

Office of Higher Education**Proposed Permanent Rules Relating to Supplemental Student Loans****4850.0011 DEFINITIONS.**

[For text of subpart 1, see Minnesota Rules]

Subp. 2. [See repealer.]

Subp. 2a. **Borrower.** "Borrower" means an individual who is a beneficiary of a SELF Loan.

Subp. 3. [Repealed, 20 SR 2214]

Subp. 4. **Capitalized interest or capitalization.** "Capitalized interest" or "capitalization" means accrued interest that is added to the outstanding loan principal.

[For text of subpart 5, see Minnesota Rules]

Subp. 6. [See repealer.]

Subp. 7. [Repealed, 20 SR 2214]

Subp. 7a. **Commissioner.** "Commissioner" means the commissioner of the office, or office staff who perform duties as assigned by the commissioner. [Renumbered from subpart 12a.]

Subp. 7b. **Cosigner.** "Cosigner" means an individual under part 4850.0026.

[For text of subpart 8, see Minnesota Rules]

Subp. 9. **Creditworthy cosigner.** ~~"Creditworthy cosigner" means one~~ "Creditworthy" refers to an individual who, based on either information provided by a national credit bureau or information available to the office, has:

[For text of items A and B, see Minnesota Rules]

C. ~~no more than \$300 combined total in unsatisfied credit or unsatisfied payment obligations including, but not limited to, charged-off loans, credit, medical, utility accounts, collection items, and tax or mechanics liens;~~ as listed on the individual's credit report:

(1) a total debt greater than \$300, with no more than \$300 of combined debt charged-off or that represents a tax or mechanic's lien; or

(2) a total debt of \$300 or less, with no single charged-off debt or tax or mechanic's lien;

[For text of item D, see Minnesota Rules]

E. ~~no current delinquency on any defaulted loan payments to~~ or SELF Refi Loan with the office that has not been satisfied in full;

F. ~~no defaulted existing loan or SELF Refi Loan that is delinquent or in forbearance with the office which has not been paid in full in accordance with the requirements of the office when a new loan is approved unless an approved exception has been made for a natural disaster forbearance; and~~

G. a required credit score; if established, by the commissioner under part 4850.0013.

Subp. 10. [See repealer.]

[For text of subpart 11, see Minnesota Rules]

Subp. 11a. **Default date.** "Default date" means the date that the loan servicer submits the loan is submitted by to the office to the loan servicer as a default due to failure to comply with the required terms of the promissory note.

[For text of subpart 12, see Minnesota Rules]

Subp. 12a. [Renumbered as subpart 7a.]

[For text of subpart 13, see Minnesota Rules]

Subp. 14. **Eligible school.** "Eligible school" means a school that meets the requirements for an eligible institution ~~as defined in~~ under Minnesota Statutes, section 136A.155, and either:

[For text of items A and B, see Minnesota Rules]

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

A. is enrolled in an eligible school in Minnesota, or is a Minnesota resident enrolled in an eligible school in another state or United States territory ~~as defined in Minnesota Statutes, section 136A.155;~~

B. is enrolled at least half time in ~~a~~ an educational program leading to a certificate, associate, baccalaureate, masters, doctorate, or other professional degree or the completion of prerequisites for a degree;

C. is making satisfactory academic progress ~~as defined in Minnesota Statutes, section 136A.101, subdivision 10;~~

D. is not currently in default, as defined by each specific ~~program, of any student educational loan program (Stafford Loan, GSL, FISL, NDSL, Perkins, HPL, HEAL, ALAS/SLS, or other similar federal, state, private, or institutional student loan program) at the current or any previous school~~ federal, state, private, or institutional student loan program, based on the knowledge of either the office or the eligible school;

E. is not currently delinquent in payment of interest or principal on an outstanding SELF or SELF Refi Loan and does not have a forbearance, unless an approved exception has been made for a natural disaster forbearance;

F. has a creditworthy cosigner when the loan is approved;

G. ~~demonstrates~~ establishes financial eligibility by ~~meeting the "maximum effort"~~
~~test~~ demonstrating maximum effort; and

H. has agreed to the release of information to a consumer credit reporting agency,
~~as listed in~~ according to part 4850.0012, subpart 4.

Subp. 16. **Enrolled student.** ~~"Enrolled student"~~ "Enrolled" means a student ~~who~~ has
registered for and begun the loan period at the eligible school.

Subp. 16a. [Repealed, 20 SR 2214]

Subp. 17. **Financial aid.** "Financial aid" ~~includes all money flowing to the student~~
~~that is contingent upon the student's enrollment at the eligible school~~ has the meaning given
"estimated financial assistance" in Code of Federal Regulations, title 34, part 682, section
200, paragraph (b).

[For text of subparts 18 to 20, see Minnesota Rules]

Subp. 21. [See repealer.]

Subp. 22. ~~Half-time student~~ Half time. ~~"Half-time student~~ Half time" means ~~one~~
~~who is enrolled in~~ at an eligible school and carrying a half-time academic workload as
determined by the eligible school that amounts to at least one-half the workload of a full-time
certificate or degree seeking student. In eligible schools utilizing clock hours, half-time
enrollment includes programs requiring at least 300 clock hours.

Subp. 23. **In-school period.** "In-school period" means ~~the~~ a period that the eligible
student is enrolled on at least a half-time basis in an eligible school.

[For text of subparts 24 to 25, see Minnesota Rules]

Subp. 26. **Maximum effort.** ~~To have used~~ "Maximum effort" means that ~~the~~ a student
has applied for and exhausted all eligibility for other forms of financial aid ~~(except~~
~~work-study, federal and student loans covered under Code of Federal Regulations, title 34,~~

~~part 674, the federal Perkins Loan Program, Code of Federal Regulations, title 34, part 682, the federal Family Education Loan Program or FFEL, Code of Federal Regulations, title 34, part 685, the William D. Ford federal Direct Loan Program, or other similar federal student loan, and HEAL),~~ before applying for a SELF Loan. Financial aid administrators must include any financial aid that has been awarded or is expected to be awarded to the student for the loan period.

Subp. 26a. [Renumbered as subpart 26c.]

Subp. 26b. **Natural disaster forbearance.** "Natural disaster forbearance" means a forbearance made owing to a local-, state-, or federal-declared natural disaster that negatively affects a borrower's or cosigner's ability to safely live at home or to safely work.

Subp. 26c. **Office.** "Office" means the Minnesota Office of Higher Education or its predecessors or successors. [Renumbered from subpart 26a.]

Subp. 26d. **Satisfactory academic progress.** "Satisfactory academic progress" has the meaning given in Minnesota Statutes, section 136A.101, subdivision 10.

Subp. 26e. **SELF Loan or loan.** "SELF Loan" or "loan" means a loan issued under this chapter and does not include SELF Refi Loan.

Subp. 26f. **SELF Refi Loan.** "SELF Refi Loan" means a loan issued by the office to refinance an educational loan.

[For text of subparts 27 and 28, see Minnesota Rules]

Subp. 28a. [See repealer.]

Subp. 28b. [See repealer.]

Subp. 28c. [See repealer.]

Subp. 28d. [See repealer.]

Subp. 28e. **Temporary total disability.** "Temporary total disability" means a disability certified according to part 4850.0027, subpart 1, and resulting from:

A. an injury or illness that is expected to last at least four months and that interferes with the borrower's ability to make loan payments. A borrower has a temporary total disability if a doctor of medicine or osteopathic medicine, legally authorized to practice in a state, certifies that the borrower is unable to work and earn money because of an injury or illness expected to last at least four months. A borrower is not considered to have a temporary total disability on the basis of a condition that existed at the time the loan was made;

B. an unforeseeable condition that existed when the loan was fully disbursed; or

C. a condition that:

(1) existed before the loan was disbursed;

(2) had an anticipated long-term progression; and

(3) then had an unanticipated rapid progression after the loan was fully disbursed.

Subp. 28f. **Total and permanent disability.** "Total and permanent disability" means a disability certified according to part 4850.0027, subpart 2, and resulting from:

A. an injury or illness that is expected to continue indefinitely or result in death, that interferes with the borrower's ability to make loan payments because the borrower is unable to work or earn money, as certified by a doctor of medicine or osteopathic medicine, legally authorized to practice in a state. A borrower is not considered totally and permanently disabled on the basis of a condition that existed at the time the loan was made;

B. an unforeseeable condition that existed when the loan was fully disbursed; or

C. a condition that:

(1) existed before the loan was disbursed;

(2) had an anticipated long-term progression; and

(3) then had an unanticipated rapid progression after the loan was fully disbursed.

Subp. 29. **Transition period.** "Transition period" means a 12-month period immediately following ~~graduation or termination of enrollment. Borrowers may extend the transition period, if permitted by the terms of the promissory note, an additional period not to exceed 24 months. During the transition period, borrowers are billed for interest only the~~ end of an in-school period.

Subp. 30. [See repealer.]

4850.0012 SCHOOL AGREEMENTS AND STUDENT APPLICATIONS.

Subpart 1. Institutional loan participation agreement.

A. For an eligible school to certify new SELF Loans, the eligible school and the commissioner must sign a loan participation agreement that ~~will~~:

~~A.~~ (1) ~~state~~ states the eligible school's responsibility for ~~proper certification and delivery of certifying and delivering~~ loans to students; and

~~B.~~ (2) ~~name~~ names a representative of the eligible school ~~who is to be~~ responsible for the ~~administration of~~ administering the agreement.

B. For purposes of this subpart, "certifying" means an eligible school:

(1) verifies and documents the borrower's identity, eligible enrollment, satisfactory academic progress, loan period, and associated cost of attendance and financial aid for the loan period;

(2) determines that the borrower has demonstrated maximum effort; and

(3) calculates the maximum allowable SELF Loan eligibility and recommends a specific loan amount.

C. If a school finds that a borrower is in default of an existing SELF Loan, the school must not certify a new SELF Loan for the borrower. When determining whether a borrower is in default, the school may rely on written, verbal, or electronic information available to the school.

Subp. 2. **Termination.** The commissioner may terminate the agreement for participation in the SELF program under Minnesota Statutes, section 136A.1701, with an eligible school upon determining:

A. the school is not complying with ~~parts 4850.0010 to 4850.0024~~ this chapter;
or

[For text of item B, see Minnesota Rules]

[For text of subpart 3, see Minnesota Rules]

Subp. 4. **Release of information.** The following information about the borrower and cosigner will be periodically released to a consumer credit reporting agency throughout the life of the loan:

[For text of items A to G, see Minnesota Rules]

~~H. the number of late payments in previous 12 months;~~

~~±~~ H. the type of account;

~~±~~ I. the responsibility for the account; and

~~K.~~ J. the status or remarks code.

4850.0014 AMOUNT AND TERMS.

[For text of subparts 1 and 2, see Minnesota Rules]

Subp. 3. **Interest rate.**

~~A. For SELF II Loans, the interest rate on the loan will be determined by the commissioner at a margin in excess of the SELF II index rate as defined under part 4850.0011, subpart 28a. If the index rate increases or decreases, the interest rate on the loan automatically increases or decreases on the same day without notice to the borrower. The interest rate on the loan cannot increase or decrease more than two percentage points over any four consecutive calendar quarters exclusive of any individual loan interest rate reductions and reinstatements resulting from the application of benefit programs for military, on-time payments and automated payments or other program interest rate reductions. The commissioner shall set the margin to reflect the costs of the SELF program. If the commissioner determines that the margin does not reflect the costs of the SELF program, the commissioner must increase or decrease the margin. The commissioner shall advise borrowers of changes in the margin.~~

~~B. For SELF III and SELF IV Loans, the interest rate on the loan will be determined by the commissioner at a margin in excess of SELF III and SELF IV index rates, as defined under part 4850.0011, subparts 28b and 28c. The interest rate on the loan cannot increase or decrease more than three percentage points over any four consecutive calendar quarters exclusive of any individual loan interest rate reductions and reinstatements resulting from the application of benefit programs for military, on-time payments and automated payments or other program interest rate reductions. The commissioner shall set the margin to reflect the costs of the SELF program. If the commissioner determines that the margin does not reflect the costs of the SELF program, the commissioner must increase or decrease the margin.~~

~~C. For SELF V Loans, the interest rate on the loan will be a fixed rate, a maximum rate provided in the promissory note, or a rate determined by the commissioner at a margin in excess of SELF V index rates, as defined under part 4850.0011, subpart 28d. The interest~~

~~rate on the loan cannot increase or decrease more than three percentage points over any four consecutive calendar quarters exclusive of any individual loan interest rate reductions and reinstatements resulting from the application of benefit programs for military, on-time and automated payments, or other program interest rate reductions. The commissioner shall set the margin to reflect the costs of the SELF program. If the commissioner determines that the margin does not reflect the costs of the SELF program, the commissioner must increase or decrease the margin.~~

A. The commissioner must determine the interest rate on SELF Loans to reflect a borrower's payment choices. When determining the interest rate, the commissioner must establish indexes or use fixed or maximum rates as provided for in the promissory note. If the index rate increases or decreases, the interest rate on the loan automatically increases or decreases on the same day without notice to the borrower.

B. The commissioner must set the margin to reflect the costs of the SELF program. If the commissioner determines that the margin does not reflect the costs of the SELF program, the commissioner must increase or decrease the margin.

C. The commissioner must list the interest rate for SELF Loans on the office's website and explain how the rate is calculated. The interest rate must also be included on billing statements sent to borrowers and cosigners.

4850.0015 LOAN DISBURSEMENTS.

Subpart 1. **Disbursement scheduling.** An eligible school may receive loan disbursements through an electronic funds transfer or by individual check. If loan proceeds are in the form of an individual check, the check must be jointly payable to the borrower and the eligible school. If the loan period covers more than one academic or payment period, the loan must be disbursed in installments during each academic or payment period. (For example, if an eligible school's academic year is divided by quarters, the student's loan amount may be disbursed in three installments, once each quarter.) Disbursements must be

made at the beginning of each academic term, unless the commissioner requires or the school suggests other more appropriate dates.

Subp. 2. ~~Disbursement when~~ Disbursing loan proceeds arrive before loan period. ~~Loan proceeds must not be disbursed to the student before the start of the loan period. The school must verify the student's enrollment and that the student meets satisfactory academic progress requirements. If the loan proceeds are in the form of an individual check, the school must deliver the check to the student for endorsement. The check must then be endorsed by the school. In the case of either a check or an electronic funds transfer, the school must next subtract from the loan proceeds the amount owed to it for the payment period, and make arrangements with the student for the use of any remaining proceeds. The remaining proceeds may be returned to the student or retained on account at the election of the student. The school may not keep on account any more money than it charges for that payment period without the written permission of the student.~~

A. Before disbursing the loan proceeds, an eligible school must verify the student's registration or enrollment at the school and that the student meets the school's satisfactory academic progress requirements. If the loan proceeds are in the form of an individual check:

- (1) both the school and the student must endorse the check;
- (2) the school must credit the check to the student's financial account with the school; and
- (3) if the student is owed a credit balance and the school does not automatically refund the balance, the school must get the student's written instructions for holding or disbursing the balance or both.

B. The school:

- (1) may hold the loan proceeds until the student returns if the student is:

(a) on a school-approved leave of absence when the loan proceeds are received from the office; and

(b) scheduled to return within 30 days from the check date or date of the electronic funds transfer; or

(2) must return the loan proceeds to the office if the student is not scheduled to return according to subitem (1), unit (b).

Subp. 3. [See repealer.]

Subp. 4. [See repealer.]

Subp. 5. **Disbursing directly to borrower.** The office must send the check directly payable to the borrower if:

A. the eligible school is unable to disburse the check according to this part; and

B. the student is owed a credit balance.

4850.0016 NONENROLLMENT, TRANSFER, AND WITHDRAWAL.

Subpart 1. **Nonenrollment.** ~~A school shall~~ must ~~return a payment to the commissioner for a~~ the loan proceeds to the office if the student who fails to enroll within 30 days of the payment date after the student was scheduled to enroll.

[For text of subpart 2, see Minnesota Rules]

Subp. 3. **Withdrawal.** ~~In the event that~~ If a borrower, for any reason, fails to complete a loan period, withdraws, and the school calculates a SELF refund for the borrower, that refund must be returned to the office for the SELF loan program within 30 days of the date the school becomes aware of the withdrawal. ~~Refunds to the office are determined by items A and B.~~ A school must calculate a refund according to the office's SELF Loan Program Manual, May 2019, and as subsequently amended, which is incorporated by reference, is not subject to frequent change, and is available online at the office's website.

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

~~B. Multiply that percentage by the amount determined to be refunded to nonfederal aid providers under the school's refund policy. The result yields the amount to be refunded to the office.~~

[For text of subpart 4, see Minnesota Rules]

4850.0017 REPAYMENT PROCEDURES.

Borrowers or cosigners ~~shall~~ must make payments of principal and interest according to ~~the following schedule~~ this part.

A. During ~~the~~ an in-school period, the office or its agent shall bill borrowers a minimum amount due for accrued interest, as required by the terms of the promissory note, and applicable late charges at least once during each calendar quarter.

B. During ~~the~~ a transition period, the office or its agent shall bill borrowers a minimum amount due for accrued interest, as required by the terms of the promissory note, and applicable late charges once during each calendar month.

C. During the repayment period, the office or its agent shall bill borrowers for ~~accrued~~ interest, applicable late charges, and principal once during each calendar month. The interest rate may vary throughout the period, according to the promissory note. The sum of the monthly payments must equal the sum of ~~accrued~~ interest plus principal, plus any applicable late charges. Except for income-driven repayment under item D, the borrower must pay a total of at least \$600 each year on all of the borrower's SELF Loans.

D. ~~Interest payments during the in-school period that are delinquent in excess of 120 days from the billing date may be capitalized. Capitalization of past due interest must be limited to two occasions before filing a claim.~~ Income-driven repayment is permitted under any program that offers it.

E. Capitalization of interest is permitted when there is delinquent interest, deferred interest, a forbearance, or a natural disaster forbearance.

~~E. F.~~ A prepayment penalty must not be assessed against borrowers who elect to make unscheduled payments of loan principal.

~~F. G.~~ The commissioner ~~shall~~ must grant ~~forbearances in those instances a~~ forbearance or natural disaster forbearance when the borrower is unable to make payment and has not exhausted the permitted number of occurrences. ~~The forbearance shall be granted and upon receipt of receiving~~ a written request from the borrower and the cosigner. The commissioner ~~shall~~ must waive the requirement for signatures from both the borrower and the cosigner when there is no current contact information for one of the parties or an affidavit or police report documents an adversarial relationship between the parties. ~~Forbearances are limited to~~ A forbearance must not be longer than four months, but the forbearance is renewable upon receipt of further documentation for another for an additional four months upon the commissioner receiving another written request. The commissioner must set the length for any natural disaster forbearance.

H. If there is a peacetime public health emergency or a local-, state-, or federal-declared natural disaster, the commissioner is authorized to forego the requirement for a written request applicable to all borrowers under item G.

~~G. I.~~ Upon request, the commissioner shall provide borrowers and cosigners with an annual statement of outstanding principal and interest paid during the previous calendar year.

4850.0018 CLAIMS.

Subpart 1. ~~When filed~~ Filing claim. ~~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.~~ The commissioner must file a claim to the bad-debt reserve for the outstanding principal of the loan plus accrued interest if, after exercising due diligence:

A. the commissioner is unable to collect a loan payment from a borrower or cosigner; and

B. the loan is at least 120 days past due.

Subp. 2. ~~When paid~~ **Bad-debt reserve.** ~~Claims are paid in four categories:~~ A claim to the bad-debt reserve is filed according to this subpart.

A. The commissioner must file 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 confirming the borrower's death.~~

B. If the borrower becomes totally and permanently disabled, the commissioner must file a claim ~~must be filed by the commissioner upon receipt of proper medical documentation~~ receiving a certification under part 4850.0027, subpart 2. 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~~ that the office receives and approves a certification under part 4850.0027, subpart 2.

~~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~~ C. If a borrower is or cosigner or both are adjudicated bankrupt and ~~has~~ have liability for the SELF Loan discharged, ~~the cosigner~~ any party not adjudicated bankrupt 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.~~

4850.0020 LOAN FORGIVENESS.**Subpart 1. Death of borrower or cosigner.**

A. The obligation of the borrower and the cosigner to repay a SELF Loan ~~shall be~~ is forgiven upon ~~documentation of the death of the borrower. Payments made after the borrower's death prior to the submission of a death certificate will not be reimbursed.~~

B. The obligation of the cosigner to repay a loan is forgiven upon the death of the cosigner.

Subp. 2. Total and permanent disability of borrower.

A. The obligation of the borrower and the cosigner to repay ~~the~~ a SELF Loan ~~shall be~~ is forgiven upon ~~written request to the office if the office determines:~~

(1) ~~that a borrower has a total and permanent disability and if~~ receiving and approving a certification under part 4850.0027, subpart 2; and

(2) verifying that the total and permanent disability of the borrower occurred after all disbursements of the loan were made was fully disbursed.

B. The obligation of the cosigner to repay a SELF Loan is forgiven upon the office:

(1) receiving and approving a certification under part 4850.0027, subpart 2; and

(2) verifying that the total and permanent disability of the cosigner occurred after the loan was fully disbursed.

C. The forgiveness is effective the date the total and permanent disability documentation is approved ~~and accepted~~ by the office.

4850.0021 NONACCRUAL OF INTEREST PERIOD DURING A TEMPORARY TOTAL DISABILITY.

A. A borrower who has a temporary total disability ~~shall be~~ is granted a period of nonaccrual of interest upon ~~written request to the office, effective the date the temporary total disability documentation is approved and accepted by the office, if the office determines~~ the office:

(1) receiving and approving a certification under part 4850.0027, subpart 1;
and

(2) verifying that the borrower has a temporary total disability and if the temporary total disability of the borrower occurred after all disbursements of the loan were made was fully disbursed.

B. Interest does not accrue during an approved nonaccrual of interest period, and no payments ~~will be~~ are required ~~to be made~~ during this time period. A ~~nonaccrual of interest period~~ temporary total disability may be ~~granted~~ approved for up to one year at a time with a maximum of ~~no more than~~ three years. ~~Extensions may be requested after the end of each approved period of nonaccrual of interest. updated medical information is required of the borrower for each extension request. If at any time during a nonaccrual of interest period the borrower qualifies for loan forgiveness due to total and permanent disability status, the borrower may submit the required medical documentation to the office for review. A borrower may request an additional nonaccrual of interest period under this item, and item A applies to any request.~~

C. At the end of the nonaccrual of interest period, the borrower must resume payments at an amount necessary to repay the loan in the ~~time~~ period required by the promissory note unless a payment extension agreement has been entered into with the office.

4850.0022 ACTIVE MILITARY DUTY; INTEREST REDUCTION BENEFIT.

Eligible borrowers on active military duty may qualify for interest rate reductions greater than reductions already required by federal or state law based on a determination by the commissioner of available benefits. ~~The military interest rate reduction availability and the amount of any reduction is determined quarterly.~~ Eligible borrowers must request the reduction and ~~provide a copy of active military orders in order to qualify~~ have their active military status verified by the office. An available reduction is only effective for dates the borrower is on active duty. Interest reductions, other than reductions required by federal or state law, shall be discontinued without notice for any quarter in which the benefit is unavailable.

4850.0024 DEFAULTED LOAN REHABILITATION.

Subpart 1. [See repealer.]

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~~ 36 months from the default date.

[For text of subpart 4, see Minnesota Rules]

Subp. 5. **Payment plan option.**

A. For purposes of this subpart, "rehabilitating party" means a borrower or cosigner who rehabilitates a loan according to this subpart.

B. 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~~ rehabilitating party must make 12 monthly on-time payments on the defaulted loan. If the ~~borrower or cosigner~~ rehabilitating party fails to make 12 consecutive on-time payments and if there is

sufficient time remaining within the maximum ~~two-year~~ 36-month rehabilitation period, the ~~borrower or cosigner~~ rehabilitating party 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~~ agreed-upon due date.

C. A borrower and cosigner may each attempt to rehabilitate a loan twice within the 36-month rehabilitation period. For a loan to be rehabilitated under this subpart, only a borrower or a cosigner, not both, needs to rehabilitate the loan.

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 absent any agreed-upon extension.

[For text of subpart 7, see Minnesota Rules]

4850.0025 TRANSITION PERIOD.

If permitted by the terms of the promissory note, a borrower may extend a transition period, but a transition period may not exceed 36 months. During a transition period, a borrower is billed according to part 4850.0017, item B.

4850.0026 COSIGNER.

Subpart 1. **Cosigner required.** A borrower must have a creditworthy cosigner when a loan is approved. The cosigner must be either a United States citizen or a permanent resident.

Subp. 2. **Cosigner duties.** A cosigner is jointly and separately responsible for making loan payments, including principal, interest, and other loan-related charges. A cosigner must:

- A. permanently reside in the United States;
- B. be at least 24 years of age or, if a borrower's sibling or stepsibling, at least 18 years of age; and
- C. agree to have information released to a consumer credit reporting agency as described under part 4850.0012, subpart 4.

4850.0027 CERTIFYING DISABILITY.

Subpart 1. **Temporary total disability.** For a borrower to claim a temporary total disability, a doctor of medicine or osteopathic medicine, legally authorized to practice, must certify:

- A. that the disability is expected to last at least four months;
- B. that the disability interferes with the borrower's ability to make loan payments because the borrower is unable to work; and
- C. the date that the borrower became unable to work, the injury or illness associated with the disability, and how long the borrower is expected to be unable to work.

Subp. 2. **Total and permanent disability.** For a borrower or cosigner to claim a total and permanent disability, a doctor of medicine or osteopathic medicine, legally authorized to practice, must certify:

- A. that the disability is expected to continue indefinitely;
- B. that the disability interferes with the borrower's or cosigner's ability to make loan payments because the borrower or cosigner is unable to work; and

C. the date that the borrower or cosigner became unable to work and the injury or illness associated with the disability.

Subp. 3. **Sending certification to office.** For a temporary total disability or total and permanent disability to be claimed under this chapter, a doctor of medicine or osteopathic medicine certifying a disability under this part must send the doctor's certification to the office.

TERM CHANGE. The term "SELF loan" is changed to "SELF Loan" wherever it appears in Minnesota Rules, chapter 4850.

REPEALER. Minnesota Rules, parts 4850.0011, subparts 2, 6, 10, 21, 28a, 28b, 28c, 28d, and 30; 4850.0015, subparts 3 and 4; and 4850.0024, subpart 1, are repealed.