

ORDER OF THE STATE OF WISCONSIN
HIGHER EDUCATIONAL AIDS BOARD

AMENDING AND CREATING RULES RELATING TO THE
WISCONSIN HEALTH EDUCATION ASSISTANCE LOAN PROGRAM

To repeal HEA 7.10; to renumber HEA 7.02(2), HEA 7.11, HEA 7.12, HEA 7.13, HEA 7.14, and HEA 7.15; to amend HEA 7.01; HEA 7.04(1), (2), and (4); HEA 7.06(2) and (5); and 7.01(1); and to create HEA 7.02(2) relating to the Wisconsin Health Education Assistance Loan Program.

The purpose of these rules is to define the various aspects of the Wisconsin Health Education Assistance Loan program authorized by s.39.325, Stats. As required by statute, the Wisconsin Health Education Assistance Loan Program must conform to the provisions of the federal Health Education Assistance Loan Program established by P.L. 94-484. The federal Department of Health and Human Services has promulgated federal regulations in 42 C.F.R. Part 60 which govern the operation of the Wisconsin Health Education Assistance Loan Program. Because of recent changes in both the governing state law and the federal regulations, changes are required in the permanent rules governing the WHEAL program.

Rule HEA 7.01 is being amended and HEA 7.10 is being repealed to reflect the elimination of the Wisconsin Health Education Assistance Grant program (s.39.377 Stats.) by 1983 Wisconsin Act 27. Rule HEA 7.02 is being amended to define eligible HEAL schools so that borrowers participating in WHEAL are not required to enter repayment if they transfer from one of Wisconsin's three participating schools to eligible schools in other states. Rules HEA 7.04(1) and (2) are being amended to allow an increase in the annual and aggregate loan limits to the maximum amounts allowed by the federal law. These increases have been requested by the participating Wisconsin schools because of increases in educational costs. Rule 7.04(4) is being amended to respond to a change in the federal regulation increasing the insurance premium to 2 percent. Rule 7.06(2) is being amended to further clarify that the borrower's repayment period does not begin if he/she is enrolled in an eligible school or is participating in an internship or residency program. Rule 7.06(5) is being amended to clarify that the minimum annual payment shall at least be sufficient to pay the interest that accrues in a given year. Rule 7.07(1) is being amended to clarify the amount of the late charge.

SECTION 7. HEA 7.06(2) is amended to read:

HEA 7.06(2) COMMENCEMENT OF REPAYMENT. The borrower's repayment period shall begin the first day of the tenth month after the month he or she ceases to be a full-time student at an eligible HEAL school. However, if the borrower becomes an intern or resident in an accredited program within 9 full months after leaving school, then the borrower's repayment period shall begin the first day of the tenth month after the month he or she ceases to be an intern or resident. The criteria used to determine accredited internship or residency programs for purposes of this subsection are specified in 42 C.F.R.s. ~~60.50~~ 60.11(a)(2).

SECTION 8. HEA 7.06(5) is amended to read:

HEA 7.06(5) MINIMUM ANNUAL PAYMENT. During each year of repayment, a borrower's payments of his or her WHEAL loans shall total ~~at least \$600 or a sum equal to~~ the interest that accrues during the year on all of the loans ~~whichever amount is greater. However, the \$600 rule does not apply in any case where it would result in a borrower repaying a WHEAL loan in fewer than 10 years.~~

SECTION 9. HEA 7.07(1) is amended to read:

HEA 7.07(1) LATE CHARGES. The board may require that the borrower pay a late charge if the borrower fails to pay all of a required installment payment within 10 days after its due date or fails to provide written evidence that verifies eligibility for the deferment of the payment. A late charge shall not exceed 5 cents for each dollar of an installment payment due. ~~or \$5 for each payment, whichever is less.~~

SECTION 10. HEA 7.10 is repealed.

SECTION 11. HEA 7.11 is renumbered HEA 7.10.

SECTION 12. HEA 7.12 is renumbered HEA 7.11.

SECTION 13. HEA 7.13 is renumbered HEA 7.12.

SECTION 14. HEA 7.14 is renumbered HEA 7.13.

SECTION 15. HEA 7.15 is renumbered HEA 7.14.