

Office of the Revisor of Statutes

Administrative Rules



TITLE: Adopted Permanent Rules Relating to Higher Education Financial Assistance and Supplemental Student Loans

AGENCY: Office of Higher Education

REVISOR ID: R-4425

MINNESOTA RULES: Chapters 4830 and 4850

The attached rules are approved for
filing with the Secretary of State

A handwritten signature in blue ink, appearing to read "Jason F. Kuenle".

Jason F. Kuenle
Senior Assistant Revisor

191619

1.1 **Office of Higher Education**

1.2 **Adopted Permanent Rules Relating to Higher Education Financial Assistance and**
1.3 **Supplemental Student Loans**

1.4 **4830.0150 TERMINATION PROCEDURE.**

1.5 *[For text of subp 1, see M.R.]*

1.6 Subp. 2. **Notification.** The office shall send the institution written notification of the
1.7 termination of the institution's eligibility to participate in a program. Termination shall be
1.8 effective 90 days from the date of the written notification or after appeal proceedings are
1.9 complete, whichever is later. An appeal proceeding is complete when all appeals or rights
1.10 to appeal from the commissioner's order have concluded or expired.

1.11 **4850.0011 DEFINITIONS.**

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

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

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

1.17 C. no more than \$300 combined total in unsatisfied credit or unsatisfied payment
1.18 obligations including, but not limited to, charged-off loans, credit, medical, utility accounts,
1.19 collection items, and tax or mechanics liens;

1.20 D. no more than five percent of total credit bureau balances past due, unless the
1.21 amount past due is \$300 or less;

1.22 E. no current delinquency on any loan payments to the office;

1.23 F. no defaulted loan with the office which has not been paid in full in accordance
1.24 with the requirements of the office; and

2.1 G. a required credit score, if established, under part 4850.0013.

2.2 *[For text of subps 10 to 11a, see M.R.]*

2.3 Subp. 12. **Delinquency.** "Delinquency" means the condition that exists when a
2.4 borrower's scheduled payment of principal or interest or both is not received by the
2.5 commissioner or the office's agent by the due date.

2.6 *[For text of subps 12a and 13, see M.R.]*

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

2.9 A. signs an institutional loan participation agreement with the commissioner that
2.10 lists the duties and responsibilities of both the school and the commissioner; or

2.11 B. is designated by the office as a maintenance-only school. The office shall
2.12 designate a school as a maintenance-only school if the school participates in the National
2.13 Student Clearinghouse and the school is not certifying new SELF loans. Maintenance-only
2.14 schools allow eligible students, as reported by the National Student Clearinghouse, to
2.15 continue in the in-school period.

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

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

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

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

2.23 *[For text of items D to H, see M.R.]*

3.1 *[For text of subps 16 to 23, see M.R.]*

3.2 Subp. 24. **Late charge.** "Late charge" means a charge, not to exceed \$20, that is
3.3 assessed against borrowers each time a payment of principal ~~and/or~~, interest, or both is not
3.4 paid to the commissioner within 15 days after the due date.

3.5 *[For text of subps 24a to 26, see M.R.]*

3.6 Subp. 26a. **Office.** "Office" means the Minnesota Office of Higher Education or its
3.7 predecessors or successors.

3.8 *[For text of subps 27 to 30, see M.R.]*

3.9 **4850.0012 SCHOOL AGREEMENTS AND STUDENT APPLICATIONS.**

3.10 Subpart 1. **Institutional loan participation agreement.** For an eligible school to
3.11 certify new SELF loans, the eligible school and the commissioner must sign a loan
3.12 participation agreement that will:

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

3.14 Subp. 2. **Termination.** The commissioner may terminate the agreement for
3.15 participation in the SELF program with an eligible school upon determining:

3.16 A. the school is not complying with parts 4850.0010 to 4850.0024; or

3.17 B. loans originated at the school that go into default exceed the guidelines
3.18 established in the SELF Loan Operations Manual.

3.19 Termination can also occur in accordance with the terms of the Institutional Loan
3.20 Participation Agreement.

3.21 All obligations of the school under the agreement shall continue in full force and effect
3.22 with respect to all SELF loans then outstanding to students of the school. The termination
3.23 of an agreement with a school shall be made pursuant to parts 4830.0140 and 4830.0150.

4.1 *[For text of subps 3 and 4, see M.R.]*

4.2 **4850.0013 CREDIT SCORE.**

4.3 The commissioner may establish credit score requirements if following a written
4.4 determination that the financial strength of the loan program, or the office's ability to obtain
4.5 cost-effective financing options, has been affected or is anticipated to be affected by factors
4.6 including requires this change. The written determination shall detail how current or projected
4.7 market conditions, loan defaults, bond rating agency requirements, and credit-scoring
4.8 definitions or any of these, justify the establishment of credit score requirements. The
4.9 commissioner must review and, if appropriate, adjust the credit score requirements and the
4.10 written determination at least every 12 months using current and projected market conditions
4.11 to support any changes in the credit score requirements or determination document. The
4.12 required credit scores must be available to prospective borrowers on the office's Web site.

4.13 **4850.0017 REPAYMENT PROCEDURES.**

4.14 Borrowers or cosigners shall make payments of principal and interest according to the
4.15 following schedule.

4.16 *[For text of items A to E, see M.R.]*

4.17 F. The commissioner shall grant forbearances in those instances when the borrower
4.18 is unable to make payment and has not exhausted the permitted number of occurrences. The
4.19 forbearance shall be granted upon receipt of a written request from the borrower and the
4.20 cosigner. The commissioner shall grant exceptions for obtaining waive the requirement for
4.21 signatures from both the borrower and the cosigner in certain situations, such as when there
4.22 is no current contact information for one of the parties or there is an affidavit or police report
4.23 documents an adversarial relationship between the parties. The commissioner shall set
4.24 policies for the length of a permitted forbearance and the maximum number of occurrences
4.25 in a given loan repayment period. In setting policies, the commissioner shall take into

- 5.1 ~~consideration the financial strength of the loan program, the impact of policy changes on~~
5.2 ~~the office's ability to obtain cost-effective financing options, current or projected market~~
5.3 ~~conditions, loan defaults, and bond-rating agency requirements.~~ Forbearances are limited
5.4 to four months, renewable upon receipt of further documentation for another four months.

5.5 *[For text of item G, see M.R.]*

January 7, 2019

VIA EMAIL ONLY

Nancy Breems
Secretary of State, Elections Division
180 State Office Building
100 Rev Dr Martin Luther King Jr Blvd
St. Paul, Minnesota 55155-1299
official.documents@state.mn.us

**Re: *In the Matter of the Proposed Amended Permanent Rules Relating to
Supplemental Student Loans***
OAH 8-9031-34894; Revisor R-4425

Dear Ms. Breems:

Enclosed for filing is an electronic copy of the above-entitled adopted rules.

Please send the agency copy of the rules to:

Alexandra Djurovich
1450 Energy Park Dr Ste 350
Saint Paul, MN 55108
alexandra.djurovich@state.mn.us

If you have any questions regarding this matter, please contact Ian Lewenstein at (651) 361-7857, ian.lewenstein@state.mn.us or via facsimile at (651) 539-0310.

Sincerely,



Ian Lewenstein
Legal Assistant

Enclosures

cc: Alexandra Djurovich (via email)