnesota Statutes for both undergraduate and
16 graduate educations combined. For example, if the stated total
17 borrowing maximum is \$25,000, the cumulative graduate student
18 borrowing maximum, by grade level, is:

- 19 (6) grade level 6, \$25,000;
20 (7) grade level 7, \$25,000;
21 (8) grade level 8, \$25,000; and
22 (9) grade level 9, \$25,000.

23 [For text of subp 2, see M.R.]

24 Subp. 3. Interest rate. For loans made from the bonds,
25 the interest rate on the loan must be fixed by the executive
26 director at a margin in excess of the "index rate" on the
27 bonds. If the bonds bear interest at more than one rate at any
28 one time, the "index rate" will be the weighted average of the
29 interest rates. The "index rate" may change on Thursday of each
30 week. If the "index rate" increases or decreases, the interest
31 rate on the loan increases or decreases automatically on the
32 same day without notice to the borrower. If the executive
33 director determines that the margin does not reflect the costs
34 of the SELF program, the executive director must increase or
35 decrease the margin. The executive director shall advise
36 borrowers of changes in the margin.

1 For loans made from sources other than the bonds, the
2 interest rate on the loan will be determined by the executive
3 director at a margin in excess of the "index rate." The "index
4 rate" is the average rounded to the nearest quarter of one
5 percent of the bond equivalent yield, for auctions of 13 week
6 treasury bills, during the preceding calendar quarter. If the
7 index rate increases or decreases, the interest rate on the loan
8 automatically increases or decreases on the same day without
9 notice to the borrower. The interest rate on the loan cannot
10 increase or decrease more than two percentage points over any
11 four consecutive calendar quarters. The executive director
12 shall set the margin to reflect the costs of the SELF program.
13 If the executive director determines that the margin does not
14 reflect the costs of the SELF program, the executive director
15 must increase or decrease the margin. The executive director
16 shall advise borrowers of changes in the margin.

17 4850.0015 LOAN DISBURSEMENTS.

18 Subpart 1. **Disbursement scheduling.** Checks must be
19 jointly payable to the borrower and the eligible school. If the
20 loan period covers more than one academic or payment period, the
21 loan must be disbursed in installments during each academic or
22 payment period. (For example, if an eligible school's academic
23 year is divided by quarters, the student's loan amount may be
24 disbursed in three installments, once each quarter.)
25 Disbursements must be made at the beginning of each academic
26 term, unless the executive director requires or the school
27 suggests other more appropriate dates.

28 [For text of subp 2, see M.R.]

29 Subp. 3. **Disbursement when check arrives during loan**
30 **period.** When the check arrives during the loan period, the
31 school, having checked enrollment and satisfactory academic
32 progress, shall endorse the check along with the student,
33 subtract from the proceeds that amount owed to it for the
34 payment period, and make arrangements with the student for the
35 use of any remaining proceeds. The student has the same options

1 for receiving any remaining proceeds as described in subpart 2.
2 If the student is on a school approved leave of absence when the
3 check arrives and is scheduled to return within 30 days from the
4 date on the check, the school may hold the check until the
5 student returns. If the student fails to return or does not
6 show up for disbursement, the check must be returned to the
7 executive director within 30 days from the date on the check.

8 **Subp. 4. Disbursement when check arrives after loan period.**

9 When the check arrives after the loan period, the school, having
10 checked enrollment and satisfactory academic progress, may
11 endorse the check along with the student within 30 days from the
12 end of the loan period, subtract from the proceeds that amount
13 owed to it for the payment period, and make arrangements with
14 the student for use of any remaining proceeds. The student has
15 the same options for receiving any remaining proceeds as
16 described in subpart 3. If the check arrives more than 30 days
17 after the end of the loan period, the school must return the
18 check to the executive director.

19 **4850.0016 NONENROLLMENT, TRANSFER, AND WITHDRAWAL.**

20 **Subpart 1. Nonenrollment.** A school shall return a check
21 to the executive director for a student who fails to enroll
22 within 30 days of the date on the check.

23 **Subp. 2. Withdrawal and transfer to another eligible**
24 **school.** If the student fails to complete the loan period at the
25 school where the loan application was certified and transfers to
26 another eligible school, any remaining scheduled disbursements
27 must be canceled. The school must immediately notify the
28 executive director of any borrower who withdraws for any
29 purpose. The student may apply for any remaining loan
30 eligibility at the other eligible school, assuming the amount
31 approved is at least \$1,000.

32 **Subp. 3. Withdrawal.** In the event that a borrower, for
33 any reason, fails to complete a loan period and withdraws, at a
34 time when the institution pays a refund of charges to the
35 student, some portion of that refund must be returned to the

1 board for the SELF Loan Program within ~~30~~ 45 days of the date
2 the school becomes aware of the withdrawal. Refunds to the
3 board are determined by items A and B.

4 A. Determine the percentage that the SELF loan
5 represents of the student's total financial aid package for the
6 applicable term.

7 B. Multiply that percentage by the amount determined
8 to be refunded to the student under the school's refund policy.
9 The result yields the amount to be refunded to the board.

10 Subp. 4. **Reduction of enrollment to less than half-time**
11 **status.** The school shall notify the executive director
12 immediately when a student reduces enrollment below a half-time
13 status, but remains enrolled. Such a student shall be permitted
14 to remain in an in-school repayment period for no more than six
15 months including normal school vacation periods before the
16 transition period begins.

17 4850.0017 REPAYMENT PROCEDURES.

18 Borrowers shall make payments of principal and interest
19 according to the following schedule:

20 A. During the in-school period, the board or its
21 agent shall bill borrowers for accrued interest once during each
22 calendar quarter.

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

24 C. During the repayment period, the board or its
25 agent shall bill borrowers for accrued interest and principal
26 once during each calendar month. The interest rate may vary
27 throughout the period. The sum of the monthly payments must
28 equal the sum of accrued interest plus principal. The monthly
29 payments of principal must be in amounts calculated at the
30 beginning of the repayment period as if two conditions existed.
31 The two conditions are: (1) interest on the loan accrues at a
32 fixed rate equal to the interest rate in effect at the time of
33 the calculation and (2) the loan is payable over its term in
34 equal monthly installments. The borrower must pay a total of at
35 least \$600 each year on all of the borrower's SELF loans. If

1 the borrower's spouse also has SELF loans, their combined annual
2 payments on all SELF loans must be at least \$600.

3 D. Late charges must be billed to the borrower on the
4 30-day delinquent letter mailed by the board or its agent and
5 are due and payable immediately.

6 [For text of items E and F, see M.R.]

7 G. The executive director shall grant forbearances in
8 those instances when the borrower experiences hardship in making
9 payments of principal and/or interest, and when the cosigner has
10 either died, become temporarily or permanently disabled, or for
11 some other reason, such as unemployment or limited fixed income,
12 demonstrated an inability to make payment. Such a forbearance
13 shall be granted upon receipt of written documentation from the
14 borrower and the cosigner relating to the unemployment or
15 similar financial hardship case and is limited to 120 days,
16 renewable upon further documentation for another 120 days.
17 However, the borrower or cosigner must make at least three full
18 payments before the forbearance is renewed.

19 H. The executive director shall provide borrowers and
20 cosigners with an annual statement of outstanding principal and
21 interest paid during the previous calendar year.

22 4850.0018 CLAIMS.

23 Subpart 1. **When filed.** If after exercising due diligence,
24 and after 120 days from the billing date the executive director
25 fails to collect a payment from a borrower or the cosigner, a
26 claim must be filed by the executive director with the program
27 insurer for the outstanding principal of the loan plus accrued
28 interest.

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

30 A. A claim for death of the borrower must be filed by
31 the executive director upon receipt of a death certificate. The
32 cosigner's obligation to make any further payment of principal
33 and interest or both on a SELF loan is canceled as of the date
34 of death.

35 B. If the borrower becomes totally and permanently

1 disabled, a claim must be filed by the executive director upon
2 receipt of proper medical documentation. The cosigner's
3 obligation to make any further payment of principal and interest
4 on a SELF loan is canceled as of the date of medical
5 documentation.

6 C. If a borrower or cosigner fails to perform any of
7 the conditions of the promissory note, a claim must be filed by
8 the executive director.

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

14
15 REPEALER. Minnesota Rules, parts 4830.0400, **subpart**
16 subparts 2 and 3, 4830.3000, 4830.3100, 4830.3200, 4830.3300,
17 and 4830.3400 are repealed.