

1 Higher Education Coordinating Board

2

3 Adopted Permanent Rules Relating to Education; Postsecondary;

4 Student Financial Assistance; SELF Loans

5

6 Rules as Adopted

7 4850.0011 DEFINITIONS.

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

9 Subp. 10. Cosigners. All borrowers from the student

10 educational loan fund shall have a credit worthy cosigner who is

11 either a United States citizen or a permanent resident. The

12 cosigner is jointly and separately responsible for making loan

13 payments (principal, interest, and other charges). The cosigner

14 is relieved of this financial responsibility only in the event

15 of death or permanent disability of the borrower. A cosigner

16 must:

17 A. be at least 18 years old;

18 B. be a person or an eligible school;

19 C. agree to the release of information to a consumer

20 credit reporting agency, as described in part 4850.0012, subpart

21 4; and

22 D. permanently reside in the United States.

23 If the cosigner has no credit history, credit worthiness

24 shall be determined by the executive director, by a review of

25 banking references and a review of net worth data with a minimum

26 test requiring that net worth equal or exceed a sum ten times

27 the size of each loan amount requested.

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

29 Subp. 15. Eligible student. "Eligible student" means a

30 student who:

31 A. is enrolled in an eligible school in Minnesota, or

32 is a Minnesota resident enrolled in an eligible school in

33 another state, United States territory, or province as defined

34 in Minnesota Statutes, section 136A.15, subdivision 5;

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



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

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

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

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

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

17 Subp. 29. **Transition period.** "Transition period" means a  
18 12-month period immediately following graduation or termination  
19 of enrollment for borrowers who have loans made from the bonds.  
20 Borrowers with loans made from sources other than the bonds may  
21 extend the transition period an additional period not to exceed  
22 24 months upon approval by the executive director. During the  
23 transition period, borrowers are billed for interest only.

24 [For text of subp 30, see M.R.]

25 4850.0012 SCHOOL AGREEMENTS AND STUDENT APPLICATIONS.

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

27 Subp. 3. **Application, guarantee, and promissory note.** The  
28 student shall follow the appropriate SELF application process  
29 used at the eligible school. The student shall deliver or mail  
30 the application and promissory note to the cosigner who shall  
31 complete the cosigner's portion of the application and  
32 promissory note and deliver or mail them to the executive  
33 director. The executive director will check the application and  
34 promissory note for completeness, determine the eligibility of  
35 the applicant, and conduct a credit check of the cosigner. If

1 the executive director approves the loan application, the  
2 document file shall be sent to the trustee (or agent) for  
3 approval. The trustee (or agent) shall approve the application  
4 and forward the document file to the servicer or shall reject  
5 the application and return the document file to the executive  
6 director. The servicer shall enter the application on the  
7 servicing computer system, prepare and mail a disclosure  
8 statement to the borrower and cosigner, advise the school of the  
9 loan approval, schedule disbursements, deduct and mail the  
10 guarantee fee from the loan proceeds to the insurer, and place  
11 the document file in permanent storage. If the executive  
12 director rejects the loan application, the applicant and the  
13 cosigner must be advised in writing of the decision and the  
14 reasons for the rejection.

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

16 4850.0014 AMOUNT AND TERMS.

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

19 The annual and maximum loan amounts for:

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

- 33 (1) grade level 1, \$ 4,500;  
34 (2) grade level 2, \$ 9,000;  
35 (3) grade level 3, \$15,000;

1 (4) grade level 4, \$21,000; and  
2 (5) grade level 5, \$25,000.

3 B. a graduate student are those prescribed in  
4 Minnesota Statutes, section 136A.1701. The loan must not exceed  
5 the annual graduate student borrowing maximum of \$9,000 for  
6 grade levels 6 through 9 or the cost of attendance less all  
7 other financial aid (including PLUS loans borrowed on the  
8 student's behalf); and the cumulative student loan debt of the  
9 graduate student (excluding PLUS loans borrowed on the student's  
10 behalf) does not exceed ~~the-total-amount-prescribed-in-Minnesota~~  
11 ~~Statutes~~ \$40,000 for both undergraduate and graduate educations  
12 combined. ~~For-example,-if-the-stated-total-borrowing-maximum-is~~  
13 ~~\$40,000,-the-cumulative-graduate-student-borrowing-maximum,-by~~  
14 ~~grade-level,-is-~~

15 ~~(6)-grade-level-6,-\$40,000;~~  
16 ~~(7)-grade-level-7,-\$40,000;~~  
17 ~~(8)-grade-level-8,-\$40,000;-and~~  
18 ~~(9)-grade-level-9,-\$40,000-~~

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

20 4850.0017 REPAYMENT PROCEDURES.

21 Borrowers shall make payments of principal and interest  
22 according to the following schedule:

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

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