

## Chapter HEA 3

## STUDENT LOANS

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**HEA 3.01 Introduction.** The state of Wisconsin higher educational aids board pursuant to chapter 566, laws of 1965 will make and authorize to be made, loans to resident students who have satisfactory academic records, who need financial assistance and are desirous of attending institutions of higher education, when such loans are to assist them in meeting expenses of post high school education.

**History:** Cr. Register, July, 1968, No. 151, eff. 8-1-68.

**HEA 3.02 Eligibility for Wisconsin student loans.** (1) A student, to be eligible for a Wisconsin student loan must:

- (a) Be enrolled or accepted for enrollment in an institution of higher education as defined in Wis. Adm. Code section HEA 2.01 (2),
- (b) Be at least a half-time student;
- (c) Be a Wisconsin resident student;
- (d) Be in need of financial assistance pursuant to Wis. Adm. Code section HEA 3.04 and,
- (e) Have a satisfactory academic record.
- (f) Be a citizen of the United States or in the United States for other than a temporary purpose and intend to become a permanent resident thereof.

**History:** Cr. Register, July, 1968, No. 151, eff. 8-1-68.

**HEA 3.03 Terms of loans.** (1) **COVERAGE.** (a) The total of the loans made to a student in any academic year or its equivalent may not exceed \$1500.

(b) No student shall be eligible to borrow a total of more than \$1500 in any one academic year through any combination of 2 or more student loan programs under which he may receive federal interest subsidy benefits, e.g., Wisconsin state student loan, Wisconsin guaranteed student loan, United student aid fund.

(2) **AGGREGATE LIMITS.** The aggregate unpaid principal balance of such loans shall not exceed \$7500 in the case of a graduate or professional student and \$5000 in the case of any other student, except that in the case of students attending a business or trade school, or technical institution or other technical or vocational school eligible pursuant to Wis. Adm. Code section HEA 2.01 (2) (b) and (c), the aggregate unpaid principal balance of such loans shall not at any time exceed \$2000.

(3) **INTEREST.** Loans will bear interest at the rate of 7% per annum or the unpaid principal balance beginning on the date the check is written and continuing until the loan is paid in full.

(4) **STUDENT ELIGIBILITY FOR INTEREST BENEFITS.** A student who is eligible for a Wisconsin student loan pursuant to section HEA 3.02,

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who has received a Wisconsin student loan, and whose adjusted annual family income is less than \$15,000 is eligible for payment on his behalf by the federal government of a portion of the interest under subsection (3).

(a) To have interest payments made on his behalf, a student shall submit to the board a statement in such form as the board may prescribe, which shall include:

1. A certification by an eligible institution that he is enrolled at the institution or has been accepted for enrollment;

2. An assurance by the student that the loan on which interest payments are to be made has not been and will not be used for any purpose other than for the costs of education for the academic year covered by the application;

3. Information necessary to determine whether his adjusted family income is less than \$15,000; and

4. Information concerning other loans made to him on which federal interest payments may be made.

(b) The board, acting in good faith, may in the absence of information to the contrary rely upon statements submitted by the borrower and his family pursuant to subsection (a).

(c) The payment of interest benefits shall be limited to the total amount of the interest on the unpaid principal amount of each loan which accrued prior to the beginning of the repayment period of such loan.

(d) In no event shall payments under subsection (c) include any interest on interest added to principal or exceed the interest payable by the student, after taking into consideration the amount of any interest on that loan which the student is entitled to have paid on his behalf for that period under the loan program.

(e) The obligation of the U.S. commissioner of education to pay interest shall terminate upon default by the borrower as defined in section HEA 2.01 (13).

(5) REPAYMENT. (a) Repayment on such loans:

1. For loans made to students at institutions defined under section HEA 2.01 (2) (a), shall be in monthly installments over a period of not less than 5 years nor more than 10 years beginning 9 months after the student ceases to carry at least one half the normal full-time academic workload as determined by the institution, and

2. For loans made to students at institutions defined under section HEA 2.01 (2) (6) and (c), [HEA 2.01 (2) (b) and (c)] shall be in installments over a period of not less than 3 years nor more than 6 years beginning 9 months after the student ceases to pursue at least one half the normal full-time academic workload as determined by the institution (correspondence students failing to submit assignments for a period of 90 days or failing to complete their program within 90 days following the stated normal completion date of the program will be considered to have withdrawn from school).

(b) The loans shall be repaid within 15 years from the date of execution of the note or other written evidence of the loan, except in the case of loans made to students at institutions defined under sections HEA 2.01 (2) (b) and (c), within 9 years from the date of execution of the note or other written evidence of the loan.

(c) Notwithstanding the provisions of subsection (5) (a) and (b) the total amount of the repayments by a borrower during any year of any repayment period with respect to the aggregate amount of all loans to that borrower shall not be less than \$360 or the balance of all such loans (together with interest thereon) whichever amount is less.

(d) Within the provisions of (5) (a), (b) and (c) the board shall be responsible for establishing the appropriate repayment plan for student borrowers.

(e) The student borrower shall be entitled to accelerate without penalty the repayment of the whole or any part of the loan.

(f) The board may, upon the written request of the borrower, defer payment of the principal of all the borrower's notes provided that all interest thereon shall accrue and be paid semi-annually during such period of deferment of principal in the following cases:

1. During any period in which the borrower is pursuing a full-time course of study at an institution of higher education,

2. Not in excess of 3 years during which the borrower is a member of the armed forces of the United States,

3. Not in excess of 3 years during which the borrower is in service as a volunteer under the peace corps act,

4. Not in excess of 3 years during which the borrower is in service as a volunteer under title VIII of the economic opportunity act of 1964,

5. During any period in which the borrower is serving a medical internship, or

6. For other reasons which may be agreed to by the board.

**History:** Cr. Register, July, 1968, No. 151, eff. 8-1-68; am. (1), (3), (4) (c), Register, December, 1971, No. 192, eff. 1-1-72.

**HEA 3.04 Financial need.** A student is deemed to be in need of financial assistance or have financial need if his adjusted family income is less than \$15,000 as determined pursuant to title 45, chapter 1, sections 177.3 and 178.3 of the code of federal regulations as amended and the financial aid officer at the institution in which the student is enrolled or accepted for enrollment certifies to the board, on the basis of information provided by the student and his parents, that the student needs financial assistance to continue his education. The board reserves the right to assess the student's financial need in cases it determines to be exceptional and unusual.

**History:** Cr. Register, July, 1968, No. 151, eff. 8-1-68.