

The introduction to each section will show whether it is an existing regulation being amended, an existing regulation being repealed and readopted, or a new regulation.

In amendments to existing regulations:

Underlined language is new.

[UPPERCASE LANGUAGE WITHIN BRACKETS IS DELETED]

A proposed new regulation or replacement of an existing regulation will not be underlined.

20 AAC 15.189(b) is repealed:

(b) Repealed __/__/____.

20 AAC 15.189(c) is amended to read:

(c) Interest on the loan shall be set **by the corporation** [AT A FIXED

INTEREST RATE FOR THE LIFE OF THE LOAN].

(Eff. 3/19/2003, Register 166; am 7/31/2003, Register 167; am 2/27/2010, Register 193;

am __/__/____, Register __)

Authority: AS 14.42.030 **AS 14.42.210** AS 14.43.122

AS 14.42.200

20 AAC 15.810 is amended to read:

20 AAC 15.810. Late fees. If an installment on a loan under the Education Loan Program (20 AAC 15.010 - 20 AAC 15.085), the Teacher Education Loan Program (20 AAC 15.200 - 20 AAC 15.295), or the Family Education Loan Program (20 AAC 15.510 - 20 AAC 15.590) is 30 days or more past due on the loan's payment schedule, the **corporation** [COMMISSION] may require the loan borrower to pay a late fee of up to

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\$15 for each such installment. If a deferment of payment on the loan is approved under 20 AAC 15.965, the **corporation** [COMMISSION] may waive the late fee. This section applies to a loan that the corporation has **originated**, purchased or participated in the purchase under AS 14.42.200. (Eff. 11/4/94, Register 132; am 4/24/98, Register 146; am ___/___/____, Register ___)

Authority: AS 14.42.150 AS 14.42.200

The title to 20 AAC 15.855 is amended to read:

20 AAC 15.855. Interest rates of loans, loan credits and loan fees.

20 AAC 15.855(a) is amended to read:

(a) If the corporation sets loan interest rates as variable rates, **on or after March 1 of each year** [ON OR AFTER MAY 1 OF EACH LOAN YEAR, THE CORPORATION WILL SET] the interest rates [THAT] will apply [,]for the next 12-month period beginning July 1 of that calendar year and ending June 30 of the subsequent calendar year[, TO AN EDUCATION LOAN THAT IS AUTHORIZED UNDER STATE LAW AND THAT PROVIDES POSTSECONDARY EDUCATIONAL FINANCIAL ASSISTANCE THROUGH THE FEDERAL GUARANTEED STUDENT LOAN PROGRAM OR POSTSECONDARY EDUCATIONAL SUPPLEMENTAL FINANCIAL ASSISTANCE].

20 AAC 15.855(b) is repealed:

(b) Repealed ___/___/____.

20 AAC 15.855(c) is repealed:

(c) Repealed __/__/____.

20 AAC 15.855(d) is amended to read:

(d) **The** [IN SETTING INTEREST RATES IN ACCORDANCE WITH (B) AND (F) OF THIS SECTION, THE] corporation **may approve an annual credit** [SET A LOWER RATE] for those loans that have a lower cost of administration due to

(1) the borrower's election of a cost-effective repayment method made available by the commission;

(2) a good faith payment history, demonstrated by the borrower having made all loan payments when due and in full for the initial 48 months of repayment;

(3) the borrower's attendance at an institution in the state or physically residing within state geographic boundaries and legal jurisdiction; or

(4) for those loans that are guaranteed by the United States government, subsidies paid to the corporation and commission for administering the loans.

20 AAC 15.855(e) is amended to read:

(e) **The corporation may set a** [A] loan origination fee **on** [DEDUCTED FROM THE DISBURSEMENT OF] a loan under AS 14.43.170 – 14.43.175 (Alaska Supplemental Education Loan Program), AS 14.43.600 – 14.43.700 (Teacher Education Loan Program), or AS 14.43.710 – 14.43.750 (Alaska Family Education Loan Program)

to offset losses incurred as a result of death, disability, default, or bankruptcy of [A] **borrowers** [BORROWER]. **If the corporation sets such a fee it shall not exceed** [IS] five percent of the total education loan amount [FOR THE 2009-2010 AND SUBSEQUENT SCHOOL YEARS].

20 AAC 15.855(f) is amended to read:

(f) If the corporation sets loan interest rates as fixed rates, on or after **March 1** [MAY 1] of each year, [THE CORPORATION WILL SET] the interest rates [THAT] will apply to the loans awarded for the period beginning July 1 of that calendar year and ending on June 30 of the subsequent calendar year [, TO AN EDUCATIONAL LOAN THAT IS AUTHORIZED UNDER STATE LAW AND THAT PROVIDES POSTSECONDARY EDUCATIONAL SUPPLEMENTAL FINANCIAL ASSISTANCE].

20 AAC 15.855(g) is amended to read:

(g) In setting **the origination fees and** interest rates in accordance with this section, the corporation will **establish fees and rates for loans based on factors it determines relevant, including the source of funding the corporation has available to make the loan, the commitment period, the cost to administer the loan, and other considerations. The corporation will not include as costs amounts recovered through a loan origination fee or a loan guaranty. The rate methodology used to set the initial rate on a variable rate loan will be used until the loan is paid in full.**

[(1) BASE THE RATE ON THE CURRENT MUNICIPAL MARKET DATA SCALE THAT MOST CLOSELY REFLECTS RATES THE CORPORATION WOULD OBTAIN ON A NEW BOND ISSUE PLUS 30 BASIS POINTS; AND

(2) TAKE INTO CONSIDERATION THE COMMISSION'S AND CORPORATION'S MOST RECENT FIVE-YEAR AVERAGE COST OF ADMINISTERING LOANS OF THE STATE EDUCATION LOAN PROGRAMS; AMOUNTS THAT THE CORPORATION MAY DETERMINE TO BE COSTS

(A) INCLUDE

(I) SALARIES, SERVICE AGREEMENTS, SUPPLIES, UTILITIES, MAILINGS, MATERIALS, AND OFFICE RENT;

(II) ACCOUNTING, MANAGEMENT, CONSULTING, AND BANKING SERVICES AND EXPENSES;

(III) FEES AND EXPENSES OF THE TRUSTEE, TRUSTEE'S AGENTS, COUNSEL, DEPOSITORIES, AND PAYING AGENTS FOR CORPORATION BONDS;

(IV) LOAN DEFAULT COSTS, LOAN FORGIVENESS COSTS, AND COSTS OF ISSUING BONDS;

(V) PENSION, RETIREMENT, HEALTH, AND HOSPITALIZATION PAYMENTS;

(VI) LIFE AND DISABILITY INSURANCE BENEFITS;

AND

(VII) OTHER COSTS CONSIDERED APPROPRIATE
BY THE CORPORATION; AND
(B) DO NOT INCLUDE COSTS RECOVERED BY THE
LOAN ORIGINATION FEE.]

20 AAC 15.855(h) is repealed:

(h) Repealed __/__/____. (Eff. 3/1/2002, Register 161; am 11/20/2005, Register 176; am 5/27/2006, Register 178; am 7/12/2009, Register 191; am 6/24/2010, Register 194; am __/__/____, Register ____)

Authority: AS 14.42.150 AS 14.42.205 AS 14.43.640
AS 14.42.200 AS 14.42.210 AS 14.43.740

20 AAC 15.890(4) is amended to read:

(4) "corporation's bond counsel" means a counsel under contract with the **Department of Law for the benefit of the** corporation to provide legal advice on bond matters;

(Eff. 11/04/94, Register 132; am 11/05/2000, Register 156; am __/__/____, Register ____)

Authority: AS 14.42.150 AS 14.42.200 AS 14.42.265

20 AAC 15.945(g) is amended to read:

(g) **The** [BEFORE MARCH 1 OF EACH SCHOOL YEAR, THE COMMISSION WILL DETERMINE THE] interest rate **set by the corporation** that will

apply to a [WICHE PSE LOAN AWARDED UNDER AS 14.44.010 - 14.44.040 OR A] teacher education loan made for the following school year **shall be** based on

(1) the weighted average of the stated interest rate on the outstanding balance, as of June 30 of the preceding fiscal year, of all **fixed rate** bonds issued by the corporation; and

(2) the commission's and corporation's average costs, during the preceding five fiscal years, of administering loans of the Alaska education loan programs that are pledged as security for the corporation's bonds, including, in the **corporation's** [COMMISSION'S] discretion, salaries; service agreements; supplies; utilities; mailing; labor; materials; office rent; maintenance; furnishings; equipment; machinery and apparatus; insurance; legal, accounting, management, consulting, and banking services and expenses; fees and expenses of the trustee for corporation bonds and of the trustee's agents, counsel, depositories; and paying agents; loan default costs; loan forgiveness costs; cost of issuance of corporation bonds; payments for pension, retirement, health and hospitalization, and life and disability insurance benefits; and other costs considered appropriate by the **corporation** [COMMISSION], but not including costs recovered by the loan origination fee.

20 AAC 15.945 is amended by adding a new subsection to read:

(j) Interest on a WICHE PSE loan awarded under AS 14.44.010 – 14.44.040 for the following school year is equal to the rate set by the corporation under 20 AAC 15.855. (Eff. 3/22/97, Register 141; am 3/15/98, Register 145; am 4/20/2000, Register

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154; am 12/18/2000, Register 157; am 2/27/2010, Register 193; am __/__/____, Register
____)

Authority:	AS 14.42.030	AS 14.43.120	AS 14.43.630
	<u>AS 14.42.200</u>	AS 14.43.125	AS 14.43.640
	<u>AS 14.42.210</u>	AS 14.43.300	AS 14.43.740
	AS 14.43.105	AS 14.43.320	AS 14.44.035

20 AAC 18.100(c) is repealed:

(c) Repealed __/__/____.

20 AAC 18.100(d) is repealed:

(d) Repealed __/__/____.

(Eff. 11/8/2000, Register 156; am __/__/____, Register ____)

Authority:	<u>AS 14.42.200</u>	AS 14.44.035	AS 14.44.040
	<u>AS 14.42.210</u>		