

NOTICE OF PROPOSED CHANGES ON REGULATIONS DEALING WITH THE SETTING
OF INTEREST RATES AND THE TERMS AND CONDITIONS OF THE ALASKA
EDUCATION LOAN REFINANCING PROGRAM OF THE ALASKA STUDENT LOAN
CORPORATION

BRIEF DESCRIPTION

The Alaska Student Loan Corporation (ASLC) proposes to adopt regulations changes in Title 20, Chapter 14 of the Alaska Administrative Code, dealing with loan interest rates and loan refinancing relating to the Alaska Education Loan Refinance Program, including the following:

- (1) 20 AAC 14.050, Loan interest rates, loan credits, and loan fees. The proposed change would allow the Corporation more flexibility to modify rates in response to market trends rather than fixed calendar periods.
- (2) 20 AAC 14.220, Education loans eligible for refinancing. The proposed change would allow for a more efficient refinancing process by removing language requiring a loan to be in grace or repayment status before refinancing.
- (3) 20 AAC 14.225(e), Applicant eligibility for refinancing, is proposed to be repealed. Repealing this subsection allows borrowers more flexibility when refinancing state education loans. Borrowers will have the ability to exclude certain loans or types of loans.
- (4) 20 AAC 14.240, Terms of repayment, adding subsection (e) is proposed to make explicit a cosigner's obligation to repay a loan if the borrower's obligation to repay the loan is discharged or canceled before the loan is repaid in full.

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to the Executive Officer of the ASLC, P. O. Box 110505, Juneau, Alaska 99811-0505. Additionally, the ASLC will accept comments by facsimile at (907) 465-3293 and by electronic mail at EED.ACPE-ExecDirector@Alaska.gov. Comments may also be submitted through the Alaska Online Public Notice System, by accessing this notice on the system and using the comment link. The comments must be received not later than 4:30 p.m. on April 30, 2020.

You may submit written questions relevant to the proposed action to the Executive Officer of the ASLC at P. O. Box 110505, Juneau, Alaska 99811-0505, or by email at EED.ACPE-ExecDirector@Alaska.gov. The questions must be received at least 10 days before the end of the public comment period. The ASLC will aggregate its response to substantially similar questions and make the questions and responses available on the Alaska Online Public Notice System and at www.acpe.alaska.gov.

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact Joseph Felkl at (907) 465-6718 or by email at Joseph.Felkl@alaska.gov

not later than April 27, 2020, to ensure that any necessary accommodations can be provided.

A copy of the proposed regulation changes is available on the Alaska Online Public Notice System and by contacting Joseph Felkl at (907) 465-6718 or by email at Joseph.Felkl@alaska.gov.

After the public comment period ends, the ASLC will either adopt the proposed regulation changes or other provisions dealing with the same subject, without further notice, or decide to take no action. The language of the final regulation may be different from that of the proposed regulation. You should comment during the time allowed if your interests could be affected.

Statutory authority: AS 44.17.030; AS 14.42.150; AS 14.42.200; AS 14.43.122

Statutes being implemented, interpreted, or made specific: AS 14.42.150; AS 14.42.200; AS 14.42.215; AS 14.43.122

Fiscal information: The proposed regulation changes are not expected to require an increased appropriation.

Date: March 20, 2020



Stephanie Butler, Executive Officer
Alaska Student Loan Corporation

ADDITIONAL REGULATION NOTICE INFORMATION
(AS 44.62.190(d))¹

1. Adopting agency: Alaska Student Loan Corporation.
2. General subject of regulation: setting of loan interest rates and the terms and conditions of the state education loan program.
3. Citation of regulation (may be grouped): Title 20, Chapter 14.
4. Department of Law file number, if any:

5. Reason for the proposed action:

- () Compliance with federal law or action (identify):
- () Compliance with new or changed state statute
- () Compliance with federal or state court decision (identify):
- (X) Development of program standards
- () Other (identify):

6. Appropriation/Allocation: None

7. Estimated annual cost to comply with the proposed action to:

A private person: None
 Another state agency: None
 A municipality: None

8. Cost of implementation to the state agency and available funding (in thousands of dollars):

	Initial Year FY <u>2020</u>	Subsequent Years
Operating Cost	\$ <u>-0-</u>	\$ <u>-0-</u>
Capital Cost	\$ <u>-0-</u>	\$ <u>-0-</u>
1002 Federal receipts	\$ <u>-0-</u>	\$ <u>-0-</u>
1003 General fund match	\$ <u>-0-</u>	\$ <u>-0-</u>
1004 General fund	\$ <u>-0-</u>	\$ <u>-0-</u>
1005 General fund/ program	\$ <u>-0-</u>	\$ <u>-0-</u>
Other (identify)	\$ <u>-0-</u>	\$ <u>-0-</u>

9. The name of the contact person for the regulation:

Name: Joseph Felkl
Title: Executive Secretary
Address: P.O. Box 110505, Juneau, AK 99811
Telephone: (907) 465-6718
E-mail address: joseph.felkl@alaska.gov

10. The origin of the proposed action:

- Staff of state agency
- Federal government
- General public
- Petition for regulation change
- Other (identify):

11. Date: March 23, 2020

Prepared by:



Name (printed): Joseph Felkl
Title (printed): Executive Secretary
Telephone: (907) 465-6718

Chapter 20. Miscellaneous Boards and Commissions

(Words in **boldface and underlined** indicate language being added; words [CAPITALIZED AND BRACKETED] indicate language being deleted. Complete new sections are not in boldface or underlined.)

Register _____, _____ 20__ ALASKA STUDENT LOAN CORPORATION.

20 AAC 14.050(f) is amended to read:

(f) **From time to time as it deems appropriate, but at least annually,** [T]the corporation will set loan interest rates [ON OR AFTER MARCH 1 OF EACH YEAR] **and an effective date for those interest rates.** The interest rates apply to loans that the corporation originates, consolidates, **or** refinances[, OR PURCHASES FOR THE PERIOD BEGINNING JULY 1 OF THAT CALENDAR YEAR AND ENDING JUNE 30 OF THE SUBSEQUENT CALENDAR YEAR] **starting on the effective date.**

20 AAC 14.220(c) is amended to read:

(c) A loan eligible for refinancing under 20 AAC 14.200 - 20 AAC 14.240 must

[(1) BE IN A GRACE OR REPAYMENT STATUS;]

[(2)] **(1)** if in repayment status, be current in repayment; and

[(3)] **(2)** be for a student who was a resident of this state at the time the underlying

loan was originated, if a family member of the student borrowed the loan on behalf of the student. (Eff. 7/31/2016, Register 219; am ___/___/_____, Register _____)

20 AAC 14.225(e) is repealed:

(e) Repealed ___/___/_____.

20 ACC 14.240. is amended by adding a new subsection to read:

(e) A cosigner's obligation to repay the loan

(1) begins when the borrower's obligation begins;

(2) is deferred while the borrower's obligation is deferred;

(3) continues even if the borrower's obligation to repay the loan is discharged or canceled before the loan is paid in full, even if the discharge or cancellation occurs due to the death or disability of the borrower; and

(4) continues even if the borrower's obligation to repay the loan is determined to have been discharged in bankruptcy unless the cosigner's obligation to repay the loan has also been determined to have been discharged in the cosigner's bankruptcy.

Authority: AS 44.17.030 AS 14.42.150 AS 14.42.200

AS 14.43.122