

## CHAPTER 14. ALASKA STUDENT LOAN CORPORATION

### Article

1. Bond Issues, Selection of Underwriters, Interest Rates, and Late Fees (20 AAC 14.010 - 20 AAC 14.055)
2. Alaska Education Loan Refinancing Program (20 AAC 14.200 - 20 AAC 14.240)
3. General Provisions (20 AAC 14.900)

Editor's note: As of July 31, 2016, the Alaska Student Loan Corporation regulations, formerly located in 20 AAC 15.810 - 20 AAC 15.890, were relocated to 20 AAC 14.

### Article 1. BOND ISSUES, SELECTION OF UNDERWRITERS, INTEREST RATES, AND LATE FEES.

#### Sections

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**20 AAC 14.010. Delegation of selection of underwriters.** The corporation delegates the preparation for and the selection of underwriters for a bond issue to the executive officer of the corporation as specified in 20 AAC 14.010 - 20 AAC 14.040. The decision of the executive officer is the final agency decision on the selection of underwriters. (Eff. 7/31/2016, Register 219)

Authority:

AS 14.42.150                      AS 14.42.200                      AS 14.42.265

**Editor's note:** Before July 31, 2016, the substance of 20 AAC 14.010 was contained in former 20 AAC 15.815. The history note for 20 AAC 14.010 does not reflect the history of the section under its former number.

**20 AAC 14.015. Selection of underwriters by negotiated sale.** For a bond issue using a negotiated sale method, the executive officer shall select the underwriter and, if more than one underwriter is chosen, members of the underwriting or selling group. The executive officer shall compile a qualified underwriters list (QUL) in accordance with the selection process set out in 20 AAC 14.020 - 20 AAC 14.040. The underwriter and members of the underwriting or selling group must be selected from the QUL. The

executive officer shall update the QUL when a vacancy is anticipated or as is determined necessary by the executive officer or the board. (Eff. 7/31/2016, Register 219)

Authority: AS 14.42.150 AS 14.42.200 AS 14.42.265

**Editor's note:** Before July 31, 2016, the substance of 20 AAC 14.015 was contained in former 20 AAC 15.820. The history note for 20 AAC 14.015 does not reflect the history of the section under its former number.

**20 AAC 14.020. Qualified underwriters list.** The provisions of 20 AAC 14.020 - 20 AAC 14.025 establish policies, authority, and guidelines relating to the selection of investment banking firms for inclusion on the QUL. (Eff. 7/31/2016, Register 219)

Authority: AS 14.42.150 AS 14.42.200 AS 14.42.265

**Editor's note:** Before July 31, 2016, the substance of 20 AAC 14.020 was contained in former 20 AAC 15.825. The history note for 20 AAC 14.020 does not reflect the history of the section under its former number.

**20 AAC 14.025. Requests for statements of qualifications.**

(a) The executive officer shall select investment banking firms for inclusion on the QUL on the basis of a request for statements of qualifications as described in this section. A request for statements of qualifications must contain the date, time, and place for delivering responses; a specific description of the services to be provided; the minimum qualifications required to be included on the QUL; other information required in order to evaluate the qualifications of respondents in accordance with 20 AAC 14.020 - 20 AAC 14.040; and evaluation criteria specified under (i) of this section.

(b) The executive officer shall publish notice of a request for statements of qualifications by at least one of the following methods:

(1) regular or electronic mailings to those investment banking firms currently on the QUL as maintained by the corporation;

(2) publication in a trade journal, such as The Bond Buyer, and the Alaska Online Public Notice System (AS 44.62.175) at least 21 days before delivery deadline of a response to the request for statements of qualifications;

(3) publication through other media determined by the executive officer to provide comparable notification to those methods listed in (1) or (2) of this subsection.

(c) In addition to the forms of public notice specified in (b) of this section, the executive officer may use other methods to supplement the notification.

(d) An investment banking firm must timely respond by submitting a statement of qualifications if the firm intends to be considered for selection to be on the QUL. The executive officer may only consider a response if the respondent has a business license issued by this state that is valid at the time designated as the delivery deadline in the request for statements of qualifications. The firm must designate at the time of submission if it requests any trade secret or proprietary data contained in the response documents be considered for confidential treatment under (j) of this section.

(e) A respondent may correct, modify, or withdraw its response by written request received by the executive officer before the time and date set for receipt of responses. Unless excused by the executive officer for good cause shown, a request made under this subsection must be delivered in a sealed envelope with the request for statements of qualifications number printed on the outside of the envelope. The request must be accompanied by written authorization by the respondent for the correction, modification, or withdrawal of its response. The corporation staff shall include all documents relating to the correction, modification, or withdrawal of a response in the file for the request.

(f) The executive officer may not accept responses after the time and date set for receipt of responses, and may not accept corrections, modifications, or withdrawals after the time and date set for opening of responses, unless the executive officer determines that the delay was attributable to an error by the corporation staff.

(g) Corporation staff shall open responses and response corrections and modifications at the time, date, and place designated in the request for statements of qualifications. The corporation staff shall tabulate the name of each respondent and other pertinent information.

(h) The executive officer shall designate an evaluation committee to evaluate the responses received in response to the request for statements of qualifications. The evaluation committee must consist of three members of the corporation staff and the chair of the corporation, or one board member appointed by the chair. The evaluation committee shall use the minimum qualification criteria set out in (i) of this section in determining whether a respondent meets the criteria to be included on the QUL. If the evaluation committee determines that a respondent meets all of the minimum criteria, the evaluation committee shall recommend to the executive officer that the respondent be included on the QUL. The executive officer shall review the recommendation and make the final agency decision on the firms to be included on the QUL.

(i) The following criteria must be used in evaluating statements of qualifications submitted under this section:

- (1) organizational structure of the firm requesting inclusion on the QUL;
- (2) the firm's approach to providing services to the corporation;
- (3) the firm's experience and knowledge of public financing generally and education loan bond financing specifically;
- (4) the qualifications and experience of staff of the firm that will be responsible for working with the corporation, corporation's financial advisors, corporation's bond counsel, and other persons designated by the executive officer;
- (5) other information that relates to the competence of the firm to act as an underwriter for a bond issue of the corporation.

(j) Corporation staff shall notify respondents of the determination of their inclusion on the QUL. The QUL and responses are open for public inspection after the corporation staff notifies each respondent of the determination. To the extent that the respondent designated under (d) of this section and the executive officer concur, trade secrets and proprietary data contained in the response documents are confidential.

(k) The executive officer may cancel a request for statements of qualifications, reject any or all responses in whole or in part, or delay the opening of responses if the executive officer determines it to be in the best interest of the corporation to do so. The

executive officer shall make the reasons for the cancellation, rejection, or delay a part of the file on the request for the statements of qualifications.

(l) The provisions of AS 36.30.240 dealing with discussions with responsible offerors and revisions to proposals apply to requests for statements of qualifications. (Eff. 7/31/2016, Register 219)

Authority: AS 14.42.150 AS 14.42.200 AS 14.42.265

**Editor's note:** Before July 31, 2016, the substance of 20 AAC 14.025 was contained in former 20 AAC 15.830. The history note for 20 AAC 14.025 does not reflect the history of the section under its former number.

As of Register 160 (January 2002), the regulations attorney made technical revisions under AS 44.62.125(b)(6), and in accordance with sec. 45, ch. 85, SLA 2001, to change "student loan" to "education loan" in former 20 AAC 15.830(i)(3), now relocated to 20 AAC 14.025(i)(3).

**20 AAC 14.030. Method of sale.** Before selecting an underwriter or selling group for a bond issuance, the executive officer shall consult with the corporation's financial advisor and shall review the transaction to make a recommendation to the board on the method of sale for the bond issue; either by negotiated sale or competitive sale. The board will make the final agency decision on the method of sale, after considering the recommendation of the executive officer. If the board determines that the bond issue is to be made by negotiated sale, the executive officer shall select one or more investment banking firms from the QUL in accordance with the underwriting selection process described in 20 AAC 14.035. (Eff. 7/31/2016, Register 219)

Authority: AS 14.42.150 AS 14.42.200 AS 14.42.265

**Editor's note:** Before July 31, 2016, the substance of 20 AAC 14.030 was contained in former 20 AAC 15.835. The history note for 20 AAC 14.030 does not reflect the history of the section under its former number.

**20 AAC 14.035. Underwriter selection process.**

(a) The executive officer must select each firm from the QUL on the basis of a request for financing proposal as described in this section. A request for financing proposal must contain the date, time, and place for delivering proposals; a specific description of the services to be provided; the minimum qualifications required; any information required to evaluate the qualifications of respondents in accordance with this section; and the evaluation criteria specified in this section.

(b) Firms currently on the QUL shall be sent the request for financing proposal at least 21 days before delivery deadline specified for responses in the request for financing proposal.

(c) A firm must timely respond by submitting a proposal if the firm wishes to be considered. The firm must designate at time of the submission if it requests any trade

secrets or proprietary data contained in the proposal to be considered as confidential under (h) of this section. The executive officer may only consider a response if a respondent has a business license valid in this state at the time designated as the delivery deadline in the request for financing proposal.

(d) A respondent may correct, modify, or withdraw its proposal by written request received by the executive officer before the time and date set for receipt of proposals. Unless excused by the executive officer for good cause, a request in this subsection must be delivered in a sealed envelope with the request for financing proposal number printed on the outside of the envelope. The request must be accompanied by written authorization by the respondent for the correction, modification, or withdrawal of its response. The corporation staff shall include all documents relating to the correction, modification, or withdrawal of a proposal in the file for the request.

(e) The executive officer may not accept proposals after the time and date set for receipt of proposals, and may not accept corrections, modifications, or withdrawals after the time and date set for opening of proposals, unless the executive officer determines that the delay was attributable to an error by the corporation staff.

(f) Corporation staff shall open proposals and proposal corrections and modifications at the time, date, and place designated in the request for financing proposal. The corporation staff shall tabulate the name of each respondent and other pertinent information.

(g) The executive officer shall designate an evaluation committee to evaluate the proposals received in response to the request for financing proposal. The evaluation committee must consist of three members of the corporation staff and the chair of the corporation, or one board member appointed by the chair. The corporation staff may consult with the corporation's financial advisor in reviewing proposals. The evaluation committee shall provide a recommendation to the executive officer on the selection of the underwriting firm to lead manage the proposed bond issuance and any other firms to co-manage the transaction. The executive officer shall consider the recommendations and make the final agency decision on the selection. The following criteria shall be used in evaluating the proposals and determining the underwriters' group:

- (1) the firm's experience and knowledge in the following areas:
  - (A) education loan revenue bond financings;
  - (B) relevant economic issues and concerns within this state and the education loan industry;
  - (C) the programs and financings of the corporation;
- (2) the firm's underwriting capabilities;
- (3) the firm's marketing strengths;
- (4) the firm's availability and the responsiveness of assigned individuals, giving consideration to physical locations of the firm;
- (5) the underwriting spread or cost;
- (6) any other factors that the executive officer has determined are relevant to the specific transaction, program, or objective of the corporation and were specified in the request for proposals.

(h) Corporation staff shall notify respondents of the executive officer's determination under (g) of this section. The proposals are open for public inspection after the corporation staff notifies each respondent of the determination. To the extent that the

respondent designated under (c) of this section and the executive officer concur, trade secrets and proprietary data contained in the proposal documents are confidential.

(i) The executive officer may cancel a request for financing proposal, reject any or all proposals in whole or in part, or delay the opening of proposals if the executive officer determines it to be in the best interest of the corporation to do so. The executive officer shall make the reasons for the cancellation, rejection, or delay a part of the file on the request for proposals.

(j) The provisions of AS 36.30.240 dealing with discussions with responsible offerors and revisions to proposals apply to requests for financing proposals. (Eff. 7/31/2016, Register 219)

Authority: AS 14.42.150 AS 14.42.200 AS 14.42.265

**Editor's note:** Before July 31, 2016, the substance of 20 AAC 14.035 was contained in former 20 AAC 15.840. The history note for 20 AAC 14.035 does not reflect the history of the section under its former number.

As of Register 160 (January 2002), the regulations attorney made technical revisions under AS 44.62.125(b)(6), and in accordance with sec. 45, ch. 85, SLA 2001, to change "student loan" to "education loan" in former 20 AAC 15.840(g)(1)(A) and (B), now relocated to 20 AAC 14.035(g)(1)(A) and (B).

**20 AAC 14.040. Bond purchase agreement.** The bond purchase agreement entered into between the corporation and the lead underwriter selected under this section must contain

- (1) a statement that the law of this state pertains to the agreement;
- (2) a statement that the corporation will not indemnify the underwriters; and
- (3) a statement that the compensation to be paid by the corporation shall be no greater than the compensation stated in the lead underwriter's proposal to the request for financing proposal for the particular bond issuance. (Eff. 7/31/2016, Register 219)

Authority: AS 14.42.150 AS 14.42.200 AS 14.42.265

**Editor's note:** Before July 31, 2016, the substance of 20 AAC 14.040 was contained in former 20 AAC 15.845. The history note for 20 AAC 14.040 does not reflect the history of the section under its former number.

**20 AAC 14.045. Competitive sale transaction.** If a determination is made by the board that the bond issue should be done using a competitive sale method, the executive officer shall consult the corporation's bond counsel and financial advisor, structure the bond issue, and prepare the financing documents for consideration by the board. The corporation will authorize the bond issue in advance of the distribution of the official notice of sale to initiate the bidding process on the bonds. Bonds of the corporation sold in accordance with a competitive sale method will not be restricted to those firms included on the QUL. (Eff. 7/31/2016, Register 219)

**Editor's note:** Before July 31, 2016, the substance of 20 AAC 14.045 was contained in former 20 AAC 15.850. The history note for 20 AAC 14.045 does not reflect the history of the section under its former number.

**20 AAC 14.050. Loan interest rates, loan credits, and loan fees.**

(a) If the corporation sets loan interest rates as variable rates the interest rates apply for the next 12-month period beginning July 1 of that calendar year and ending June 30 of the subsequent calendar year.

(b) For loans originated on or before June 30, 2014, the interest rates set under (a) of this section will be based on the bond equivalent rate of 91-day United States Treasury bills auctioned at the final auction held before May 1 of the loan year plus up to 2.8 percent.

(c) In setting interest rates in accordance with (b) of this section, the corporation will take into consideration the commission's and corporation's costs, during the preceding fiscal year, of administering loans of the state education loan programs. Amounts that the corporation may determine to be costs include payments for salaries, service agreements, supplies, direct and indirect costs of operation, and other costs considered appropriate by the corporation. The corporation will not include as costs amounts recovered by a loan origination fee or through payments received from the United States Department of Education as a result of claims paid on a loan guaranty.

(d) The corporation may approve an annual credit 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 for administering the loans.

(e) The corporation may set a loan origination fee on a loan funded by the corporation to offset losses incurred as a result of death, disability, default, or bankruptcy of borrowers. If the corporation sets a loan origination fee, the corporation will not set a fee that exceeds five percent of the total loan amount.

(f) The corporation will set loan interest rates on or after March 1 of each year. The interest rates apply to loans that the corporation originates, consolidates, refinances, or purchases for the period beginning July 1 of that calendar year and ending June 30 of the subsequent calendar year.

(g) In setting fixed interest rates in accordance with this section,

(1) the corporation will establish rates that

(A) do not exceed the legal rate of interest applicable in the state to the type of loan being originated, consolidated, refinanced, or purchased;

(B) do not exceed the all-inclusive cost, expressed as a rate on fixed rate debt the corporation incurs to finance or refinance fixed rate loans plus a percentage as determined by the corporation to represent allocable operating and loan servicing expenses, exclusive of costs recovered through the origination fee;

(C) ensure loans made by the corporation are of sufficient value to be financed or refinanced; and

(D) ensure the financial stability of the corporation's loan programs; and

(2) if the corporation has not issued fixed-rate debt within the six months immediately preceding the setting of fixed interest rates, the corporation may estimate the true interest cost that would result from a current fixed-rate debt issuance to ensure loans made are financeable; a lower interest rate may be established on loans previously financed with fixed-rate tax-exempt debt if a reduction is necessary to maintain the tax-exempt status on the debt.

(h) In setting variable interest rates in accordance with this section,

(1) the corporation will establish variable rates that

(A) do not exceed the legal rate of interest applicable in the state to the type of loan being originated, consolidated, refinanced, or purchased;

(B) do not exceed the interest cost expressed as a rate on variable-rate debt that the corporation incurs to finance or refinance variable-rate loans plus a percentage as determined by the corporation to represent allocable operating, debt, and loan servicing expenses, exclusive of costs recovered through the loan origination fee;

(C) ensure loans made by the corporation are of sufficient value to be financed or refinanced; and

(D) ensure the financial stability of the corporation's loan programs; and

(2) if the corporation has not issued variable-rate debt within the six months immediately preceding the setting of the first variable interest rates applicable to a loan, the corporation may estimate the variable-rate interest cost that would result from a current variable-rate debt issuance to ensure loans made are financeable; a lower interest rate may be established on loans previously financed with variable-rate tax-exempt debt if a reduction is necessary to maintain the tax-exempt status on the debt. (Eff. 7/31/2016, Register 219)

Authority:	AS 14.42.150	AS 14.42.210	AS 14.43.640
	AS 14.42.200	AS 14.42.215	AS 14.43.740
	AS 14.42.205	AS 14.43.122	

**Editor's note:** Before July 31, 2016, the substance of 20 AAC 14.050 was contained in former 20 AAC 15.855. The history note for 20 AAC 14.050 does not reflect the history of the section under its former number.

**20 AAC 14.055. Late fees.** If an installment on a loan is 30 days or more past due on the loan's payment schedule, the corporation may require the loan borrower to pay a late fee of up to \$15 for the installment. If a deferment of payment on a loan is approved under 20 AAC 15.965, the corporation may waive the late fee. This section applies to a loan that the corporation has originated, purchased, or participated in purchasing under AS 14.42.200. (Eff. 7/31/2016, Register 219)

Authority: AS 14.42.150 AS 14.42.200

**Editor's note:** Before July 31, 2016, the substance of 20 AAC 14.055 was contained in former 20 AAC 15.810. The history note for 20 AAC 14.055 does not reflect the history of the section under its former number.

## **Article 2. ALASKA EDUCATION LOAN REFINANCING PROGRAM**

### **Section**

- 200. Purpose
- 205. Applicability of other provisions
- 210. Application procedure
- 215. Priority ranking of applicants
- 220. Eligible loans
- 225. Applicant eligibility
- 230. Conditions and limitations of loans
- 235. Interest rates and fees
- 240. Terms of repayment

**20 AAC 14.200. Purpose.** The Alaska education loan refinancing program provides residents of this state the opportunity to refinance qualified education loans into one loan in order to lower borrowing costs or enable a borrower to better manage the loan repayment obligation. (Eff. 7/31/2016, Register 219)

Authority: AS 14.42.150 AS 14.42.200 AS 14.43.122

**20 AAC 14.205. Applicability of other provisions.** Unless the context otherwise requires, and except as provided in (b) of this section, the provisions of 20 AAC 15.915, 20 AAC 15.970, 20 AAC 15.972, 20 AAC 15.975, and 20 AAC 15.990 apply to the Alaska education loan refinancing program under 20 AAC 14.200 - 20 AAC 14.240.  
(b) A borrower or cosigner, if any, who has previously defaulted under 20 AAC 15.970(b)(1) is not considered to be in default status for the purpose of being eligible for a refinancing loan under 20 AAC 14.200 - 20 AAC 14.240 if no payment is currently past due on the current amortization schedule of the loan. (Eff. 7/31/2016, Register 219)

Authority: AS 14.42.150 AS 14.42.200 AS 14.43.122

**20 AAC 14.210. Application procedure.** (a) The commission staff shall establish an application period based on money available for the Alaska education loan refinancing

program. Once available money has been fully expended, commission staff shall close an application period.

(b) An individual applying for a refinancing loan must complete and submit an application and promissory note provided by the commission. The requirements of 20 AAC 15.930(a) and (c) - (e) apply to an application for a refinancing loan. (Eff. 7/31/2016, Register 219)

Authority: AS 14.42.150 AS 14.42.200 AS 14.43.122

**20 AAC 14.215. Priority ranking of applicants.** If available money is not sufficient to fund all eligible applications, refinancing loans will be awarded to applicants in the order in which the commission receives completed applications. (Eff. 7/31/2016, Register 219)

Authority: AS 14.42.150 AS 14.42.200 AS 14.43.122

**20 AAC 14.220. Eligible loans.**

(a) Loans eligible for refinancing under 20 AAC 14.200 - 20 AAC 14.240 must be qualified education loans and may include

- (1) Stafford, PLUS, or federal consolidation loans;
- (2) qualified education loans made by private or state lenders;
- (3) loans made under AS 14.43.091 - 14.43.160, 14.43.170 - 14.43.175, 14.43.600 - 14.43.700, or 14.43.710 - 14.43.750; and
- (4) loans made under 20 AAC 14.200 - 20 AAC 14.240, when a new loan is being incorporated into an existing refinancing loan.

(b) The commission may include in a refinancing loan a loan that is not a qualified education loan, if the refinancing loan is not funded from tax-exempt bond proceeds.

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

- (1) be in grace or repayment status;
- (2) if in repayment status, be current in repayment; and
- (3) be for a student who was a resident of this state at the time the underlying loan was originated, if a family member borrowed the loan on behalf of the student. (Eff. 7/31/2016, Register 219)

Authority: AS 14.42.150 AS 14.42.200 AS 14.43.122

**20 AAC 14.225. Applicant eligibility.**

(a) An applicant for a refinancing loan must

- (1) meet the eligibility requirements of AS 14.43.122(b);
- (2) be a resident of this state as defined in AS 01.10.055 at the time of the application for a refinancing loan;
- (3) be a United States citizen or a permanent resident alien admitted to the United States as a lawful permanent resident according to 8 U.S.C. 1101 - 1537 (United States Immigration and Nationality Act);
- (4) be employed or if not employed, document to the commission a long-term source of income sufficient to repay the loan; and

(5) have a credit history that demonstrates good credit, such as having a FICO score that is equal to or higher than the FICO score set by the corporation or providing documentation that the commission determines documents a history of an ability to repay the loan.

(b) An applicant who does not meet the requirements of (a)(4) and (5) of this section may qualify for a refinancing loan by providing a cosigner who independently meets the requirements of (a) of this section.

(c) The commission may require additional documentation as needed to determine borrower eligibility.

(d) An applicant must be an obligated party or student beneficiary on the underlying loans being refinanced.

(e) An applicant refinancing one or more corporation state education loans in a refinancing application must include all outstanding corporation state education loans. (Eff. 7/31/2016, Register 219)

Authority: AS 14.42.150 AS 14.42.200 AS 14.43.122

**20 AAC 14.230. Conditions and limitations of loans.**

(a) The amount of a refinancing loan is determined by the outstanding balance due on the underlying loans to be paid off through the refinancing program.

(b) The corporation may establish minimum and maximum loan limits.

(c) An applicant for a refinancing loan in excess of \$50,000 must have earned the credential for which an underlying loan was awarded. (Eff. 7/31/2016, Register 219)

Authority: AS 14.42.150 AS 14.42.200 AS 14.43.122

**20 AAC 14.235. Interest rates and fees.**

(a) The corporation will set interest rates and fees for refinancing loans in accordance with the applicable provisions of 20 AAC 14.050.

(b) Interest begins to accrue from the date of loan origination.

(c) After origination, the commission staff may capitalize any outstanding interest, not paid when due, as part of the principal to be repaid as provided for in the promissory note. (Eff. 7/31/2016, Register 219)

Authority: AS 14.42.150 AS 14.42.200 AS 14.43.122

**20 AAC 14.240. Terms of repayment.**

(a) Repayment of the principal and interest begins no later than 60 days following loan origination.

(b) The minimum monthly payment is the greater of \$100 or the payment amount calculated to fully repay the refinancing loan within the loan repayment schedule, including all costs of financing.

(c) Subject to (b) of this section, the loan repayment schedule must provide for repayment of the total amount owed in monthly installments over a minimum of five years and not more than 15 years from the commencement of repayment. However, the

commission may establish an alternative repayment schedule with the borrower to assist a borrower in repaying the loan without undue economic hardship.

(d) Payments shall be applied first to outstanding fees and interest, and then to principal. (Eff. 7/31/2016, Register 219)

Authority: AS 14.42.150 AS 14.42.200 AS 14.43.122

### Article 3. GENERAL PROVISIONS.

#### Section

#### 900. Definitions

**20 AAC 14.900. Definitions.** In this chapter, unless otherwise provided or the context otherwise requires,

- (1) "board" means the board of the corporation;
- (2) "borrower" means the individual incurring the primary loan obligation and any cosigner on the loan;
- (3) "commission" means the Alaska Commission on Postsecondary Education;
- (4) "corporation" means the Alaska Student Loan Corporation;
- (5) "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;
- (6) "corporation's financial advisor" means a financial advisor on contract with the corporation to provide expertise on financial matters;
- (7) "competitive sale" means a bond issuance in which the costs of borrowing are determined through bids received for the corporation's bonds;
- (8) "cosigner" means an endorser;
- (9) "endorser" means a person who signs a promissory note and who becomes secondarily liable for a loan obligation, agreeing to pay if the borrower does not pay;
- (10) "executive officer" means the executive director of the commission;
- (11) "installment" means any single scheduled payment on a borrower's loan;
- (12) "negotiated sale" means a bond issuance in which the executive officer of the corporation negotiates both the bond yield and the underwriter's compensation;
- (13) "PLUS loan" means a loan provided under 20 U.S.C. 1078-2;
- (14) "qualified education loan" means a loan that meets the requirements of 26 U.S.C. 144(b)(1)(B);
- (15) "qualified underwriters list" means a list of underwriters that have been determined to be qualified to participate in the underwriter selection process described in 20 AAC 14.035;
- (16) "QUL" means qualified underwriters list;
- (17) "refinancing loan" means a loan that meets the requirements of 20 AAC 14.200 - 20 AAC 14.240;
- (18) "Stafford loan" means a federal loan authorized under 20 U.S.C. 1071 - 1078;

(19) "underwriters group" means one or more underwriters selected from the QUL through the underwriters selection process to provide underwriting services for a particular negotiated sale;

(20) "underwriters selection process" means the process of selection of an underwriting group from the QUL to participate in a bond issuance of the corporation done as a negotiated sale. (Eff. 7/31/2016, Register 219)

Authority: AS 14.42.150 AS 14.42.265 AS 14.43.122  
AS 14.42.200

**Editor's note:** Before July 31, 2016, the substance of 20 AAC 14.900 was contained in former 20 AAC 15.890. The history note for 20 AAC 14.900 does not reflect the history of the section under its former number.

## CHAPTER 15. STUDENT FINANCIAL AID

### Article

1. Education Loans (20 AAC 15.010 – 20 AAC 15.085)
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8. A.W. "Winn" Brindle Memorial Education Loan Program (20 AAC 15.610 – 20 AAC 15.690) p. 33
9. Supplemental Education Loan Programs (20 AAC 15.700 – 20 AAC 15.795) p. 37
10. Alaska Student Loan Corporation (20 AAC 15.810 – 20 AAC 15.890) p. 47
11. General Provisions (20 AAC 15.910 – 20 AAC 15.990) p. 57

## ARTICLE 1. EDUCATION LOANS.

**20 AAC 15.010. Purpose of education loan program.** The education loan program is designed to increase access to postsecondary education in the state by providing low-cost education loans to eligible applicants. (Eff. 2/3/77, Register 61; am 7/27/86, Register 99; am 7/16/92, Register 123; am 3/1/2002, Register 161)

Authority: AS 14.43.030 AS 14.43.105

**Editor's note:** As of Register 160 (January 2002), the regulations attorney made a technical revision under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change "scholarship loan" to "education loan" in 20 AAC 15.010.

**20 AAC 15.015. Administration.** *Repealed.* (Eff. 2/3/77, Register 61; am 7/27/86, Register 99; am 7/16/92, Register 123; repealed 3/22/97, Register 141)

**20 AAC 15.020. Filing dates.** *Repealed.* (Eff. 2/3/77, Register 61; am 12/7/80, Register 76; am 7/9/82, Register 83; am 6/12/85, Register 94; am 7/27/86, Register 99; am 7/1/90, Register 114; am 3/24/94, Register 130; repealed 3/22/97, Register 141)

**20 AAC 15.021. Residency eligibility.** *Repealed.* (Eff. 12/13/93, Register 129; am 6/23/95, Register 134; repealed 3/22/97, Register 141)

**20 AAC 15.025. Priority ranking of applicants.** *Repealed.* (Eff. 2/3/77, Register 61; am 12/7/80, Register 76; am 11/19/83, Register 88; repealed 11/26/94, Register 132)

**20 AAC 15.030. Computation of authorized loan awards.** *Repealed.* (Eff. 2/3/77, Register 61; am 7/9/82, Register 83; am 12/13/84, Register 92; am 7/27/86, Register 99; am 8/20/86, Register 99; am 7/16/92, Register 123; am 11/26/94, Register 132; repealed 3/22/97, Register 141)

**20 AAC 15.035. Limitations on granting authorized loan awards.** (*Repealed* 12/7/80.)

**20 AAC 15.036. Limitations on granting loan awards.** For the purpose of determining the total of loans awarded to a borrower under AS 14.43.120(d),

(1) loans made under the memorial education loan programs (AS 14.43.250 - 14.43.325) and teacher education loan program (AS 14.43.600 - 14.43.700) are included; and

(2) "undergraduate study" includes career education programs.  
(Eff. 1/4/86, Register 97; am 1/4/86, Register 97; am 3/22/97, Register 141)

Authority: AS 14.43.105 AS 14.43.120

**Editor's note:** As of Register 160 (January 2002), the regulations attorney made a technical revision under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change "scholarship loan" to "education loan" in 20 AAC 15.036.

**20 AAC 15.040. Conditions and limitations of loans.** *Repealed.* (Eff. 2/3/77, Register 61; am 5/10/78, Register 66; am 12/7/80, Register 76; am 7/9/82, Register 83; am 11/19/83, Register 88; am 12/13/84, Register 92; am 7/27/86, Register 99; am 8/27/86, Register 99; am 6/26/87, Register 102; am 11/29/87, Register 104; am 5/8/88, Register 106; am 3/28/90, Register 113; am 5/18/90, Register 114; am 3/16/91, Register 117; am 7/1/91, Register 119; am 7/16/92, Register 123; am 4/8/93, Register 126; am 11/26/94, Register 132; am 11/27/94, Register 132; am 4/11/95, Register 134; am 6/23/95, Register 134; am 7/1/96, Register 138; am 12/4/96, Register 140; repealed 3/22/97, Register 141)

**20 AAC 15.045. Disbursement and handling of loan awards.** *Repealed.* (Eff. 2/3/77, Register 61; am 12/7/80, Register 76; am 7/9/82, Register 83; am 11/19/83, Register 88; am 12/13/84, Register 92; am 6/12/85, Register 94; am 7/27/86, Register 99; am 6/26/87, Register 102; am 7/11/87, Register 103; am 8/27/87, Register 103; am 5/8/88, Register 106; am 5/18/90, Register 114; am 3/16/91, Register 117; am 7/16/92, Register 123; am 11/26/94, Register 132; am 6/23/95, Register 134; repealed 3/22/97, Register 141)

**20 AAC 15.050. Repayment of loans.** *Repealed.* (Eff. 2/3/77, Register 61; am 5/10/78, Register 66; am 12/7/80, Register 76; am 7/27/86, Register 99; am 7/16/92, Register 123; am 11/26/94, Register 132; am 11/27/94, Register 132; am 12/4/96, Register 140; am 3/22/97, Register 141; repealed 3/15/98, Register 145)

**20 AAC 15.055. Deferment of payments.** *Repealed.* (Eff. 2/3/77, Register 61; am 5/10/78, Register 66; am 12/7/80, Register 76; am 7/27/86, Register 99; am 8/17/86, Register 99; am 7/16/92, Register 123; am 11/27/94, Register 132; am 6/23/95, Register 134; am 12/4/96, Register 140; repealed 3/22/97, Register 141)

**20 AAC 15.060. Resident forgiveness benefits.** (a) Under former AS 14.43.120(j), a borrower of a loan awarded for the 1986-87 and preceding school years is eligible to have up to 50 percent of all loans and accrued interest paid by the state if the borrower remains an Alaskan resident after the successful completion of the course of study for which the loan was granted, is awarded an appropriate degree, diploma, or certificate, and remains, except for brief periods not to exceed a total of 180 days within a 12-month period, in the state during the period for which forgiveness is claimed. A borrower who does not qualify for forgiveness under this subsection may qualify under (h) or (j) of this section.

(b) To qualify for forgiveness benefits under former AS 14.43.120(j), a borrower must

- (1) except as provided in (i) of this section, be physically residing in Alaska within one year after completion of the course of study for which the loan was granted, or an extension of that period by deferment under AS 14.43.120(k);
- (2) provide a copy of the borrower's degree, diploma, or certificate of completion for the course of study for which the loan was granted;
- (3) provide certification on a form provided by the commission that the borrower has satisfied the requirements of former AS 14.43.120(j) and this section;
- (4) be current in repayment under AS 14.43.120 on the loan for which forgiveness is claimed; and
- (5) not have defaulted on the loan.

(c) Forgiveness payments under this section will be computed for the first six years following the completion of the course of study as follows:

- (1) if the recipient satisfies the requirements of (a) and (b) of this section for at least two, but less than three, years, the recipient will be eligible for a first forgiveness payment in an amount equal to 10 percent of his total loan, plus 10 percent of the interest accrued as of the second anniversary of the date the recipient first returned to Alaska;
- (2) if the recipient satisfies the requirements of (a) and (b) of this section for at least three, but less than four, years, the recipient will be eligible for a second forgiveness payment in an amount equal to 10 percent of his total loan, plus 10 percent of the interest accrued as of the third anniversary of the date the recipient first returned to Alaska;

(3) if the recipient satisfies the requirements of (a) and (b) of this section for at least four, but less than five, years, the recipient will be eligible for a third forgiveness payment in an amount equal to 10 percent of his total loan, plus 10 percent of the interest accrued as of the fourth anniversary of the date the recipient first returned to Alaska;

(4) if the recipient satisfies the requirements of (a) and (b) of this section for at least five, but less than six, years, the recipient will be eligible for a fourth forgiveness payment in an amount equal to 10 percent of his total loan, plus 10 percent of the interest accrued as of the fifth anniversary of the date the recipient first returned to Alaska;

(5) if the recipient satisfies the requirements of (a) and (b) of this section for six years, the recipient will be eligible for a fifth forgiveness payment in an amount equal to 10 percent of his total loan plus 10 percent of the interest accrued, as of the sixth anniversary of the date the recipient first returned to Alaska.

(d) A portion of the forgiveness payment based on all loans will be credited against principal and a portion of the forgiveness payment based on accrued interest will be credited against interest. Subject to the requirements of this section, any previous forgiveness payment due will be credited against principal. The forgiveness payment does not alter the amount of monthly principal and interest payments due or the terms and conditions of the repayment schedule.

(e) *Repealed 3/22/97.*

(f) A recipient who is absent from Alaska for a period that exceeds a total of 180 days within a 12-month eligibility period will forfeit one 10 percent forgiveness increment for that eligibility period. However, if the recipient has obtained a deferment for this period and the loan is not in repayment status, this forfeiture provision does not apply.

(g) *Repealed 6/23/95.*

(h) A recipient who receives an initial determination of failure to meet the requirements of (a) of this section may request an exception from loan personnel in accordance with this subsection. The request for an exception must be postmarked within 30 days after the date of mailing of the initial determination, must be filed on a form provided by the commission for that purpose, and must set out the specific reasons for the exception. Loan personnel will, in their discretion require additional documentation in order to determine if an absence is allowable under (j) of this section or is of a nature and temporary duration that is consistent with an intent to return to Alaska and remain permanently in the state. In making a determination under this section, loan personnel will determine the recipient's eligibility based upon relevant documentation, including

(1) Alaska Permanent Fund Dividend applications for the 12-month eligibility period;

(2) voter registration and voting records;

(3) licenses to drive, fish, hunt, or trap;

(4) rent receipts, proof of home ownership, or other proof that the individual maintains a principal place of abode in this state, including the location of the recipient's household goods;

(5) school, employment, unemployment, or military records;

(6) tax, court, or other government agency records;

(7) hotel receipts, and records or receipts of travel on an airline, Alaska Marine Highway System, or other carrier;

(8) evidence indicating in which state the individual maintains personal and business bank accounts or owns or operates a business; and



**20 AAC 15.080. Complaint file.** *Repealed.* (Eff. 2/3/77, Register 61; am 7/27/86, Register 99; repealed, 6/23/95, Register 134)

**20 AAC 15.081. Loan audit and institutional sanctions.** *Repealed.* (Eff. 11/19/83, Register 88; am 7/27/86, Register 99; am 6/26/87, Register 102; am 3/16/91, Register 117; repealed 3/22/97, Register 141)

**20 AAC 15.085. Definition of hardship.** *Repealed.* (Eff. 2/3/77, Register 61; am 12/7/80, Register 76; am 7/9/82, Register 83; am 11/19/83, Register 88; am 6/12/85, Register 94; am 7/27/86, Register 99; am 8/20/86, Register 99; am 7/11/87, Register 103; am 5/8/88, Register 106; am 5/18/90, Register 114; am 3/16/91, Register 117; am 7/16/92, Register 123; am 11/28/92, Register 124; am 12/13/93, Register 129; am 11/26/94, Register 132; am 4/11/95, Register 134; am 3/22/97, Register 141; repealed 3/15/98, Register 145)

## **ARTICLE 2. ALASKADVANTAGE FEDERAL CONSOLIDATION LOAN PROGRAM.**

**20 AAC 15.086. Purpose of the AlaskAdvantage federal consolidation loan program.** The AlaskAdvantage federal consolidation loan program provides eligible borrowers the opportunity to combine multiple eligible outstanding federally guaranteed education loans into one. (Eff. 4/2/2004, Register 169)

Authority: AS 14.42.030 AS 14.43.167

**Editor's note:** As of Register 172 (January 2005), and acting under AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.087. General program requirements.** The AlaskAdvantage federal consolidation loan program will be administered under AS 14.43.161 – 14.43.168, 20 U.S.C. 1001 – 1155 (Higher Education Act of 1965), 34 C.F.R. 682, and published policies authorized by the secretary. (Eff. 4/2/2004, Register 169)

Authority: AS 14.42.030 AS 14.43.167

**Editor's note:** As of Register 172 (January 2005), and acting under AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.088. Applicant eligibility.** (a) An applicant for an AlaskAdvantage federal consolidation loan must

- (1) satisfy the residency criteria of AS 14.43.162;
- (2) have a minimum of \$3,500 of eligible loan debt to be consolidated; and
- (3) satisfy the eligibility criteria specified in 20 U.S.C. 1078-3(a)(3), 34 C.F.R. 682.102 and 34 C.F.R. 682.201.

(b) For purposes of (a) of this section, a borrower's residency requirement may be considered met if the borrower has an active loan with the commission.

(c) An applicant must disclose on the combined application and promissory note the existence of a defaulted loan. (Eff 4/2/2004, Register 169; am 6/7/2007, Register 182; am 10/18/2007, Register 184)

Authority: AS 14.42.030 AS 14.43.163 AS 14.43.164  
AS 14.43.162

**Editor's note:** As of Register 172 (January 2005), and acting under AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.089. Loan eligibility.** (a) Loans eligible for consolidation under this section are defined in 34 C.F.R. 688.2, and 34 C.F.R. 682.100, and include

- (1) the federal Stafford loan;
- (2) a federal PLUS loan;
- (3) the federal Perkins loan;
- (4) the Federal Insured Student Loan Program (FISL);
- (5) federal Supplemental Loans for Students (SLS);
- (6) Auxiliary Loans to Assist Students (ALAS);
- (7) the Health Professions Student Loan Program (HPSL);
- (8) Loans for Disadvantaged Students (LDS);
- (9) the Nursing Student Loan Program; and
- (10) existing loans under the Federal Consolidation Loan Program, and William D. Ford Direct Loan Program (Direct Loan).

- (b) If an eligible loan in this section is in default status, the borrower must have
- (1) made satisfactory repayment arrangements with the holder of the defaulted loan as defined in 34 C.F.R. 682.200(b); or
  - (2) agreed to the income-sensitive repayment plan described in 34 C.F.R. 682.209(a)(6) to repay the consolidated loan.

(c) Repealed 6/7/2007.

(d) The commission staff may approve the addition of an eligible loan to the consolidation loan if the additional eligible loan is received within a 180-day period following the effective date of a consolidation loan under 34 C.F.R. 682.201(e). The interest rate and repayment terms of a consolidation loan may be altered with the inclusion of additional eligible loans. (Eff. 4/2/2004, Register 169; 6/7/2007, Register 182)

Authority: AS 14.42.030 AS 14.43.167

**20 AAC 15.090. Application procedure.** (a) An individual applying for a federal consolidation loan

- (1) must complete and submit the consolidation loan combined application and promissory note; and
- (2) may not have another consolidation loan application pending.

(b) An incomplete application may be returned to the applicant with a request for additional information. Further action may not be taken on an incomplete application until it is resubmitted with the requested information.

(c) The commission staff may require an applicant to furnish further information and documents to verify statements on the application. (Eff. 4/2/2004, Register 169; am 6/7/2007, Register 182)

Authority: AS 14.42.030 AS 14.43.167

**20 AAC 15.091. Loan disbursement.** (a) A federal consolidation loan will be considered disbursed when the first loan proceeds are transferred by individual check, master check, or electronic funds transfer (EFT), by the commission to the current holder of the loan being consolidated.

(b) In accordance with 34 C.F.R. 682.206 and 34 C.F.R. 682.209, a verification certificate will be mailed to the holder of each eligible loan to certify the loan's eligibility and payoff amount.

(c) Upon receipt of the verification certificate from the holder of each eligible loan, the commission staff shall make payment to the holder for discharge of the loan in accordance with 34 C.F.R. 682.206 and 34 C.F.R. 682.209. (Eff. 4/2/2004, Register 169)

Authority: AS 14.43.030 AS 14.43.167

**20 AAC 15.092. Loan fees, interest, and interest capitalization.** (a) A borrower will not be charged an origination fee on a federal consolidation loan.

(b) Interest on a federal consolidation loan will be set in accordance with 20 U.S.C. 1077 – 1078, 34 C.F.R. 682.202, and AS 14.43.165, not to exceed 8.25 percent.

(c) An eligible subsidized loan included in the federal consolidation loan may remain subsidized, subject to the conditions set out in 34 C.F.R. 682.301.

(d) Accrued interest and unpaid fees

- (1) will be added to the principal balance at the time of consolidation;
- (2) will be added to the principal balance at the end of a period of deferment or forbearance; and
- (3) may be added to the principal balance at any time interest and fees are not paid when due.

(e) A late fee may be charged for loan payments not made when due if authorized in the borrower's promissory note, and subject to conditions set out in 34 C.F.R. 682.202(f).

(f) A borrower may be required to pay collection costs incurred by the commission or its agents for payments not paid when due, including

- (1) late charges;
- (2) attorney's fees;
- (3) court costs; and
- (4) collection agency fees.

(g) A borrower who receives a federal consolidation loan by providing false or erroneous information or who takes actions described in 34 C.F.R. 682.412(a) will be sent a final demand letter in accordance with the requirements of 34 C.F.R. 682.412. (Eff. 4/2/2004, Register 169)

Authority: AS 14.42.200 AS 14.43.030 AS 14.43.166  
AS 14.42.210 AS 14.43.165 AS 14.43.167

**20 AAC 15.093. Loan servicing and repayment.** (a) Federal consolidation loans will be serviced in accordance with 34 C.F.R. 682.208.

(b) Repayment begins no later than 60 days from the date the federal consolidation loan is disbursed and must be repaid in accordance with 34 C.F.R. 682.209.

(c) The minimum monthly payment on a federal consolidation loan is \$50, unless the borrower and the commission staff agree to an alternate repayment amount. (Eff. 4/2/2004, Register 169)

Authority: AS 14.43.030 AS 14.43.167

**20 AAC 15.094. Loan deferment and forbearance.** (a) A borrower may defer payments of principal after the beginning of the repayment period in accordance with the conditions set out in 20 U.S.C. 1078 and 34 C.F.R. 682.210.

(b) Deferment eligibility is based on the deferment eligibility established with the borrower's eligible loans.

(c) In order to receive a deferment the borrower must submit a request for the deferment to the commission with documentation required by 34 C.F.R. 682.210(c)-(t).

(d) Interest accrues and must be paid by the borrower during the deferment period and the post-deferment grace period, if applicable, unless the borrower qualifies for interest benefits as described in 34 C.F.R. 682.301.

(e) The commission staff may grant a forbearance of payments of principal or interest in accordance with the conditions set out in 34 C.F.R. 682.211 to provide temporary or long-term repayment relief.

(f) Interest accrues during the period of an approved period of forbearance on a loan, and will be capitalized as part of the loan principal at the end of the forbearance period. (Eff. 4/2/2004, Register 169; am 6/7/2007, Register 182)

Authority: AS 14.43.030 AS 14.43.167

**20 AAC 15.095. Default.** A federal consolidation loan will be considered in default under the conditions set out in the definition of “default” in 34 C.F.R. 682.200. (Eff. 4/2/2004, Register 169)

Authority: AS 14.43.030 AS 14.43.167

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### ARTICLE 3. ALASKADVANTAGE LOAN PROGRAMS.

**20 AAC 15.100. Purpose of AlaskAdvantage loan program.** The AlaskAdvantage loan program provides low-cost, federally guaranteed education loans to residents of this state attending eligible institutions, to students attending eligible institutions in this state, and to parents of eligible students seeking to assist in financing their children's postsecondary education. (Eff. 7/1/2002, Register 162)

Authority: AS 14.42.030

**Editor's note:** As of Register 172 (January 2005), and acting under AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.105. General program requirements.** The AlaskAdvantage loan program will be administered under AS 14.43.161 - 14.43.168, 20 U.S.C. 1001 - 1155 (Higher Education Act of 1965), 34. C.F.R. 600, 668, and 682, and published policies authorized by the secretary. (Eff. 7/1/2002, Register 162)

Authority: AS 14.42.030 AS 14.43.161

**Editor's note:** As of Register 172 (January 2005), and acting under AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.110. AlaskAdvantage loan types.** AlaskAdvantage loan types include

- (1) the federal subsidized Stafford loan;
- (2) the federal unsubsidized Stafford loan;
- (3) the federal PLUS loans; and
- (4) a federal consolidation loan; a federal consolidation loan is subject to 20 AAC 15.086-20 AAC 15.095. (Eff. 7/1/2002, Register 162; am 4/2/2004, Register 169; am 6/7/2007, Register 182; am 8/19/2009, Register 191)

Authority: AS 14.42.030 AS 14.43.161

**Editor's note:** As of Register 172 (January 2005), and acting under AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.115. Applicant eligibility.** (a) Except as provided in (b) and (c) of this section, to be considered for an AlaskAdvantage loan, an applicant must satisfy the eligibility criteria specified in AS 14.43.162 and 34 C.F.R. 668 and 682.

(b) For purposes of the parent PLUS loan, the requirements of AS 14.43.162(a)(1), (b), and (c) apply to the undergraduate student for whom the loan is borrowed or the parent PLUS borrower.

(c) For purposes of the parent PLUS loan, the requirements of AS 14.43.162(a)(2) apply to the undergraduate student for whom the loan is borrowed.

(d) For purposes of the student PLUS loan, the requirements of AS 14.43.162 apply to the graduate or professional student. (Eff. 7/1/2002, Register 162; am 1/30/2003, Register 165; am 6/7/2007, Register 182)

Authority: AS 14.42.030 AS 14.43.163 AS 14.43.164  
AS 14.43.162

**Editor's note:** As of Register 172 (January 2005), and acting under AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.120. Institutional eligibility.** (a) To be eligible to participate in the AlaskAdvantage loan program, institutions must meet the criteria of and operate in compliance with the requirements set out in 34 C.F.R. 600.

(b) Institutions must meet the requirements for ongoing participation in the AlaskAdvantage loan program set out in 34 C.F.R. 600 and 668.

(c) Institutions offering programs through distance education must meet education requirements set out in 34 C.F.R. 600.7. (Eff. 7/1/2002, Register 162; am 2/20/2005, Register 173)

Authority: AS 14.42.030 AS 14.48.050

**Editor's note:** As of Register 172 (January 2005), and acting under AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.125. Application procedure requirements.** (a) A student applying for an AlaskAdvantage loan must complete and submit a Free Application for Federal Student

Aid (FAFSA) to the United States Department of Education in the manner set out in the FAFSA.

(b) If the student's FFELP eligible school has not notified the student of the availability of the AlaskAdvantage loan, the commission staff shall provide that notification.

(c) After a FFELP eligible school, under 34 C.F.R. 668, calculates the amount of the student's eligibility for an AlaskAdvantage loan and requests the student's acceptance of a loan award, and upon the student's acceptance of that loan award, the student must complete a loan application and master promissory note and return it for certification by the FFELP eligible school's financial aid office.

(d) To apply for AlaskAdvantage PLUS loans, a parent who is applying for a parent PLUS loan, or graduate or professional student who is applying for a student PLUS loan, must

(1) complete and submit a FAFSA to the United States Department of Education, if that agency requires the submission of any FAFSA; and

(2) complete a loan application and promissory note and return those forms for certification by the FFELP eligible school's financial aid office.

(e) A graduate or professional student borrower of a federal PLUS loan must apply for the annual loan maximum eligible under the federal subsidized and unsubsidized Stafford before applying for a federal PLUS loan. (Eff. 7/1/2002, Register 162; am 6/7/2007, Register 182)

Authority: AS 14.42.030 AS 14.43.162 AS 14.43.163

**Editor's note:** As of Register 172 (January 2005), and acting under AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.130. Allowable use of loan proceeds.** AlaskAdvantage loan proceeds may be used, in accordance with 20 U.S.C. 1087*ll*, to pay the allowable costs of attendance related to the student's period of enrollment. (Eff. 7/1/2002, Register 162)

Authority: AS 14.42.030 AS 14.43.163 AS 14.43.164

**Editor's note:** As of Register 172 (January 2005), and acting under AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.135. Loan fees and accrual of interest.** (a) A borrower who receives a subsidized Stafford loan is not required to make loan principal payments during the time the borrower is enrolled in school on at least a half-time basis.

(b) If the borrower receives a subsidized or unsubsidized Stafford loan, and ceases to be enrolled in school on at least a half-time basis, a six-month grace period begins, during which no principal payments are due.

(c) A borrower who receives an unsubsidized Stafford loan shall pay interest accruing during the in-school and grace periods.

(d) For federal PLUS loans, interest accrues from the date of the first disbursement and loan repayment begins after the last loan disbursement, except during periods of authorized deferment or forbearance. A parent PLUS loan borrower may elect to defer payments until six months after the student ceases to be enrolled at least half-time, and may pay accrued interest monthly or quarterly. Unpaid interest will be capitalized.

(e) A borrower may be charged an origination fee on an AlaskAdvantage loan in accordance with 34 C.F.R. 682.202 if that charge is provided for in the promissory note.

(f) A borrower may be charged the amount of the insurance premium or federal default fee paid by the commission to the guarantor, if that charge is provided for in the promissory note.

(g) Accrued interest and unpaid insurance premiums or federal default fees payable by the borrower may be added to the principal balance in accordance with 34 C.F.R. 682.202(b).

(h) A borrower or endorser may be charged a late fee relative to a payment not made when due if authorized by the borrower's promissory note, and subject to the conditions set out in 34 C.F.R. 682.202(f).

(i) The borrower or any endorser may be required to pay costs incurred by the commission or through the commission's agents in collecting installments not paid when due, including

- (1) attorney's fees;
- (2) court costs;
- (3) collection agency fees; and
- (4) late fees.

(j) A borrower or student who receives the benefit of an interest subsidy due to false or erroneous information or who takes actions described in 34 C.F.R. 682.412(a) will be sent a final demand letter in accordance with the requirements of 34 C.F.R. 682.412. (Eff. 7/1/2002, Register 162; am 6/7/2007, Register 182; am 8/19/2009, Register 191)

Authority: AS 14.42.030 AS 14.43.165 AS 14.43.168

**Editor's note:** As of Register 172 (January 2005), and acting under AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.140. Limitations on loan amounts.** (a) Borrowing under the AlaskAdvantage loan program is subject to the annual and aggregate lifetime limits set out in 34 C.F.R. 682.204.

(b) The minimum loan award for an applicant is determined annually and will be the lesser of

- (1) \$500 for the school year; or
- (2) an amount required to recover the average cost of processing an application for the AlaskAdvantage loan program, but not less than \$200; the executive director shall annually post the amount of the minimum loan award on the commission's web page. (Eff. 7/1/2002, Register 162; am 1/30/2003, Register 165; am 8/19/2009, Register 191)

Authority: AS 14.42.030 AS 14.43.163

**Editor's note:** The Alaska Commission on Postsecondary Education's website is [www.acpe.alaska.gov](http://www.acpe.alaska.gov).

As of Register 172 (January 2005), and acting under AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.145. Loan disbursement and refund.** AlaskAdvantage loans will be disbursed in accordance with 34 C.F.R. 668.22., 668.164, and 682.207. (Eff. 7/1/2002, Register 162; am 1/30/2003, Register 165; am 7/12/2008, Register 187)

Authority: AS 14.42.030 AS 14.43.163 AS 14.43.164

**Editor's note:** As of Register 172 (January 2005), and acting under AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.150. Loan servicing and repayment.** (a) AlaskAdvantage loans will be serviced and must be repaid in accordance with 34 C.F.R. 682.208 and 34 C.F.R. 682.209, and 34 C.F.R. 682.215.

(b) A minimum monthly payment amount must be at least \$50, unless otherwise agreed to by the borrower and the commission. (Eff. 7/1/2002, Register 162; am 8/19/2009, Register 191)

Authority: AS 14.42.030 AS 14.43.166

**Editor's note:** As of Register 172 (January 2005), and acting under AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.155. Loan deferment.** (a) A borrower, but not an endorser, may defer payments of principal on an AlaskAdvantage loan after the beginning of the repayment period in accordance with the conditions set out in 20 U.S.C. 1077 and 34 C.F.R. 682.210.

(b) In order to receive a deferment the borrower must request the deferment and submit any documentation required by 34 C.F.R. 682.210 to the commission for approval. (Eff. 7/1/2002, Register 162; am 8/19/2009, Register 191)

Authority: AS 14.42.030 AS 14.43.166

**Editor's note:** As of Register 172 (January 2005), and acting under AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.160. Loan forbearance.** (a) For the benefit of a borrower or endorser, the commission may grant, in accordance with 34 C.F.R. 682.211, a forbearance of payments of principal or interest on an AlaskAdvantage loan.

(b) The commission will grant mandatory forbearances in accordance with 34 C.F.R. 682.211(h) and (i). (Eff. 7/1/2002, Register 162; am 8/19/2009, Register 191)

Authority: AS 14.42.030 AS 14.43.166

**Editor's note:** As of Register 172 (January 2005), and acting under AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.165. Default.** An AlaskAdvantage loan will be considered in default under the conditions set out in the definition of "default" in 34. C.F.R. 682.200. (Eff. 7/1/2002, Register 162)

Authority: AS 14.42.030 AS 14.43.168

**Editor's note:** As of Register 172 (January 2005), and acting under AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.170. Definitions.** In 20 AAC 15.100 - 20 AAC 15.170, unless the context requires otherwise,

- (1) "guarantor" means a state or private nonprofit organization that has an agreement with the secretary to administer a loan guarantee program under 20 U.S.C. 1001 - 1155 (Higher Education Act of 1965);
- (2) "insurance premium" means the fee charged by the guarantor for each loan that the guarantor guarantees;
- (3) "master promissory note" means a single-year or multi-year promissory note by which a student borrower promises to repay loan money;
- (4) "PLUS loan" means a loan provided under 20 U.S.C. 1078-2;
- (5) repealed 11/16/2012;
- (6) "subsidized Stafford loan" means a Stafford loan with an interest offset that, under 20 U.S.C. 1078(a), the United States government pays on the borrower's behalf to the commission;
- (7) "unsubsidized Stafford loan" means a Stafford loan provided under 20 U.S.C. 1078-8 without an interest subsidy.
- (8) "graduate or professional student" means a student who, for a period of enrollment,
  - (A) is enrolled in a program or course above the baccalaureate level or is enrolled in a program leading to a professional degree;
  - (B) has completed the equivalent of at least three years of full-time study, either before entrance into the program or as part of the program itself; and
  - (C) is not receiving aid under 20 U.S.C. 1070-1100 (Title IV) as an undergraduate student for the same period of enrollment. (Eff. 7/1/2002, Register 162; am 6/7/2007, Register 182am 7/12/2008, Register 187; am 11/16/2012, Register 204)

Authority: AS 14.42.030

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#### **ARTICLE 4. ALASKADVANTAGE CONSOLIDATION LOAN PROGRAM.**

**20 AAC 15.171. Purpose of the AlaskAdvantage consolidation loan program.** The AlaskAdvantage consolidation loan program is available to an eligible borrower to refinance eligible loans. (Eff. 3/19/2003, Register 166; am 7/31/2003, Register 167)

Authority: AS 14.42.030 AS 14.43.105 AS 14.43.122

**20 AAC 15.174. Applicant eligibility.** (a) An applicant for a consolidation loan must meet the eligibility requirements of AS 14.43.122 and

(1) may not have a payment that is 60 days or more past due on any loan held by the commission;

(2) may not have a loan, held by the commission, with an outstanding loan balance that is subject to third-party collection services at the time the consolidation loan application is received;

(3) must include within the consolidation loan application any loans made to the applicant under AS 14.43.091 – 14.43.160 for which an outstanding loan balance exists; and

(4) be a United States citizen or permanent resident alien admitted to the United States as a lawful permanent resident according to 8 U.S.C. 1101-1537 (United States Immigration and Nationality Act).

(b) The commission staff may perform a credit history review on each applicant.

(c) To be considered eligible for the consolidation loan the applicant

(1) must have a credit history that demonstrates good credit; for purposes of this paragraph, an applicant will be considered to have good credit if the applicant has a FICO credit report score of 680 or higher; or

(2) must have made the 18 most recent payments on the eligible loans in full and on time; the borrower is responsible for requesting that the commission perform an account review to determine eligibility under this paragraph. (Eff. 3/19/2003, Register 166; am 7/31/2003, Register 167; am 9/23/2006, Register 179; am 5/7/2009, Register 190; am 12/29/2010, Register 196)

Authority: AS 14.42.030 AS 14.43.122

**20 AAC 15.177. Application procedure.** (a) The commission staff shall establish an application period based on money available for the AlaskAdvantage consolidation loan program. Once available money has been fully expended, commission staff shall close an application period.

(b) An individual applying for a consolidation loan must complete and submit an application and promissory note provided by the commission. The requirements of 20

AAC 15.930, other than 20AAC 15.930(b), (c), (f), and (g), apply to an application for a consolidation loan. (Eff. 3/19/2003, Register 166; am 7/31/2003, Register 167)

Authority: AS 14.42.030 AS 14.43.122

**20 AAC 15.180. Priority ranking of applicants.** If available money is not sufficient to fund all eligible applications, loans will be awarded to applicants in the order in which the commission receives completed applications. (Eff. 3/19/2003, Register 166; am 7/31/2003, Register 167)

Authority: AS 14.42.030 AS 14.43.122

**20 AAC 15.183. Computation of authorized loan amounts.** (a) The principal balance of a consolidation loan is the total of the outstanding principal, interest, and fees relative to each loan included in the consolidation as of the date the consolidation loan is originated.

(b) The minimum authorized loan amount for an applicant is \$3,500. (Eff. 3/19/2003, Register 166; am 7/31/2003, Register 167)

Authority: AS 14.42.030 AS 14.43.122

**20 AAC 15.186. Effect of consolidation on eligible loans.** (a) A promissory note for an eligible loan becomes void on the date it is paid in full and the consolidation loan is originated.

(b) As soon as is practicable following a consolidated loan origination, the commission staff will return to the borrower the cancelled promissory notes for each eligible loan that is included in the consolidation loan. (Eff. 3/19/2003, Register 166; am 7/31/2003, Register 167)

Authority: AS 14.42.030 AS 14.42.210 AS 14.43.122  
AS 14.42.200 AS 14.42.215

**20 AAC 15.189. Loan fees, interest, and interest capitalization.** (a) Repealed 2/27/2010.

(b) Repealed 12/26/2014.

(c) Interest on the loan will be set by the corporation under 20 AAC 14.050.

(d) Interest on a consolidation loan begins to accrue on the date of loan origination.

(e) After origination, the commission staff may capitalize any outstanding interest, not paid when due, as part of the principal to be repaid as provided for in the promissory note. (Eff. 3/19/2003, Register 166; am 7/31/2003, Register 167; am 2/27/2010, Register 193; am 12/26/2014, Register 212; am 7/31/2016, Register 219)

Authority: AS 14.42.030 AS 14.42.210 AS 14.43.122  
AS 14.42.200 AS 14.42.215

**20 AAC 15.192. Loan servicing and repayment.** (a) Repayment of the principal and interest on a consolidation loan begins no later than 60 days following loan origination.

(b) The minimum monthly payment on a consolidation loan is \$100.

(c) Subject to (b) of this section, the consolidation loan must provide for repayment of the total amount owed in periodic installments in not more than ten years from the commencement of repayment. However, the commission may establish an alternative repayment schedule with the borrower to assist a borrower in repaying the loan without undue economic hardship. If the commission and the borrower agree to an alternative repayment schedule, the

(1) commission staff shall disclose to the borrower, in writing, the financial effect of the alternative repayment schedule on the costs of financing the loan; and

(2) borrower shall repay the loan in accordance with the alternative repayment schedule.

(d) Repealed 12/29/2010. (Eff. 3/19/2003, Register 166; am 7/31/2003, Register 167; am 12/29/2010, Register 196)

Authority: AS 14.42.030 AS 14.43.122

**20 AAC 15.195. Loan forbearance and deferment.** (a) Subject to the approval of the executive director, the commission staff may provide a borrower with a loan forbearance to provide temporary or long-term repayment relief.

(b) If a borrower's request for a period of forbearance on a loan is approved, interest continues to accrue during the period of forbearance and will be capitalized as part of the loan principal at the end of the forbearance period.

(c) If a period of loan forbearance is agreed to, commission staff shall disclose to the borrower, in writing, the financial effect of the forbearance on the costs of financing the loan.

(d) Repealed 12/29/2010.

(e) Repealed 12/29/2010.

(f) Subject to the approval of the executive director, the commission staff may approve a student deferment for no longer than a cumulative total of 24 months over the life of the loan, while the borrower is enrolled as at least a full-time student at an institution that has received approval under 20 AAC 15.922. In the event commission staff approves a borrower's request for a period of deferment on the loan, interest will continue to accrue during the period of deferment and will be capitalized at the end of the deferment period. (Eff. 3/19/2003, Register 166; am 7/31/2003, Register 167; am 12/29/2010, Register 196; am 02/22/2015, Register 213)

Authority: AS 14.42.030 AS 14.43.122

Editor's note: As of Register 169 (April 2004), the last sentence was added to subsection (f) of 20 AAC 15.195 to correct an inadvertent omission.

**20 AAC 15.199. Definitions.** In 20 AAC 15.171 – 20 AAC 15.199, unless the context requires otherwise,

- (1) repealed 4/2/2004;
- (2) "consolidation loan" means a loan made under AS 14.43.122;
- (3) "date of origination" means the day eligible loans are paid in full through the issuance of the consolidation loan;
- (4) "eligible loan" means an education loan made under AS 14.43.091 – 14.43.160, AS 14.43.170 – 14.43.175, or AS 14.44.040 and approved for and paid in full through issuance of a consolidation loan;
- (5) repealed 2/27/2010;
- (6) "origination" means the creation of financial obligation by the commission in response to an application from a consumer. (Eff. 3/19/2003, Register 166; am 7/31/2003, Register 167; am 4/2/2004, Register 169; am 12/31/2005, Register 176; am 2/27/2010, Register 193)

Authority: AS 14.42.030 AS 14.43.122

## ARTICLE 5. TEACHER EDUCATION LOAN PROGRAM.

**20 AAC 15.200. Purpose of Teacher Education Loan program.** The teacher education loan program provides low-cost education loans to graduates of public or private high schools in the state who are enrolled in bachelor's degree programs in elementary or secondary teacher education or undergraduate certificate programs intended to lead to elementary or secondary teacher certification. (Eff. 8/16/86, Register 99; am 7/12/2008, Register 187)

Authority: AS 14.43.600 AS 14.43.610 AS 14.43.630

**Editor's note:** As of Register 160 (January 2002), the regulations attorney made a technical revision under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change "scholarship loan" to "education loan" in 20 AAC 15.200.

**20 AAC 15.205. Administration.** (a) The commission will distribute award nomination forms in January of each year to local school boards.

(b) *Repealed 4/20/2000.*

(c) By May 1 of each year, the commission will send an appropriate number of teacher education loan application forms to the school boards for distribution to selected students.

(d) In May of each year, the commission will send application forms to recipients of previous teacher education loans who are expected to continue in an eligible program of study.

(e) *Repealed 3/22/97.* (Eff. 8/16/86, Register 99; am 3/22/97, Register 141; am 4/20/2000, Register 154)

Authority: AS 14.43.630

**Editor's note:** As of Register 160 (January 2002), the regulations attorney made a technical revision under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change "scholarship loan" to "education loan" in 20 AAC 15.205.

**20 AAC 15.210. Filing of application.** The commission staff shall process applications and distribute available loan proceeds based on the order in which the applications are received. Each year, a person requesting a loan for that school year must file an application on a form obtained from the commission. (Eff. 8/16/86, Register 99; am 3/24/94, Register 130; am 3/22/97, Register 141; am 4/20/2000, Register 154)

Authority: AS 14.43.630

**20 AAC 15.215. Applicant eligibility.** In addition to the eligibility requirements set out in AS 14.43.650, an applicant must be enrolled, or must intend to enroll, in a four-year bachelor's degree program in elementary or secondary teacher education or undergraduate

degree or certificate program intended to lead to elementary or secondary teacher certification. (Eff. 8/16/86, Register 99; am 7/12/2008, Register 187)

Authority: AS 14.43.630 AS 14.43.650

**20 AAC 15.220. Priority ranking of applicants.** If available money is not sufficient to fund all eligible applicants, loans will be awarded in accordance with the following priority:

- (1) applicants who received a teacher education loan the preceding year;
- (2) one new applicant, ranked by high school grade-point average, from each school district;
- (3) remaining new applicants ranked by highest number of years enrolled in a teacher education program, with students who are in a teacher certification program ranked first. (Eff. 8/16/86, Register 99)

Authority: AS 14.43.630 AS 14.43.650

**Editor's note:** As of Register 160 (January 2002), the regulations attorney made a technical revision under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change "scholarship loan" to "education loan" in 20 AAC 15.220.

**20 AAC 15.225. Computation of authorized loan awards.** *Repealed.* (Eff. 8/26/86, Register 99; am 11/26/94, Register 132; repealed 3/22/97, Register 141)

**20 AAC 15.230. Conditions of loans.** A loan may be used to attend only an institution that meets the requirements of

- (1) 20 AAC 15.922; and
- (2) AS 14.20.020 and 4 AAC 12.010 - 4 AAC 12.900 for teacher certification degree programs. (Eff. 8/16/86, Register 99; am 5/8/88, Register 106; am 11/28/92, Register 124; am 11/26/94, Register 132; am 11/27/94, Register 132; am 7/1/96, Register 138; am 12/4/96, Register 140; am 3/22/97, Register 141)

Authority: AS 14.43.600 AS 14.43.630 AS 14.43.650  
AS 14.43.610 AS 14.43640

**20 AAC 15.235. Disbursement of loan awards.** *Repealed.* (Eff. 8/16/86, Register 99; am 11/26/94, Register 132; repealed 3/22/97, Register 141)

**20 AAC 15.240. Repayment of loans.** *Repealed.* (Eff. 8/16/86, Register 99; am 11/26/94, Register 132; am 11/27/94, Register 132; am 12/4/96, Register 140; am 3/22/97, Register 141; repealed 3/15/98, Register 145)

**20 AAC 15.245. Deferment of payments.** *Repealed.* (Eff. 8/16/86, Register 99; am 11/27/94, Register 132; repealed 3/22/97, Register 141)

**20 AAC 15.250. Forgiveness benefits.** (a) To qualify to have a portion of a loan be paid by the state as a forgiveness benefit under AS 14.43.640(b), a borrower must

(1) provide a copy of the borrower's degree, diploma, or certificate of completion for the course of study for which the loan was awarded;

(2) show proof of employment as a teacher in an elementary or secondary school in rural Alaska, as defined in AS 14.43.700, or in an urban area of Alaska under the requirements of the exception set out in AS 14.43.640(f);

(3) provide certification on a form provided by the commission that the borrower has satisfied the requirements of AS 14.43.640(b) and this section;

(4) be current in repayment in compliance with AS 14.43.120 and 20 AAC 15 on the loan for which a forgiveness benefit is claimed; and

(5) not have defaulted on the loan.

(b) Forgiveness benefits will be prorated for a borrower who shows proof of employment as a teacher for the equivalent of at least one-half of the school day for a full school year, or full-time for one-half of the school year, but less than full-time for the full school year.

(c) Forgiveness benefits are credited against the unpaid principal balance. Receipt of a forgiveness benefit does not alter the amount of the monthly payments due under the borrower's repayment schedule for the loan, but instead reduces the remaining number of monthly payments.

(d) A borrower who is not eligible for forgiveness benefits under AS 14.43.640(b) is eligible for benefits under former AS 14.43.120(j) if the loan was awarded before July 1, 1987 and the borrower qualifies under former AS 14.43.120(j) and 20 AAC 15.060.

(e) A borrower who qualifies for forgiveness benefits under AS 14.43.640(f) must certify on a form obtained from the commission that the qualifying medical condition continued to exist during the period of employment required under AS 14.43.640(f). (Eff. 8/16/86, Register 99; am 6/26/87, Register 102; am 5/8/88, Register 106; am 9/15/88, Register 107; am 5/18/90, Register 114; am 11/28/92, Register 124; am 6/23/95, Register 134; am 3/22/97, Register 141; am 9/23/99, Register 151)

Authority: Former AS 14.43.120(j) AS 14.43.630 AS 14.43.640

**20 AAC 15.255. Default.** *Repealed.* (Eff. 8/16/86, Register 99; repealed 12/4/96, Register 140)

**20 AAC 15.260. Appeals to the executive director.** *Repealed.* (Eff. 8/16/86, Register 99; am 11/28/92, Register 124; repealed 6/23/95, Register 134)

**20 AAC 15.265. Appeals to the commission.** *Repealed.* (Eff. 8/16/86, Register 99; am 11/28/92, Register 124; repealed 6/23/95, Register 134)

**20 AAC 15.270. Complaint file.** *Repealed.* (Eff. 8/16/86, Register 99; repealed 6/23/95, Register 134)

**20 AAC 15.275. Loan audit and institutional sanctions.** *Repealed.* (Eff. 8/16/86, Register 99; am 6/26/87, Register 102; repealed 3/22/97, Register 141)

**20 AAC 15.295. Definitions.** (a) In AS 14.43.600 - 14.43.700 and 20 AAC 15.200 - 20 AAC 15.295, "total loan" means the total amount of all teacher education loans received by a borrower.

(b) For the purposes of 20 AAC 15.200 - 20 AAC 15.295,

(1) "employment as a teacher" means to enter into and complete the terms of a contract to serve as a certificated elementary or secondary school teacher;

(2) "hardship" means being unable to meet the obligation to repay a teacher education loan over the term or in the amount determined by loan personnel.

(Eff. 8/16/86, Register 99; am 11/26/94, Register 132; am 12/4/96, Register 140; am 3/22/97, Register 141)

Authority: AS 14.43.630

**Editor's note:** As of Register 160 (January 2002), the regulations attorney made a technical revision under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change "scholarship loan" to "education loan" in 20 AAC 15.295.

**ARTICLE 7. - FAMILY EDUCATION LOAN PROGRAM.**

**20 AAC 15.510. Purpose of Family Education Loan program.** The family education loan program provides low-cost education loans to Alaska families to assist in paying the costs of postsecondary education for family members. (Eff. 2/28/90, Register 113)

Authority: AS 14.43.710 AS 14.43.720 AS 14.43.730

**20 AAC 15.515. Administration.** *Repealed.* (Eff. 2/28/90, Register 113; repealed 3/22/97, Register 141)

**20 AAC 15.520. Filing of application.** The commission staff shall process applications and distribute available loan proceeds based on the order in which the applications are received, except that in a year that financing is insufficient and not available to fully finance loan demand, priority will be given to residents of this state attending institutions in this state. Each year, a person requesting a loan for that school year must file an application on a form obtained from the commission. (Eff. 2/28/90, Register 113; am 3/24/94, Register 130; am 3/22/97, Register 141; am 4/20/2000, Register 154; am 2/27/2010, Register 193)

Authority: AS 14.42.030 AS 14.43.740

**20 AAC 15.525. Priority ranking of applications.** *Repealed.* (Eff. 2/28/90, Register 113; repealed 11/26/94, Register 132)

**20 AAC 15.530. Computation of authorized loan awards.** *Repealed.* (Eff. 2/28/90, Register 113; am 11/26/94, Register 132; repealed 3/22/97, Register 141)

**20 AAC 15.535. Limitations on granting loan awards.** *Repealed.* (Eff. 2/28/90, Register 113; repealed 3/22/97, Register 141)

**20 AAC 15.537. Annual and aggregate loan limits on borrower.** (a) Borrowing under the Alaska family education loan program is subject to the annual and aggregate limits under AS 14.43.173 and 20 AAC 15.935(f).

(b) A borrower who receives loans under the Alaska family education loan program on behalf of more than one student and has borrowed up to the aggregate limit under (a) of this section may receive additional loans if the current total principal loan balance owed by the borrower, including the new loan amount, does not exceed the aggregate limit. (Eff. 3/1/2002, Register 161; am 2/20/2005, Register 173; am 2/22/2015, Register 213)

Authority: AS 14.42.030 AS 14.43.730 AS 14.43.740  
AS 14.43.173

**20 AAC 15.540. Duties of student recipient.** (a) The student recipient must sign a statement on the promissory note that the student recipient will comply with the requirements of this section. Commission staff may not make loan disbursements to a student recipient who has not complied with a requirement of this section.

(b) Within 30 days after the change, a student recipient shall report in writing to the commission any change that affects the conditions of a loan, including any change of the student recipient's name, address, or state residency status, or the student's change of institution, change in dates of attendance, change in attendance from full-time status, change in enrollment status, or withdrawal or dismissal from the course of study for which the loan was awarded.

(c) A student recipient must maintain full-time enrollment as a student in good standing as described in 20 AAC 15.945 and must comply with the conditions placed on a student under that section. (Eff. 2/28/90, Register 113; am 11/26/94, Register 132; am 11/27/94, Register 132; am 7/1/96, Register 138; am 12/4/96, Register 140; am 3/22/97, Register 141)

Authority: AS 14.43.730 AS 14.43.740 AS 14.43.750

**20 AAC 15.545. Disbursement and handling of loan awards.** *Repealed.* (Eff. 2/28/90, Register 113; am 11/26/94, Register 132; repealed 3/22/97, Register 141)

**20 AAC 15.550. Repayment of loans.** The repayment period begins on the date of the last disbursement made on the loan. The first payment is due within 60 days after the date the loan is fully disbursed. (Eff. 2/28/90, Register 113; am 11/27/94, Register 132; am 12/4/96, Register 140; am 3/22/97, Register 141; am 3/15/98, Register 145; am 3/1/2002, Register 161)

Authority: AS 14.42.030 AS 14.43.730 AS 14.43.740

**20 AAC 15.560. Default.** *Repealed.* (Eff. 2/28/90, Register 113; repealed 12/4/96, Register 140)

**20 AAC 15.565. Appeals to the executive director.** *Repealed.* (Eff. 2/28/90, Register 113; repealed 6/23/95, Register 134)

**20 AAC 15.570. Appeals to the commission.** *Repealed.* (Eff. 2/28/90, Register 113; am 11/28/92, Register 124; repealed 6/23/95, Register 134)

**20 AAC 15.575. Complaint file.** *Repealed.* (Eff. 2/28/90, Register 113; repealed 6/23/95, Register 134)

**20 AAC 15.580. Loan audit and institutional sanctions.** *Repealed.* (Eff. 2/28/90, Register 113; repealed 3/22/97, Register 141)

**20 AAC 15.590. Definitions.** In 20 AAC 15.510 - 20 AAC 15.590,

(1) "family member" means a spouse, child, step-child, foster child, or grandchild of the borrower;

(2) *Repealed 3/15/98;*

(3) "student recipient" means the family member for whom the loan is made.

(Eff. 2/28/90, Register 113; am 12/13/93, Register 129; am 11/26/94, Register 132; am 11/27/94, Register 132; am 12/4/96, Register 140; am 3/22/97, Register 141; am 3/15/98, Register 145; am 12/31/2005, Register 176)

Authority: AS 14.43.125            AS 14.43.740            AS 14.43.750  
                 AS 14.43.730

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**ARTICLE 8. - A.W. "WINN" BRINDLE MEMORIAL EDUCATION  
LOAN PROGRAM.**

**20 AAC 15.610. Purpose of A.W. "Winn" Brindle Memorial Education Loan program.** The A.W. "Winn" Brindle memorial education loan program provides low cost education loans to Alaskans enrolled as full-time students in undergraduate, graduate or career vocational-technical degree programs at accredited schools in fisheries, fishery science, fishery management, seafood processing, food technology, or other fields determined by the commission, on a case-by-case basis, to be related. (Eff. 3/31/90, Register 113)

Authority: AS 14.43.300 AS 14.43.320

**Editor's note:** As of Register 160 (January 2002), the regulations attorney made a technical revision under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change "scholarship loan" to "education loan" in 20 AAC 15.610.

**20 AAC 15.615. Applicant eligibility.** *Repealed.* (Eff. 3/31/90, Register 113; repealed 3/22/97, Register 141)

**20 AAC 15.620. Applicant priority.** (a) In selecting from among the eligible applicants those who will be awarded a memorial education loan, priority will be given to those who

- (1) received a loan under this program during the previous academic year and are ranked by highest to lowest grade level; or
- (2) are nominated by a private donor contributing to the memorial education loan account.

(b) Distribution of loan money among applicants who meet the criteria under (a) of this section will be based on a ranking by the commission of career goals, fisheries and seafood business references, and financial need. (Eff. 3/31/90, Register 113; am 3/22/97, Register 141)

Authority: AS 14.43.310 AS 14.43.320

**Editor's note:** As of Register 160 (January 2002), the regulations attorney made a technical revision under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change "scholarship loan" to "education loan" in 20 AAC 15.620.

**20 AAC 15.625. Application procedures.** (a) An Alaska resident attending, or planning to attend, an eligible degree program at either an in-state or out-of-state postsecondary institution who wishes to apply for an A.W. "Winn" Brindle memorial education loan must complete and submit an application on a form obtained from the commission.

- (b) The commission will
- (1) review, for eligibility, all completed applications that were received by the application deadline; and
  - (2) issue education loan awards on the basis of ranking and availability of money.

(c) Each year, an education loan recipient requesting an education loan for that school year must file an application on a form obtained from the commission. (Eff. 3/31/90, Register 113; am 3/22/97, Register 141; am 4/20/2000, Register 154)

Authority: AS 14.43.305 AS 14.43.310 AS 14.43.320

**Editor's note:** As of Register 160 (January 2002), the regulations attorney made technical revisions under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change "scholarship loan" to "education loan" in 20 AAC 15.625.

**20 AAC 15.630. Conditions and limitations of loans.** *Repealed.* (Eff. 3/31/90, Register 113; am 11/26/94, Register 132; am 7/1/96, Register 138; repealed 3/22/97, Register 141)

**20 AAC 15.635. Disbursement and handling of loan awards.** *Repealed.* (Eff. 3/31/90, Register 113; am 11/26/94, Register 132; repealed 3/22/97, Register 141)

**20 AAC 15.640. Repayment of loans.** *Repealed.* (Eff. 3/31/90, Register 113; am 11/26/94, Register 132; am 11/27/94, Register 132; am 12/4/96, Register 140; am 3/22/97, Register 141; repealed 3/15/98, Register 145)

**20 AAC 15.645. Deferment of payments.** *Repealed.* (Eff. 3/31/90, Register 113; repealed 3/22/97, Register 141)

**20 AAC 15.650. Default.** *Repealed.* (Eff. 3/31/90, Register 113; repealed 12/4/96, Register 140)

**20 AAC 15.655. Appeals to the executive director.** *Repealed.* (Eff. 3/31/90, Register 113; am 11/28/92, Register 124; repealed 6/23/95, Register 134)

**20 AAC 15.660. Appeals to the commission.** *Repealed.* (Eff. 3/31/90, Register 113; am 11/28/92, Register 124; repealed 6/23/95, Register 134)

**20 AAC 15.665. Complaint file.** *Repealed.* (Eff. 3/31/90, Register 113; repealed 6/23/95, Register 134)

**20 AAC 15.670. Loan audit and institutional sanctions.** *Repealed.* (Eff. 3/31/90, Register 113; repealed 3/22/97, Register 141)

**20 AAC 15.675. Forgiveness benefits.** (a) To qualify for a forgiveness benefit under AS 14.43.305(j), the borrower must

(1) provide documentation that the borrower has satisfied the requirements of AS 14.43.305(j) and this section; and

(2) be current in repayment in compliance with AS 14.43.120 and 20 AAC 15 on the loan for which a forgiveness benefit is claimed.

(b) Forgiveness benefits are credited against the unpaid principal balance. Receipt of a forgiveness benefit does not alter the amount of the monthly payments due under the borrower's repayment schedule for the loan, but instead reduces the remaining number of monthly payments.

(c) For the purpose of AS 14.43.305(j), a borrower is employed full-time in the state during a calendar year if the borrower is

(1) employed full-time in a qualified fisheries related field in the state for the duration of the relevant season during that year; and

(2) physically present in the state, with the intent to remain permanently, for at least 180 days of that year.

(d) A borrower who fails to meet the requirements of (c)(2) of this section may request a waiver by the executive director. The executive director's decision constitutes final agency action. To receive a waiver, the borrower must

(1) demonstrate the borrower's continuing intent to return to and remain permanently in the state; and

(2) provide proof that the borrower's absence from the state was for a reason described in 20 AAC 15.060(j)(1) or (2). (Eff. 12/4/96, Register 140)

Authority: AS 14.43.120 AS 14.43.305

**20 AAC 15.690. Definition of hardship.** *Repealed.* (Eff. 3/31/90, Register 113; am 12/13/93, Register 129; am 11/26/94, Register 132; am 11/27/94, Register 132; am 3/22/97, Register 141; repealed 3/15/98, Register 145)

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## ARTICLE 9. SUPPLEMENTAL EDUCATION LOAN PROGRAM.

### **20 AAC 15.700. Purpose of the Alaska Supplemental Education Loan program.** (a)

The Alaska supplemental education loan program (ASELP) provides low-cost education loans to residents of this state attending eligible institutions, and to students attending eligible institutions in this state. This loan is available to an otherwise eligible borrower to pay allowable costs of attendance that

- (1) exceed the costs allowed under a Stafford loan; or
- (2) cannot be met through the Stafford loan program. (Eff. 7/1/2002, Register 162; am 11/16/2012, Register 204)

Authority: AS 14.42.030 AS 14.43.170 AS 14.43.172

### **20 AAC 15.705. Applicant eligibility.** (a) A borrower of an Alaska supplemental education loan (ASEL) must meet the eligibility requirements of AS 14.43.172 and 14.43.173 and

- (1) must be enrolled and admitted into an eligible program of study on at least a half-time basis;
- (2) must maintain satisfactory academic progress as determined by the school's policy;
- (3) may not be in default on any federal or state education loan;
- (4) if the individual is eligible to participate in the AlaskAdvantage loan program based solely on the individual's status as a resident of this state, during periods of absence from this state under AS 14.43.162(c), must have, and must demonstrate behavior consistent with, a continuing intent to return to and remain permanently in this state; and
- (5) be a United States citizen or permanent resident alien admitted to the United States as a lawful permanent resident according to 8 U.S.C. 1101-1537 (United States Immigration and Nationality Act).

(b) The commission staff may perform a credit history check on each loan applicant and endorser.

(c) To be considered eligible for the loan the applicant, or endorser if required under AS 14.43.172, must have a credit history that demonstrates good credit. For purposes of this paragraph, an applicant will be considered to have good credit if the applicant has a FICO credit report score of 680 or higher, and an endorser will be considered to have a good credit if the endorser has a FICO credit report score of 680 or higher and current income.

(d) Repealed 5/7/2009;

(e) Repealed 2/22/2015.

(f) In an appeal of a denial of loan eligibility under AS 14.43.172(c)(5) or (6), the appellant may request that evidence of prior credit performance, in addition to that

considered under this section, be considered to mitigate the findings of the review of the applicant's credit history. The appellant must be able to show that extraordinary circumstances beyond the applicant's control led to the adverse credit history and that the applicant made good faith efforts to pay the past debt, or that the credit history does not accurately reflect the appellant's ability or willingness to pay debts as they become due. If the appellant bases the appeal on the showing of extraordinary circumstances that led to the adverse credit history, the appellant has the burden to show that a good credit history existed before the extraordinary circumstances.

(g) For purposes of AS 14.43.172(e), an endorser's bankruptcy may be considered adverse credit.

(h) For the purposes of AS 14.43.172(c)(4), it is presumed that a person cannot repay a loan as it becomes due, and may only obtain a loan in compliance with AS 14.43.172(e), if the person

- (1) is incarcerated at the time funds are disbursed or delivered; or
- (2) is permanently disabled to an extent that the person will not be able to receive income in an amount that would allow repayment of the loan, and there is no reasonable medical possibility that the condition of permanent disability will improve before the loan enters repayment.

(i) In an appeal of a denial of loan eligibility under AS 14.43.172(b), the appellant may provide evidence that demonstrates that an absence from this state in excess of the period allowable under applicable state law was not inconsistent with an intent to return and indefinitely reside in this state. (Eff. 7/1/2002, Register 162; am 12/31/2005, Register 176; am 9/23/2006, Register 179; am 5/7/2009, Register 190; am 2/22/2015, Register 213)

Authority: AS 14.42.030 AS 14.43.172

**Editor's note:** As of Register 172 (January 2005), and acting under AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.710. Institutional eligibility.** To participate in the ASELP, an institution must apply for and be granted approval under 20 AAC 15.922. (Eff. 7/1/2002, Register 162)

Authority: AS 14.42.030 AS 14.43.173 AS 14.48.050  
AS 14.43.172

**20 AAC 15.715. Application procedure requirements.** (a) A student requesting an ASEL must complete and submit the Free Application for Federal Student Aid (FAFSA)

to the United States Department of Education in the manner set out in the FAFSA, if the student's institution of attendance requires the FAFSA.

(b) Repealed 11/16/2012.

(c) The commission staff shall process applications and distribute available loan proceeds based on the order in which the applications are received, except that in a year that financing is insufficient and not available to fully finance loan demand, priority will be given to residents of this state attending institutions in this state. Each year, a person requesting a loan for that school year must file a new or renewal application.

(d) If the student's school has not notified the student of the availability of the ASEL, has not provided the student with a loan application and promissory note for the student's signature, or has not collected any additional information required, the commission staff shall provide the applicable notification or items, and shall collect any additional information required.

(e) The student must complete a loan application and promissory note and submit them to the commission.

(f) If the school the student is attending requires its financial aid staff to certify the loan award before the award is made final, commission staff may not disburse loan money to the school until the award is certified.

(g) An applicant, and an endorser if required under AS 14.43.172, must sign a promissory note for the loan award, unless a previously completed master promissory note is in effect. The applicant's parent or legal guardian, who meets the eligibility requirements of AS 14.43.172(c), also must sign the promissory note if the applicant is under 17 years of age. An endorser's signature on a promissory note may be required to be notarized. Liability for the loan is limited to the amount of loan money disbursed on behalf of the student plus applicable interest, loan origination fees, and collection costs.

(h) An application is timely filed only if it is submitted on or before the applicable deadline for the academic period for which the loan is requested and contains all information required to make a determination of the applicant's eligibility and the amount of the loan award.

(i) Commission staff may require an applicant to furnish further information and documents to verify statements on the application. (Eff. 7/1/2002, Register 162; am 5/7/2009, Register 190; am 2/27/2010, Register 193; am 11/16/2012, Register 204)

Authority: AS 14.42.030 AS 14.43.171

**20 AAC 15.720. ASEL alternative application process.** Repealed (Eff. 7/1/2002, Register 162; am 6/7/2007, Register 182; repealed 11/16/2012, Register 204)

**20 AAC 15.725. Relationship of borrower and endorser.** (a) For purposes of 20 AAC 15.700 - 20 AAC 15.795, and except as provided in (b) of this section, the term “borrower” does not include an endorser unless specifically indicated.

(b) For purposes of AS 14.43.145, the term “borrower” includes an endorser, if any. (Eff. 7/1/2002, Register 162)

Authority: AS 14.42.030 AS 14.43.168 AS 14.43.171

**20 AAC 15.730. Loan fees and accrual of interest.** (a) If a loan or repayment obligation becomes delinquent or in default, the borrower or endorser, if any, shall pay the fees and costs described in 20 AAC 15.975.

(b) Repealed 12/31/2005.

(c) Interest on a loan accrues from the time the loan is disbursed. Unpaid accrued interest will be added to the principal balance of a loan

- (1) when a loan enters repayment under AS 14.43.175;
- (2) at the start of a period of deferment, if unpaid interest has accrued at the time the deferment is processed;
- (3) at the expiration of a period of deferment;
- (4) at the start of a period of forbearance, if unpaid interest has accrued on the loan at the time the forbearance is processed;
- (5) at the expiration of a period of forbearance;
- (6) when a loan is transferred to a collection agency due to the borrower’s default; and
- (7) any time that the borrower and the commission enter into an alternative repayment agreement.

(d) A borrower may elect to make interest payments during the in-school period, in accordance with the terms of the promissory note. (Eff. 7/1/2002, Register 162; am 12/31/2005, Register 176)

Authority: AS 14.42.030 AS 14.43.174 AS 14.43.175

**20 AAC 15.735. Conditions and limitations on loans.** (a) A loan award will be based upon computation of allowable costs of attendance, and may not exceed a borrower’s estimated cost of attendance less other forms of financial aid awarded to the borrower to pay for these costs for the period of enrollment for which the loan is intended. The authorized loan award for a student enrolled for less than a full academic year will be determined on a pro rata basis so that an otherwise eligible student attending

(1) one-third of the academic year is eligible for one-third of the annual loan maximum;

(2) one-half of the academic year is eligible for one-half of the annual loan maximum; or

(3) two-thirds of the academic year is eligible for two-thirds of the annual loan maximum.

(b) Repealed 2/22/2015.

(c) Repealed 2/22/2015.

(d) For the purposes of determining the total of loans awarded to a borrower under AS 14.43.173(b), loans made

(1) under AS 14.43.091 – 14.43.160 (Alaska Education Loan Program), AS 14.43.250 – 14.43.325 (Memorial Education Loans), and AS 14.43.600 – 14.43.700 (Teacher Education Loan Program) will be included; and

(2) for the borrower to attend career education programs are subject to the aggregate maximum borrowing limit for undergraduate enrollment.

(e) Repealed 2/22/2015.

(f) An ASEL will not be awarded for

(1) an elementary or secondary educational program;

(2) an educational program that is avocational or recreational in nature; or

(3) a program of study offered outside the state in which the institution is located, unless the program's location is based upon, and serves, a bona fide educational purpose.

(g) An ASEL will not be awarded for flight instruction

(1) leading to certification as a private pilot;

(2) unless the student has received a private pilot's certificate at the time of application for the loan;

(3) for type rating or other proficiencies, unless the student has received a commercial license at the time of application for the loan;

(4) for more than the total of the annual loan maximum under AS 14.43.173(a)(3) for any single certification or flight rating; or

(5) that is offered through a flight-training course other than one certified under 14 C.F.R. Part 141 or Part 142.

(h) Only one loan will be awarded to a student to attend a non-flight career education program that is 12 months or less in duration and that awards a single certificate or degree.

(i) Within 30 days after the change, a borrower or endorser, if any, shall report in writing to the commission any change that affects the conditions of a loan or the loan's repayment schedule, including any change of the borrower's or endorser's name or address, the borrower's state residency status, or the student's change of institution, change in dates of

attendance, change in attendance to less than at least half-time status, change in enrollment status, or withdrawal or dismissal from the course of study for which the loan was awarded.

(j) If the student changes institutions after the loan was disbursed, the borrower shall submit a revised application form.

(k) During the period that a student fails to meet any of the eligibility requirements applicable to the ASEL, the student is not eligible to receive a loan disbursement.

(l) A student may be enrolled in more than one institution, but must be admitted into a degree or certificate program at one of the institutions of enrollment. The total of the student's degree-applicable credits must be equivalent to at least half-time student enrollment. The degree-granting institution must be able to certify that the student is enrolled on at least a half-time basis and that the number of degree-applicable credits for which the borrower is enrolled is equivalent to at least half-time enrollment.

(m) In order to receive a new loan, an otherwise eligible applicant must be current in repayment on any prior loans received from the commission at the time of filing the application.

(n) A student enrolled in a flight school program must log a minimum of 17 hours per month, or 51 hours for a three-month period. The required number of logged hours will be reduced if the student provides documentation that adverse weather conditions prevented logging the required number of hours.

(o) For purposes of this section, allowable costs of attendance are

- (1) tuition and required fees;
- (2) required books, supplies, and equipment
- (3) transportation;
- (4) room and board; and
- (5) an allowance for personal expenses as provided in the institution's budget.

(p) Borrowing under the Alaska supplemental education loan program is subject to the annual and aggregate limits under AS 14.43.173 and 20 AAC 15.935(f). (Eff. 7/1/2002, Register 162; am 1/30/2003, Register 165; am 12/31/2005, Register 176; am 11/16/2012, Register 204; am 2/22/2015, Register 213)

Authority:	AS 14.42.030	AS 14.43.171	AS 14.43.173
	AS 14.43.164	AS 14.43.172	AS 14.43.175

**20 AAC 15.740. Loan certification, disbursement, and refund.** (a) Administration, certification, and refund of ASEL loans, and disbursement of ASEL loan money will be conducted in accordance with the applicable provisions of 20 AAC 15.950 and 20 AAC 15.955.

(b) Repealed 12/29/2010.

(c) Repealed 12/29/2010.

(d) The institution is responsible for ensuring that appropriate controls are established to prevent disbursement of loan proceeds to an individual other than the named student. (Eff. 7/1/2002, Register 162; am 1/30/2003, Register 165; am 2/20/2005, Register 173; am 12/31/2005, Register 176; am 6/7/2007, Register 182; am 12/29/2010, Register 196)

Authority: AS 14.42.030 AS 14.43.172 AS 14.43.173

**20 AAC 15.745. Loan servicing and repayment.** (a) Repealed 12/29/2010.

(b) The repayment period begins not later than the day after completion of six months from the last date on which the borrower was enrolled on at least a half-time basis in an eligible program, with a first payment due within 45 days after the first day of the repayment period.

(c) The commission may establish a forbearance, a deferment, or an alternative repayment schedule with a borrower or endorser to assist a borrower or endorser in repaying the loan.

(d) The regular repayment period is ten years in duration with a repayment schedule that provides for equal or graduated payments.

(e) The commission may establish a repayment schedule that provides for the payment amounts to change as a result of the annual change in variable interest rate. If the effect of the interest rate change on the repayment schedule would result in a loan not being repaid in the maximum repayment term, the commission may provide the borrower with a forbearance extending the repayment period.

(f) A borrower's obligation to commence repayment under AS 14.43.175 is also the obligation of any endorser, and

- (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, and 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 endorser's obligation to repay the loan has also been determined to have been discharged in the endorser's bankruptcy.

(g) The commission will credit the entire payment amount first to accrued late charges or collection costs and then to any outstanding interest and then to outstanding principal.

(h) A minimum monthly payment amount must be at least \$50, unless otherwise agreed to by the borrower or endorser and the commission. (Eff. 7/1/2002, Register 162; am 12/31/2005, Register 176; am 12/29/2010, Register 196; am 2/22/2015, Register 213)

Authority: AS 14.42.030 AS 14.43.171 AS 14.43.175

**20 AAC 15.750. Loan deferment.** (a) Except where otherwise specified in AS 14.43.170 - 14.43.175 and 20 AAC 15.700 - 20 AAC 15.795, a borrower may defer payments after the beginning of the repayment period in accordance with the conditions set out in 20 AAC 15.965.

(b) Repealed 12/31/2005.

(c) Repealed 12/31/2005.

(d) A deferment that is subject to a maximum term limit will be considered to have been exhausted when used for the maximum period of time for one or more loans awarded to a borrower.

(e) A borrower who has received a deferment shall immediately notify the commission when the condition under which the deferment was granted no longer exists.

(f) An endorser may not obtain a deferment. (Eff. 7/1/2002, Register 162; am 12/31/2005, Register 176)

Authority: AS 14.42.030 AS 14.43.171 AS 14.43.175

**20 AAC 15.755. Loan forbearance.** (a) A request for forbearance of an ASEL will be considered under 20 AAC 15.966.

(b) Repealed 12/31/2005.

(c) Repealed 12/31/2005.

(d) Repealed 12/29/2010.

(e) Repealed 12/29/2010.

(f) Repealed 12/29/2010. (Eff. 7/1/2002, Register 162; am 12/31/2005, Register 176; am 12/29/2010, Register 196)

Authority: AS 14.42.030 AS 14.43.171 AS 14.43.175

**Editor's note:** As of Register 172 (January 2005), and acting under

AS 44.62.125(b)(6) and sec. 34, ch. 63, SLA 2004, the regulations attorney made technical changes to reflect the name change of the Alaska advantage loan program to the AlaskAdvantage loan program made by secs. 10, 13, and 28, ch. 63, SLA 2004.

**20 AAC 15.760. Medical cancellations.** A request for medical cancellation of an ASEL will be considered under 20 AAC 15.920. (Eff. 7/1/2002, Register 162)

Authority: AS 14.42.030

**20 AAC 15.765. Delinquency and default.** Delinquency and default of an ASEL will be determined under 20 AAC 15.970. (Eff. 7/1/2002, Register 162)

Authority: AS 14.42.030 AS 14.43.171

**20 AAC 15.770. Complaints and appeals.** Complaints and appeals regarding administration of the ASELP will be considered under 20 AAC 15.915. (Eff. 7/1/2002, Register 162; am 1/30/2003, Register 165)

Authority: AS 14.42.030

**20 AAC 15.775. Loan audit and institutional sanctions.** An institution that participates in the ASELP is subject to periodic audits for purposes of determining verification of student loan eligibility, management of student loan documents, compliance with the program participation agreement, if any, and compliance with state statutes and regulations. Those audits will be performed under 20 AAC 15.924. (Eff. 7/1/2002, Register 162)

Authority: AS 14.42.030

**20 AAC 15.780. Default rates of students who attended an institution.** The commission staff shall calculate an institutional rate of default under AS 14.43.120(d)(4) and 20 AAC 15.925. (Eff. 7/1/2002, Register 162)

Authority: AS 14.42.030 AS 14.43.171

**20 AAC 15.785. Default rate reduction requirements for institutions other than FFELP eligible schools.** (a) Except for a FFELP eligible school, an institution with a default rate calculated under 20 AAC 15.925 in excess of 20 percent shall develop and submit a default reduction plan acceptable to the commission within 45 days after the date of the default rate determination.

(b) An institution that fails to comply with (a) of this section is ineligible to receive proceeds of new student loans until the required default reduction plan is submitted and determined by the commission to be reasonably expected to effect the necessary default reduction. (Eff. 7/1/2002, Register 162)

Authority: AS 14.42.030 AS 14.43.171

**20 AAC 15.790. Involuntary collection on the supplemental education loan.** In accordance with AS 14.43.145 - 14.43.155, the commission may administratively collect on a defaulted ASEL. The commission will perform those collection activities in accordance with applicable state laws and with 20 AAC 15.970 and 20 AAC 15.972. (Eff. 7/1/2002, Register 162; am 6/7/2007, Register 182)

Authority: AS 14.42.030 AS 14.43.171

**20 AAC 15.795. Definitions.** In 20 AAC 15.700 - 20 AAC 15.795, unless the context requires otherwise,

- (1) "ASEL" means a loan awarded under AS 14.43.170 - 14.43.175 (Alaska Supplemental Education Loan Program);
- (2) "ASELP" means the Alaska supplemental education loan program under AS 14.43.170 - 14.43.175;
- (3) "eligible program" means a program of study
  - (A) at an institution meeting the requirements of 20 AAC 15.922; and
  - (B) that is designed to culminate in an award of a degree or vocational certificate;
- (4) repealed 2/22/2015;
- (5) repealed 2/27/2010;
- (6) "undergraduate student" means a student who is enrolled at a school in a course of study, at or below the baccalaureate level, up to five academic years in length, that leads to a degree or certificate. (Eff. 7/1/2002, Register 162; am 2/27/2010, Register 193; am 2/22/2015, Register 213)

Authority: AS 14.42.030

## ARTICLE 10. ALASKA STUDENT LOAN CORPORATION.

**Editor's note:** As of July 31, 2016, the substance of 20 AAC 15.810, 20 AAC 15.815, 20 AAC 15.820, 20 AAC 15.825, 20 AAC 15.830, 20 AAC 15.835, 20 AAC 15.840, 20 AAC 15.845, 20 AAC 15.850, 20 AAC 15.855, and 20 AAC 15.890 (Alaska Student Loan Corporation) is located in 20 AAC 14.010 - 20 AAC 14.055 and 20 AAC 14.900.

**20 AAC 15.810. Late fees.** Repealed. (Eff. 11/4/94, Register 132; am 4/24/98, Register 146; am 12/26/2014, Register 212; repealed 7/31/2016, Register 219)

**20 AAC 15.815. Delegation of selection of underwriters.** Repealed. (Eff. 11/5/2000, Register 156; repealed 7/31/2016, Register 219)

**20 AAC 15.820. Selection of underwriters by negotiated sale.** Repealed. (Eff. 11/5/2000, Register 156; repealed 7/31/2016, Register 219)

**20 AAC 15.825. Qualified underwriters list.** Repealed. (Eff. 11/5/2000, Register 156; repealed 7/31/2016, Register 219)

**20 AAC 15.830. Requests for statements of qualifications.** Repealed. (Eff. 11/5/2000, Register 156; repealed 7/31/2016, Register 219)

**20 AAC 15.835. Method of sale.** Repealed. (Eff. 11/5/2000, Register 156; repealed 7/31/2016, Register 219)

**20 AAC 15.840. Underwriter selection process.** Repealed. (Eff. 11/5/2000, Register 156; repealed 7/31/2016, Register 219)

**20 AAC 15.845. Bond purchase agreement.** Repealed. (Eff. 11/5/2000, Register 156; repealed 7/31/2016, Register 219)

**20 AAC 15.850. Competitive sale transaction.** Repealed. (Eff. 11/5/2000, Register 156; repealed 7/31/2016, Register 219)

**20 AAC 15.855. Loan interest rates, loan credits, and loan fees.** 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 7/25/2014, Register 211; am 12/26/2014, Register 212; repealed 7/31/2016, Register 219)

**20 AAC 15.860. Interest rates on consolidation loans.** Repealed. (Eff. 2/14/2003, Register 165; am 11/20/2005, Register 176; am 6/24/2010, Register 194; repealed 12/26/2014, Register 212)

**Editor's note:** The provisions of 20 AAC 15.860 originally took effect February 14, 2003 as emergency regulations, and were first published in Register 165 (April 2003). In reviewing the "permanent" regulations in accordance with AS 44.62.060 and

44.62.125(b), the regulations attorney disapproved the last sentence of 20 AAC 15.860(a) and made a technical change to that subsection. The disapproved language was omitted, and the technical change appeared in the “permanent” regulation as it was published in Register 167 (October 2003). The history note for 20 AAC 15.860 does not reflect the changes made by the regulations attorney.

**20 AAC 15.890. Definitions.** Repealed. (Eff. 11/4/94, Register 132; am 11/5/2000, Register 156; am 12/26/2014, Register 212; repealed 7/31/2016, Register 219)

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**ARTICLE 11. - GENERAL PROVISIONS.**

**20 AAC 15.910. Applicability of general provisions.** (a) Unless otherwise stated, the provisions of 20 AAC 15.915 - 20 AAC 15.990 apply generally to the

- (1) education loan program under AS 14.43.091 - 14.43.160;
- (2) AlaskAdvantage consolidation loan program under AS 14.43.122;
- (3) memorial education loan program under AS 14.43.250 - 14.43.325;
- (4) teacher education loan program AS 14.43.600 - 14.43.700;
- (5) family education loan program under AS 14.43.710 - 14.43.750; and
- (6) supplemental education loan program under AS 14.43.170 – 14.43.175.

(2) Repealed 3/1/2002.

(c) Unless otherwise stated, the provisions of 20 AAC 15.915, 20 AAC 15.960(b), (c), and (d), and 20 AAC 15.990 apply to the Washington, Wyoming, Alaska, Montana, Idaho (WWAMI) medical education program under AS 14.43.510.

(d) Unless otherwise stated, the provisions of 20 AAC 15.915, 20 AAC 15.920, 20 AAC 15.940(e)(2) and (g), 20 AAC 15.945(j), and 20 AAC 15.960(d) apply to the Western Interstate Commission on Higher Education (WICHE) professional student exchange loan program under AS 14.44.025 – 14.44.040.

(e) Unless otherwise stated, the provisions of 20 AAC 15.915 apply to the AlaskAdvantage Education Grant Program under AS 14.43.400 – 14.43.420. (Eff. 6/23/95, Register 134; am 12/4/96, Register 140; am 3/15/98, Register 145; am 3/1/2002, Register 161; am 1/30/2003, Register 165; am 3/19/2003, Register 166; am 12/28/2008, Register 188; am 12/29/2010, Register 196; am 12/26/2014, Register 212; am 2/22/2015, Register 213)

Authority:	AS 14.42.030	AS 14.43.320	AS 14.43.710
	AS 14.43.105	AS 14.43.405	AS 14.43.740
	AS 14.43.122	AS 14.43.510	AS 14.44.035
	AS 14.43.170	AS 14.43.630	

**Editor’s note:** Amendments to 20 AAC 15.910(a) originally took effect March 19, 2003 as emergency regulations, and were first published in Register 166 (July 2003). In reviewing the “permanent” regulations in accordance with AS 44.62.060 and 44.62.125(b), the regulations attorney made a conforming technical change to the authority citation for 20 AAC 15.910. The technical change appeared in the “permanent” regulations as published in Register 167 (October 2003). The history note for 20 AAC 15.910 does not reflect the change made by the regulations attorney.

**20 AAC 15.915. Complaints and appeals.** (a) Except as provided in AS 44.64.030, a complaint or an appeal of a decision of or the program administration by the commission staff is governed by this section.

(b) The commission staff must answer a written complaint regarding a decision of or the program administration by the commission staff within 30 days after the commission's receipt. The commission staff shall keep a copy of the complaint and response in a

complaint file. At each quarterly commission meeting, the commission staff shall provide the commission with a synopsis of the written complaints received during the preceding quarter and the action taken on the complaints.

(c) A response under (b) of this section may be appealed in writing to the executive director of the commission. The appeal must be postmarked within 40 days after the date of the response, must clearly state all objections to that response, and must set out any justification for the requested result. The appellant has the burden to prove by a preponderance of the evidence that the appellant is entitled to the requested result under the statutes and regulations governing the Alaska education loan programs. The executive director shall make a written decision on the appeal, including findings of fact and conclusions of law, as soon as possible after the receipt of the appeal. The executive director may contact the appellant to clarify the appeal or obtain additional information. Except as provided in (d) of this section, the decision of the executive director constitutes final agency action.

(d) Within 30 days after the mailing or distribution of the executive director's decision, the appellant may appeal to the commission a decision that denies loan eligibility under an Alaska education loan program. The appeal must clearly state all objections to that decision, and must set out any justification for the requested result. The appeal will be determined by the commission at its next quarterly meeting. The commission will review the materials reviewed by the executive director, the executive director's decision, the appeal, and any response by the executive director. The commission may allow the appellant and the commission's staff to make brief presentations at its meeting. The appellant has the burden to prove by a preponderance of the evidence that the appellant is entitled to the loan under the statutes and regulations governing the Alaska education loan programs. The executive director shall notify the appellant of the commission's decision, including findings of fact and conclusions of law. That notification constitutes final agency action.

(e) A request for a hearing on the commission's authority to seize a defaulted borrower's permanent fund dividend shall be accompanied by a \$25 fee to cover costs of retrieval and duplication of the borrower's file, mailing of duplicated documents, and research of the borrower's payment history. This fee shall be waived if a borrower documents that the borrower's total income from all sources falls below the federal poverty guidelines for the borrower's family size. To request a waiver of fee under this subsection, the borrower must submit a request on a form or in a format provided by the commission and include with the request a copy of the borrower's federal income tax return for the past year. The commission will refund a fee paid under this subsection not later than 30 days after receipt of a decision by a court or administrative agency that the seizure was not allowed under AS 14.43.145(a)(2) and 20 AAC 15.970(e)(3). In this subsection, "federal poverty guidelines" means the United States Department of Health and Human Services poverty guidelines for this state established in 80 Fed. Reg. 3236 – 3237, revised as of January 22, 2015, and adopted by reference. (Eff. 6/23/95, Register 134; am 1/30/2003, Register 165; am 12/31/2005, Register 176; am 6/7/2007, Register 182; am 10/18/2007, Register 184; am 7/12/2008, Register 187; am 8/19/2009, Register 191; am 5/26/2011, Register 198; am 11/16/2012, Register 204; am 2/21/2014, Register 209; am 2/22/2015, Register 213; am 1/17/2016, Register 217)

Authority:	AS 14.43.100	AS 14.43.320	AS 14.43.640
	AS 14.43.105	AS 14.43.630	AS 14.43.740

**Editor's note:** As of Register 160 (January 2002), the regulations attorney made technical revisions under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change "student loan" to education loan" in 20 AAC 15.915(c) and (d).

A copy of the federal poverty guidelines adopted by reference in 20 AAC 15.915 may be obtained from the Alaska Commission on Postsecondary Education, 3030 Vintage Blvd., Juneau, Alaska 99801-7109.

**20 AAC 15.920. Medical cancellations.** (a) Notwithstanding 20 AAC 15.915, an application to cancel a promissory note under a term of the promissory note permitting cancellation for medical disability is governed by this section.

(b) A borrower seeking cancellation of a loan due to medical disability may not obtain cancellation of the borrower's obligation if the borrower has sufficient income or financial resources to repay the loan. A request for consideration of cancellation must be submitted on a form provided by the commission. A physician who practices within the medical field covering the disability, who has examined the borrower within the prior 12 months, and who is licensed to practice medicine in the state where the examination took place, must certify that after the date the borrower last obtained an Alaska education loan that the borrower

(1) became permanently disabled to the extent required under the particular promissory note to obtain cancellation of the note; and

(2) as a result of the disability became unable for an indefinite period of time to be gainfully employed or attend school full-time.

(c) If the borrower had a pre-existing condition at the time that the borrower obtained an Alaska education loan, the physician must additionally certify that the condition has substantially deteriorated since the time that the borrower obtained the loan.

(d) The commission staff may request further documentation to support medical cancellation of a promissory note, including financial information from the borrower in order to make a determination of the borrower's financial capacity to repay the loan. The executive director shall make a determination in writing whether to grant a request for medical cancellation.

(e) Within 30 days after mailing or distribution of the executive director's decision, the borrower may appeal a decision denying medical cancellation to a hearing officer designated by the commission if that decision is specific to a loan with a contractual provision for medical cancellation. At the hearing conducted by the hearing officer, the borrower has the burden to prove by a preponderance of the evidence, including disclosure of the borrower's financial condition and testimony by a qualified physician, that the borrower is disabled to the extent allowing cancellation of the promissory note under the terms of the promissory note, and is unable to repay the loan obligation without undue financial hardship based on the borrower's income, assets, and living expenses. If the borrower produces documentation to a hearing officer not already part of the record upon which the executive director's determination was based, the matter will be remanded to the executive director for review and reconsideration. If the borrower submits new evidence, the executive director shall make a determination in writing whether to grant a medical cancellation. The borrower may appeal the decision on remand within 30 days after the decision is mailed in accordance with this section. The

hearing officer shall make a determination in writing, including findings of fact and conclusions of law. The commission will review the materials reviewed by the hearing officer, the hearing officer's decision, and the record on appeal and will accept, reject, or revise the hearing officer's decision. The commission's decision constitutes the final agency action.

(f) Except if the Office of Administrative Hearings provides hearing officer services under AS 44.64.030(b), and subject to the approval of the Department of Law, the executive director shall contract with a qualified, unbiased, and impartial hearing officer admitted to practice law in Alaska for at least two years and with experience in medical issues to conduct a hearing under this section.

(g) If the executive director determines, through analysis of the borrower's income, assets, and financial condition that, notwithstanding the medical disability, the loan obligation could be repaid without undue hardship to the borrower, the executive director may deny the request for cancellation on that basis.

(h) A borrower and cosigner's obligation to repay a loan is cancelled upon documentation of the borrower's death or total and permanent disability resulting from the borrower's performance of active duty in protection of the public as a member of the United States armed forces, a public safety officer, firefighter, paramedic, emergency medical technician (EMT), or other public first responder. In the case of an obligation to repay a family education loan, the obligation is cancelled upon documentation of the death or total and permanent disability of the student, on whose behalf the debt was incurred, resulting from the student's performance of active duty in protection of the public as described in this subsection. (Eff. 6/23/95, Register 134; am 3/1/2002, Register 161; am 2/20/2005, Register 173; am 12/31/2005, Register 176; am 3/23/2006, Register 177; am 10/18/2007, Register 184)

Authority: AS 14.42.030 AS 14.43.320 AS 14.43.630  
AS 14.43.105

**Editor's note:** As of Register 160 (January 2002), the regulations attorney made technical revisions under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change "student loan" to education loan" in 20 AAC 15.920(b) and (c).

**20 AAC 15.922. Institutional eligibility to participate in Alaska Education Loan programs.** (a) To participate in Alaska education loan programs, an institution must apply for and be granted approval under this section.

(b) To be eligible to participate in Alaska education loan programs, an institution must meet the requirements of AS 14.43 and this section and be

- (1) authorized under AS 14.48 and eligible under AS 14.43.120(b);
- (2) approved as eligible to participate in Alaska education loan programs for the 1995-96 school year;
- (3) repealed 1/30/2003;
- (4) approved by the United States Department of Education, office of financial assistance, for receipt of federal student financial aid; or
- (5) certified as a flight school under 14 C.F.R. Part 141 or Part 142.

(c) An institution shall provide the commission with the documentation and information necessary to determine the institution's eligibility to participate in Alaska education loan programs. Commission staff may require the institution's administrative and financial aid representatives to attend training regarding Alaska education loan programs at the onset of participation and when a change occurs in the following:

- (1) institutional ownership;
- (2) financial aid staff;
- (3) institutional compliance or eligibility status as determined in a commission staff compliance review.

(d) Before being approved by the commission to participate in Alaska education loan programs, an institution must enter into a program participation agreement that includes the subject of compliance with state statutes and regulations; change in ownership, name, address, location, program, or accreditation; managing education loan documents; default management; refunds to the commission; borrower information sharing; staff training; financial capability and reporting; administrative capability; standards for admission; performance reviews; minimum satisfactory progress requirements; career and completion information to consumers; program assessment; compliance review; and consequences of violating the agreement. However, unless the institution is on probation, or the commission staff finds evidence of any of the conditions listed in (g) of this section, the commission may waive the requirements of this subsection if the institution has a default rate of less than 10 percent, as calculated under 20 AAC 15.925.

(e) Each term, an institution shall certify enrollment for each student who is currently enrolled and has previously received a loan disbursement under AS 14.43.

(f) As the executive director considers necessary to ascertain compliance with the Alaska education loan programs' statutes and regulations and the institution's program participation agreement, an institution may be required to reapply biennially for approval for continuing participation in Alaska education loan programs, and the executive director may require an audit as described in 20 AAC 15.924. The executive director may require institutional representatives of the institution to complete program administration training as part of the institution's reapplication process.

(g) The commission may investigate, require an independent audit, or preclude an institution's participation in the Alaska education loan program, if probable cause exists based on evidence showing the institution's

- (1) loss of authorization to operate as a postsecondary institution;
- (2) loss of accreditation or licensing;
- (3) high volume of student complaints;
- (4) failure to meet the requirements of the institution's program participation agreement;
- (5) failure to comply with any statute or regulation governing the Alaska education loan programs;
- (6) lack of financial soundness;
- (7) fraudulent activity, including the school, its owner, agent, employee, or other person affiliated with the school making payment to prevent the default of an education loan;
- (8) misrepresentation of services and programs offered by the institution; or
- (9) lack of administrative capability; or
- (10) circumstances similar to those described in (1)-(9) of this subsection and that give rise to concerns about the integrity of the institution.

(h) For the purpose of AS 14.43.120(b), "operating on a sound fiscal basis" means operating as an educational institution and enrolling and teaching students for at least two years on a sound fiscal basis as determined by the commission after review of an institution's audited financial statements and other documents pertinent to the institution's fiscal health as required by and submitted to the commission.

(i) *Repealed 3/1/2002.*

(j) An institution participating in a federal loan program under 20 U.S.C. 1001-1155 (Higher Education Act of 1965) is exempt from the requirements of (d) and (h) of this section, if the institution maintains eligibility to participate in that program.

(k) Institutions participating in electronic funds transfer (EFT) programs must enter into an electronic funds transfer agreement with the commission, including mandatory participation in ASLNet or ELM. (Eff. 12/4/96, Register 140; am 3/22/97, Register 141; am 3/23/98, Register 146; am 4/20/2000, Register 154; am 3/1/2002, Register 161; am 1/30/2003, Register 165)

Authority:	AS 14.42.030	AS 14.43.160	AS 14.43.730
	AS 14.43.105	AS 14.43.320	AS 14.43.740
	AS 14.43.120	AS 14.43.630	AS 14.48.050

**Editor's note:** As of Register 160 (January 2002), the regulations attorney made technical revisions under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change "student loan" to "education loan" in 20 AAC 15.922.

**20 AAC 15.924. Loan audit and institutional sanctions.** (a) An institution that participates in an Alaska education loan program under 20 AAC 15.922 is subject to periodic audits for purposes of determining verification of education loan eligibility, management of education loan documents, compliance with the program participation agreement, and compliance with Alaska statutes and regulations.

(b) The audit report must state the error rate based upon the number of education loan disbursements that were not handled in compliance with this chapter, AS 14.43, 20 AAC 17 when applicable, or the program participation agreement, divided by the total number of loan disbursements in the sample.

(c) An institution that receives an audit error rate greater than 10 percent is on probation for a period of up to 24 months, unless the commission determines to reduce or extend that period.

(d) During a period of probation under (c) or (f) of this section, commission staff shall conduct at least one additional audit, and more if it determines them necessary.

(e) If the final additional audit under (d) of this section shows that the institution has failed to reduce its error rate below the level described in (c) of this section, the institution is not eligible to participate in Alaska education loan programs for a 12-month period. The institution may make written application to the commission for waiver or reduction of the period of ineligibility. If the institution submitting the application has

either reduced its error rate from the rate determined in the initial probationary audit or is within five percentage points of the eligibility threshold described in (c) of this section, and documents the institution's compliance with a plan under this chapter to remedy the problems identified in the report, the commission shall waive the period of ineligibility and the institution will continue to be in a probationary status for a maximum of 24 months.

(f) Following a period of ineligibility set or redetermined after waiver under (e) of this section, an institution approved to participate in Alaska education loan programs is on probation for up to a 24-month period.

(g) An institution determined to be ineligible under (e) of this section or under 20 AAC 15.927(b) may appeal the determination or the denial of the institution's application for waiver of ineligibility in writing to the commission within 30 days after the date of the letter advising of the determination. The institution must clearly state all objections to that determination and provide any material it wishes the commission to review. Upon receipt of the appeal, the commission will schedule a time and place of the meeting at which the commission will consider the appeal. The commission will review the material submitted by the institution and any response by commission staff. The commission will, in its discretion, allow the institution and commission staff to make brief presentations at its meeting. The institution has the burden of proving, by a preponderance of the evidence, that the institution should be allowed to participate in Alaska education loan programs under the statutes and regulations governing the programs. The commission's decision constitutes final agency action.

(h) An institution found during the compliance audit to have disbursed loan proceeds for which a student was not eligible shall return the loan proceeds to the commission within 60 days of the finding if

(1) the institution has previously received a written warning from commission staff of disbursement to an ineligible student and a subsequent violation of the same statute or regulation is identified;

(2) the ineligible student to whom the institution disbursed loan proceeds did not become eligible during the academic or vocational program period for which the loan proceeds were awarded; and

(3) that amount remains outstanding on the student's loan account.

(i) Findings of disbursement of loan proceeds for which a student was not eligible, and which the institution has returned to the commission within the time frame allowed under (h) of this section, do not impact the institutional error rate calculated under 20 AAC 15.924(b). However, the institution may be required to operate in probationary status in order to continue program participation. If the commission finds fraud has been committed by the institution, the institution is responsible for returning all inappropriately disbursed loan proceeds to the commission and the institutional error rate calculated under 20 AAC 15.924(b) will not be adjusted under this subsection.

(j) If a borrower disputes having received loan proceeds disbursed to the school via an ACH transaction, the school shall provide evidence that the loan proceeds were delivered to the borrower. If the school cannot provide that evidence, the school shall reimburse the commission for the full amount of the loan principal and any accrued interest.

(k) The commission staff may conduct an informal compliance review at the request of a participating institution or at the request of the executive director. An institution that

undergoes informal review is not subject to (b) – (g) of this section as a result of the informal review. Nothing in this subsection relieves an institution from an audit under this section after an informal review or from sanctions resulting from that audit. (Eff. 3/22/97, Register 141; am 4/20/2000, Register 154; am 3/1/2002, Register 161; am 11/16/2012, Register 204)

Authority:	AS 14.42.030	AS 14.43.320	AS 14.43.730
	AS 14.43.105	AS 14.43.630	AS 14.43.740
	AS 14.43.120		

**Editor’s note:** As of Register 160 (January 2002), the regulations attorney made technical revisions under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change “student loan” to “education loan” in 20 AAC 15.924.

**20 AAC 15.925. Default rates of students who attended an institution.** (a) The commission staff shall calculate an institutional rate of default under AS 14.43.120(d)(4) as follows:

(1) the denominator in the calculation is the total principal balance of those loans that began repayment during a specified calendar year and that remained in repayment status for 12 months;

(2) the numerator in the calculation is the total principal balance of those loans, described in (1) of this subsection, that are in default at the end of 12 months in repayment status; and

(3) for any cohort year in which the total amount of the education loans made to students to attend an institution is \$100,000 or less, the default rate shall be calculated as an average of the rates for that year plus the two previous years.

(b) A loan is considered to remain in default if the school or its owner, agent, employee, or other person affiliated with the school makes a payment to prevent default of the loan.

(c) Loans awarded under the family education loan program or under the memorial education loan programs are not included in the calculation under (a) of this section. (Eff. 11/30/95, Register 136; am 12/4/96, Register 140, am 3/23/98, Register 146; am 4/20/2000, Register 154; am 3/1/2002, Register 161)

Authority:	AS 14.42.030	AS 14.43.120	AS 14.43.630
	AS 14.43.105	AS 14.43.320	

**Editor’s note:** In making the emergency repeal and readoption of 20 AAC 15.925 permanent in Register 147, October 1998, the regulations attorney made minor technical amendments not reflected by a notation in the history note for that section.

As of Register 160 (January 2002), the regulations attorney made a technical revision under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change “scholarship loan” to “education loan” in 20 AAC 15.925(c).

**20 AAC 15.927. Default rate reduction requirements.** (a) An institution with a default rate calculated under 20 AAC 15.925 in excess of 20 percent must develop and submit a default reduction plan, acceptable to the commission, within 45 days after the date of the default rate determination.

(b) An institution that fails to comply with (a) of this section is ineligible to receive proceeds of new education loans until the required default reduction plan is submitted and determined by the commission to be reasonably expected to effect the necessary default reduction. (Eff. 4/20/2000, Register 154)

Authority: AS 14.43.105                      AS 14.43.320                      AS 14.43.730  
                 AS 14.43.120                      AS 14.43.630                      AS 14.43.740

**Editor's note:** As of Register 160 (January 2002), the regulations attorney made a technical revision under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change "student loans" to "education loans" in 20 AAC 15.927.

**20 AAC 15.930. Applications.** (a) The executive director of the commission shall appoint staff to review applications for loans. Commission staff shall determine an applicant's eligibility under the statutes and regulations applicable to the program, whether all requirements for a loan have been met, and the amount of the loan award.

(b) A borrower, and a cosigner if required under AS 14.43.125(d), must sign a promissory note for the loan award. The borrower's parent or legal guardian, who meets the eligibility requirements of AS 14.43.125(a)(2) and (4)-(8), also must sign the promissory note if the borrower is under 16 years of age. A cosigner's signature on a promissory note must be notarized unless authenticated through an electronic application and signature process approved by the commission. Liability for the loan is limited to the amount of loan money disbursed on behalf of the student and applicable interest, loan origination fees, and collection costs.

(c) An application is timely filed only if it is received on or before the applicable deadline and contains all information required to make a determination of the applicant's eligibility and the amount of the loan award.

(d) An incomplete application may be returned to the applicant with a request for further information. No further action may be taken on an incomplete application until it is resubmitted.

(e) Commission staff may require an applicant to furnish further information and documents to verify statements on the application.

(f) Except for good cause shown, as determined by the commission, an application will not be accepted for a loan on behalf of a student who has completed the school year or the scheduled vocational program period for which the loan is requested.

(g) An applicant shall notify commission staff immediately of a change of institution to be attended, dates of attendance, program of study, or a change in attendance from full-time or half-time status from that stated on the original application. (Eff. 3/22/97, Register 141; am 3/15/98, Register 145; am 4/20/2000, Register 154; am 2/27/2010, Register 193; am 11/16/2012, Register 204)

Authority: AS 14.42.030                      AS 14.43.125                      AS 14.43.320  
                 AS 14.43.100                      AS 14.43.140                      AS 14.43.630  
                 AS 14.43.105

**20 AAC 15.935. Computation of authorized loan awards.** (a) A loan award is based upon allowable expenses as computed by the enrolling institution and approved by the commission. The loan award for a student enrolled for less than a full school year is prorated based upon the actual period of attendance.

(b) The minimum authorized loan award for an applicant is \$500 for a school year.

(c) Loan awards are made subject to funding availability.

(d) For students enrolled less than full-time, allowable costs of attendance are

- (1) tuition and required fees; and
- (2) required books, supplies, and equipment.

(e) For loans made under AS 14.43.170 – 14.43.175 (Alaska supplemental education loan program) or AS 14.43.710 – 14.43.750 (Alaska family education loan program), the maximum annual loan award to a borrower for

- (1) an eligible undergraduate student is
  - (A) \$14,000 for an on-time enrollment;
  - (B) \$12,500 for full-time enrollment;
  - (C) \$7,500 for half-time enrollment;

- (2) an eligible graduate student is
  - (A) \$15,000 for full-time enrollment;
  - (B) \$7,500 for half-time enrollment;

(3) an eligible student attending a career education program, the duration of which is at least 180 hours over a period of not less than six weeks, and that culminates in a terminal certificate designed to lead to employment, is \$10,000. (Eff. 3/22/97, Register 141; am 4/20/2000, Register 154; am 2/22/2015, Register 213)

Authority:	AS 14.43.105	AS 14.43.173	AS 14.43.640
	AS 14.43.110	AS 14.43.320	AS 14.43.740
	AS 14.43.120	AS 14.43.630	

**20 AAC 15.940. Limitations on awarding loans.** (a) A loan may not be awarded for

- (1) an educational program that is avocational or recreational in nature;
- (2) flight instruction leading to certification as a private pilot;
- (3) a flight school program, unless the student holds a private pilot's certificate at the time of application for the loan;
- (4) flight instruction for type ratings or other proficiencies, unless the student holds a commercial license at the time of application for the loan; or
- (5) a program of study offered outside the state in which the institution is located, unless the program's location is based upon, and serves, a bona fide educational purpose.

(b) For attendance at a flight school program, only one loan will be awarded to a student for each certification or flight rating.

(c) Only one loan will be awarded to a student to attend a non-flight career education program that is 12 months or less in duration and that awards a single certificate or degree.

(d) Once a borrower has established residency under AS 14.43.125(a), the borrower does not lose residency status because of absence from the state for reasons not allowed under that subsection for a period of no more than 12 consecutive months if the borrower has a continuing intent to return to and remain permanently in the state.

(e) For the purposes of AS 14.43.125(a)(6), it is presumed that a person cannot repay a loan as it becomes due, and may only obtain a loan in compliance with AS 14.43.125(d), if the person

(1) is incarcerated full-time in a correctional facility, as that term is defined in AS 33.30.901, and the person's scheduled release date is more than six months after the scheduled completion date of the career education or degree program for which the loan is requested; or

(2) is permanently disabled to an extent that the person will not be able to receive income in an amount that would allow repayment of the loan, and there is no reasonable medical possibility that the condition of permanent disability will improve before the loan enters repayment.

(f) For the purposes of AS 14.43.125(a)(7), AS 14.43.172(c)(5), or 14.43.750(a)(1)(B), a person has defaulted on a loan if any of the following has occurred:

(1) foreclosure upon or repossession of collateral for a loan or installment contract;

(2) execution procedures initiated on an unpaid loan or installment contract;

(3) entry of judgment accelerating the amount due under a loan or installment contract;

(4) the discharge by a creditor of a debt or installment contract due to nonpayment on a balance greater than \$250.

(g) If an applicant's credit history, learned through a credit check or otherwise, shows any of the following within the preceding two years, the applicant for a loan may obtain the loan only in compliance with AS 14.43.125(d):

(1) eviction from rental or leased housing based on non-payment;

(2) two or more credit accounts for which payments are currently three months or more past due;

(3) checks returned for insufficient funds on three or more occasions;

(4) lien for delinquent taxes that are not satisfied within 24 months, unless disputed and dispute pending;

(5) two or more references of an account to a credit collection agency; or

(6) an unsatisfactory credit score based on the industry standard set by the credit agency performing the review.

(h) The commission staff will perform a credit history check on a loan applicant who

(1) is 21 years of age or older;

(2) is under 21 years of age if the commission staff has cause to believe that adverse credit actions will appear on the applicant's credit history;

(3) is under 21 years of age if the person has one or more dependent children; or

(4) has attained independent financial status by reaching the age of majority upon marriage under AS 25.20.020 or being emancipated under AS 09.55.590.

(i) In an appeal under 20 AAC 15.915 of a denial of loan eligibility under AS 14.43.125(a)(7) or (8), the appellant may request that evidence of prior credit performance, in addition to that considered under (f) and (g) of this section, be considered to mitigate the findings of the review of the applicant's credit history. The appellant must

be able to show that extraordinary circumstances beyond the applicant's control led to the adverse credit history and that the applicant made good faith efforts to pay the past debt, or that the credit history does not accurately reflect the appellant's ability or willingness to pay debts as they become due. If the appellant bases the appeal on the showing of extraordinary circumstances that led to the adverse credit history, the appellant has the burden to show that a good credit history existed before the extraordinary occurrence.

(j) For purposes of AS 14.43.125(d), a cosigner is presumed to demonstrate an ability or willingness to pay an extension of credit or loan as it becomes due if, at the time of the application for a loan, the cosigner has a FICO credit report score of 680 or more. (Eff. 3/22/97, Register 141; am 3/15/98, Register 145; am 9/23/99, Register 151; am 4/20/2000, Register 154; am 2/27/2010, Register 193)

Authority:	AS 14.42.030	AS 14.43.172	AS 14.43.640
	AS 14.43.105	AS 14.43.305	AS 14.43.740
	AS 14.43.120	AS 14.43.320	AS 14.43.750
	AS 14.43.125	AS 14.43.630	

**20 AAC 15.945. Conditions and limitations of loans.** (a) Within 30 days after the change, a borrower or cosigner, if any, shall report in writing to the commission any change that affects the conditions of a loan or its repayment schedule, including any change of the borrower's or cosigner's name or address, the borrower's state residency status, or the student's change of institution, change in dates of attendance, change in attendance from full-time or half-time status, change in enrollment status, or withdrawal or dismissal from the course of study for which the loan was awarded. If the student changes institutions after the loan was disbursed, the borrower shall submit a revised application form.

(b) To be a student in good standing for the purposes of AS 14.43.120(c), the student must be admitted into a degree or certificate program and attending as a full-time or half-time student as those terms are defined in 20 AAC 15.990(a) and meet the satisfactory academic progress requirements of the degree or certificate-granting institution that the student is attending. During the period that a student fails to meet the requirements of this subsection, the student is not eligible to receive a loan disbursement.

(c) If an institution has not established minimum requirements for satisfactory academic progress under (b) of this section, the minimum academic requirements to remain eligible for disbursements of an Alaska education loan are

(1) an undergraduate student must have successfully completed 24 semester credits or 36 quarter credits per academic year if full-time, and 12 semester credits or 18 quarter credits per academic year if half-time; and

(2) a graduate student must have successfully completed 18 graduate semester credits or 27 graduate quarter credits per academic year if full-time, and 12 graduate semester credits or 18 graduate quarter credits per academic year if half-time.

(d) For purposes of any requirement in AS 14.43 or this chapter regarding full-time student status, the number of logged hours required by 20 AAC 15.990(a)(5)(D) for status as a full-time student in a flight school program will be reduced if the student provides documentation of adverse weather conditions that prevented logging the number of hours required.

(e) A student may be enrolled in more than one institution, but must be enrolled in a degree program toward which the minimum necessary credits are applicable. The total of the multiple enrollments by the student must be equivalent to at least full-time student enrollment under the full-time loan program or half-time student enrollment under the half-time loan program. The degree-granting institution must be able to certify full-time or half-time attendance of the student.

(f) A borrower who has previously received a loan under an Alaska education loan program, and whose loan is in repayment, must be current in monthly payments at the time of an award of a new loan and of each disbursement of that new loan.

(g) The interest rate that the corporation sets for a teacher education loan made for the following school year will 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 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, but not including costs recovered by the loan origination fee.

(h) Repealed 2/27/2010.

(i) Repealed 2/27/2010.

(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 14.050.

(k) A borrower may be eligible for the annual loan award amount allowable for an on-time student status under AS 14.43.173, based upon enrolling in at least 30 semester hours or the equivalent per academic year. (Eff. 3/22/97, Register 141; am 3/15/98, Register 145; am 4/20/2000, Register 154; am 12/18/2000, Register 157; am 2/27/2010, Register 193; am 12/26/2014, Register 212; am 2/22/2015, Register 213, am 7/31/2016, Register 219)

Authority:	AS 14.42.030	AS 14.43.120	AS 14.43.630
	AS 14.42.200	AS 14.43.125	AS 14.43.640
	AS 14.42.210	AS 14.43.300	AS 14.43.740
	AS 14.42.215	AS 14.43.320	AS 14.44.035
	AS 14.43.105		

**Editor's note:** As of Register 160 (January 2002), the regulations attorney made technical revisions under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change "scholarship loan" and "student loan" to "education loan" in 20 AAC 15.945.

**20 AAC 15.950. Disbursement and handling of loan awards.** (a) A loan will be disbursed in proportionate installments based upon the terms, quarters, or semesters used by the institution of attendance. A loan for attendance at an institution that does not operate on a term, quarter, or semester system will be disbursed in two equal installments. The first disbursement will be made at the beginning of the program and the second will be made at the halfway point, based on the dates of attendance for which the loan is made.

(b) Each loan award installment and commission disbursement and receipt certification form will be sent on behalf of the student to the financial aid office of the institution that the student is attending.

(c) Before disbursing the loan, the institution of attendance shall certify on a form provided or approved by the commission, or by using an alternative method approved by the commission, that institutional records indicate as of the disbursement day or the business day before disbursement that

- (1) the student is eligible for the disbursement under 20 AAC 15.945(b) and (c);
- (2) the institution is not disbursing loan proceeds in excess of costs allowed under AS 14.43.120(a), after considering other financial aid and either
  - (A) the institution's standard budget for the applicable number and type of credit hours, or vocational program, in which the student is enrolled, or
  - (B) the student's documented actual costs for the number and type of credit hours, or vocational program, in which the student is enrolled; and
- (3) the institution's records classify the student as an Alaskan resident, if the institution maintains records of the residency of students.

(d) Loan proceeds may not be disbursed under a power of attorney assignment by the student unless

- (1) the student has already successfully completed the program of study for which the loan was awarded; or
- (2) the student is unavailable because the student is in an extern program of the institution.

(e) The institution is responsible for the completion and retention in the permanent student file of either the commission disbursement and receipt form or an institution disbursement and receipt form approved by the commission. The commission staff may not issue further loan warrants or transfer additional loan proceeds if the institution fails to comply with this requirement.

(f) An institution shall return to the commission, with an explanation for the return, loan proceeds that are not disbursed to the student within the later of

- (1) 60 calendar days after the date the commission issued the warrant or transferred loan proceeds to the institution;

(2) 60 calendar days after the beginning of the term for which the loan proceeds are awarded; or

(3) for a second disbursement of a vocational program loan, 60 calendar days after the midpoint of the program period for which the loan is awarded.

(g) An institution that has courses of study for which tuition is charged on a pay-as-you-go basis and that holds unearned tuition money on behalf of a student shall place that money in a non-interest-bearing trust account containing only tuition money. The tuition money may be withdrawn only as it is earned by the institution as a result of the student's enrollment and attendance under the terms of the institution's enrollment agreement. If a student fails to attend, or otherwise withdraws from the institution, the balance of the student's tuition money remaining on account with the institution shall be returned to the commission within 60 days.

(h) An institution may not disburse loan proceeds to a student who is on an approved leave of absence or if the institutional records contain documentation to indicate that, as of the business day before the disbursement, the student is not eligible for the disbursement, and the student did not become eligible before the disbursement occurred.

(i) The commission staff may make loan award payments electronically or in another format that provides loan proceeds directly to the institution rather than by loan warrants payable to individual borrowers. Before approving an institution for participation in electronic or direct loan payment, the commission staff may require documentation of the institution's administrative capability to successfully participate in electronic fund transfers or alternative direct payment. The requirements under this section for handling a loan warrant apply to the handling of a payment electronically transferred or otherwise directly transferred to an institution.

(j) For a student enrolled in more than one institution, the degree-granting institution must also make the certification required by 20 AAC 15.945(e). (Eff. 3/22/97, Register 141; am 4/20/2000, Register 154; am 4/27/2001, Register 158)

Authority:	AS 14.43.105	AS 14.43.320	AS 14.43.730
	AS 14.43.120	AS 14.43.630	AS 14.43.740
	AS 14.43.300	AS 14.43.640	

**20 AAC 15.955. Refunds.** (a) In the event a recipient of an education loan provided under AS 14.43 becomes eligible for a total or partial refund of \$50 or more, the institution shall, within 30 days of the date that the student becomes eligible for the refund, make any refund in excess of any required refund under 20 U.S.C. 1070 – 1100 (Title IV) to the commission, up to the full amount of the borrower's loan indebtedness to the commission.

(b) An institution must have a written policy for refunding tuition, fees, and other charges if a student withdraws or otherwise fails to complete the program of study.

(c) A refund due to the commission under (a) of this section or due to the commission as the result of an award exceeding allowable costs per AS 14.43.120(a) that totals less than \$50 may be disbursed to the student.

(d) In the event and to the extent that an institution is required to reimburse to the commission an amount the institution disbursed in error to a borrower and the institution has not been reimbursed by the borrower, the commission will, upon request of the institution, assign to the institution its rights to collection of that amount. (Eff. 4/20/2000, Register 154; am 1/30/2003, Register 165)

Authority: AS 14.43.105	AS 14.43.305	AS 14.43.730
AS 14.43.120	AS 14.43.320	AS 14.43.740
AS 14.43.125	AS 14.43.630	AS 14.43.920
AS 14.43.300	AS 14.43.640	

**Editor's note:** As of Register 160 (January 2002), the regulations attorney made technical revisions under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change "student loan" to education loan" in 20 AAC 15.955(a).

**20 AAC 15.960. Repayment of loans.** (a) For an interest-bearing loan other than a family education loan, commission staff shall add accrued interest to the principal balance of the loan at the time the borrower is obligated to commence repayment under AS 14.43.120(g) or at the end of a deferment period under AS 14.43.120(k). The staff shall add to the principal balance of the loan the interest that accrued and was unpaid due to the borrower's failure to provide

(1) the commission staff with the information required under 20 AAC 15.945(a) to calculate the correct date for the commencement of repayment under AS 14.43.120(g); or

(2) notice under 20 AAC 15.965(b) that eligibility for a deferment period under AS 14.43.120(k) has ended.

(b) If a payment is made on a loan in an amount larger than that required by the repayment schedule, the excess is applied first to any outstanding interest charges and then to the remaining principal balance of the loan.

(c) A payment on a delinquent loan is applied first to collection costs, then to any outstanding interest charges, then to the outstanding principal balance of the loan, until those amounts are paid in full.

(d) For the purposes of AS 14.43.120(m), a borrower must demonstrate that both the borrower and the cosigner, if any, are in economic hardship. If a person who is a borrower or, if applicable, a cosigner is in economic hardship as a result of voluntary withdrawal of the person from full employment, the person's hardship status will be calculated as if the person were fully employed. Economic hardship is demonstrated by one or more of the following:

(1) currently receiving state or federal economic assistance based on poverty;

(2) the person's employment provides monthly net income that is equal to or less than the monthly minimum wage;

(3) the person's monthly educational debt liability is greater than or equal to 20 percent of the person's net monthly income and the person's net monthly income, less the education debt, is no more than twice the monthly minimum wage;

(4) the annual family income of the person is not more than the poverty guidelines for the applicable family size established under 42 U.S.C. 9901 – 42 U.S.C. 9912 (Community Services Block Grant Act); or

(5) an extraordinary circumstance outside the person's control, such as an ongoing medical condition, that is projected to continue for six months or longer and prevents the person from paying the monthly amount required under the original payment schedule.

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

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

(2) is deferred while the borrower's obligation is deferred under AS 14.43.120(k); and

(3) continues even if the borrower's obligation to repay the loan is discharged or canceled before the loan, including interest, is repaid in full.

(f) During a borrower's deferment under AS 14.43.120(k)(8), a cosigner's obligation will not be deferred under (e)(2) of this section if the cosigner's signature was required under 20 AAC 15.940(e)(2).

(g) The commission staff will notify a cosigner of any deferment granted to a borrower, or any agreement it reaches with the borrower, that will increase the amount due over time on the note.

(h) For the purposes of this section, "monthly minimum wage" means 168 multiplied by the minimum hourly wage established for the state in which the person is residing. (Eff. 12/4/96, Register 140; am 3/22/97, Register 141; am 3/15/98, Register 145)

Authority:	AS 14.43.105	AS 14.43.305	AS 14.43.640
	AS 14.43.120	AS 14.43.320	AS 14.43.730
	AS 14.43.125	AS 14.43.630	AS 14.43.740

**20 AAC 15.965. Deferment of payments.** (a) In order to obtain a deferment of payments under AS 14.43.120(k), a borrower must complete a form provided by the commission, showing the borrower's eligibility for the requested deferment and acceptance of the terms of the deferment agreement. Until the request for deferment is approved by commission staff, the borrower's original repayment schedule continues in effect. If the borrower meets the requirements of AS 14.43.120(k), commission staff shall approve the deferment. If the deferment is approved, commission staff shall send the borrower the deferment agreement.

(b) A borrower who has received a deferment shall immediately notify the commission if the conditions under which the deferment was granted no longer exist.

(c) A borrower who has defaulted on a loan is not eligible for a deferment of that loan under AS 14.43.120(k).

(d) For purposes of AS 14.43.120(k), a student who is in an internship or residency that is required as part of the program of study, and that does not exceed 48 months, is a full-time student.

(e) For purposes of AS 14.43.120(k)(8), a deferment may not be granted for a condition that existed at the time the loan was disbursed unless the condition has substantially deteriorated since the time of the disbursement.

(f) This section does not apply to the family education loan program under AS 14.43.710 - 14.43.750.  
(Eff. 3/22/97, Register 141; am 3/15/98, Register 145)

Authority:	AS 14.43.105	AS 14.43.305	AS 14.43.630
	AS 14.43.120	AS 14.43.320	AS 14.43.640

**20 AAC 15.966. Loan forbearance and alternative repayment options.** (a) Under AS 14.43.120(g) the commission may provide a borrower with a loan forbearance or alternative repayment schedule to provide a short- or long-term rate of repayment relief. A borrower may not obtain a loan forbearance of a family education loan awarded under AS 14.43.710 – 14.43.750.

(b) If a borrower and the commission agree to a period of loan forbearance or an alternative repayment schedule, the commission will disclose to the borrower in writing, the financial effect of costs of financing the loan. (Eff. 3/1/2002, Register 161)

Authority:	AS 14.42.030	AS 14.43.120	AS 14.43.630
	AS 14.43.105	AS 14.43.320	AS 14.43.730

**20 AAC 15.970. Delinquency and default.** (a) A loan is delinquent if a loan payment is one or more days past due. When a loan payment is

- (1) 30 or more days past due, the borrower and cosigner, if any, will be notified;
- (2) 60 or more days past due, the institution of attendance will be notified.

(b) A loan is in default if

- (1) a loan payment has become 180 or more days past due;
- (2) the borrower or the cosigner, if any, has failed to comply with the applicable reporting requirements of this chapter; or
- (3) the borrower or cosigner, if any, has falsified any information on the loan application or information required under AS 14.43 or this chapter.

(c) To prevent default under (b)(1) of this section, the borrower or cosigner, if any, must pay the delinquent amount before it is 180 days past due.

(d) *Repealed 3/1/2002.*

(e) A borrower and cosigner, if any, who has defaulted under (b)(1) of this section is no longer considered to be in default status for the purposes of

- (1) *repealed 3/15/98;*
- (2) *repealed 3/1/2002;*
- (3) taking a permanent fund dividend under AS 14.43.145(a)(2) if, on the date of the taking, enough of the interest and principal due is voluntarily paid so that no payment is more than 179 days past due, calculated as if the loan had not been accelerated;
- (4) calculation of an institution's default rates under AS 14.43.120(d), if enough of the interest and principal due is paid so that no payment is more than 179 days past due, calculated as if the loan had not been accelerated; or
- (5) issuing an order to withhold and deliver under AS 14.43.145(a)(3) if
  - (A) all costs of collection, and the interest and principal that would have been due if the loan had not been accelerated, are paid; or

(B) the borrower or cosigner, if any, has submitted proof that the person is current on payments and has made complete and timely payments for the six most recent and consecutive months, under a payment agreement that person has reached with the commission or its agent collection agency.

(f) If a person has cosigned a loan that is in default, the commission will claim the permanent fund dividends of both the borrower and the cosigner. The commission will give priority to taking the permanent fund dividend of the borrower to satisfy the defaulted loan before taking the permanent fund dividend of the cosigner.

(g) For the purposes of determining, as a basis for eligibility for a loan, whether the borrower or cosigner has defaulted on a loan previously awarded by the commission, a borrower or cosigner will be considered not to have defaulted on the loan if the borrower or cosigner has made full payment on the loan, including all interest and collection costs, and if the borrower or cosigner satisfies the requirements of AS 14.43.172(c). The borrower or cosigner's payment of the loan under this subsection must have been predominantly voluntarily paid.

(h) For purposes of this section, an amount is not voluntarily paid if it is the proceeds from an order to withhold and deliver, involuntary wage assignment, or involuntary taking of the borrower's permanent fund dividend.

(i) Information regarding the status of a loan may be reported to credit bureau organizations.

(j) Repealed 5/26/2011.

(k) Notwithstanding a determination of default, the commission may make alternative repayment schedules available to borrowers subsequent to default. Once a loan has become 180 or more days past due, the commission may require the borrower to enter into and comply with a loan rehabilitation payment agreement, in order to qualify for an alternative repayment schedule. A loan that has become 271 or more days past due is not eligible for an alternative repayment schedule. (Eff. 12/4/96, Register 140; am 3/22/97, Register 141; am 3/15/98, Register 145; am 9/23/99, Register 151; am 4/20/2000, Register 154; am 3/1/2002, Register 161; am 7/1/2002, Register 162; am 5/26/2011, Register 198; am 2/22/2015, Register 213)

Authority:	AS 14.42.030	AS 14.43.145	AS 14.43.320
	AS 14.43.105	AS 14.43.168	AS 14.43.630
	AS 14.43.120	AS 14.43.171	AS 14.43.640
	AS 14.43.125	AS 14.43.175	AS 14.43.740

**20 AAC 15.972. Income withholding; employer's transmittal of money to agency.**

(a) An order under AS 14.43.147 to an employer to withhold and deliver from a borrower's or cosigner's earnings must include notice of the exemptions and limitations under AS 09.38 and 15 U.S.C. 1673 on the total amount to be withheld. Within three weeks of the receipt of the order, or ten days after the employee's next payday if that date is later, the employer shall send to the commission the amount withheld from the first paycheck. Thereafter, the employer shall send the amount withheld to the commission within 10 days after each date the employee is paid.

(b) Within three business days after the issuance of an order to withhold and deliver, the commission will mail or otherwise deliver a notice to the person whose income is being withheld that an order to withhold and deliver has been issued.

(c) Within 60 days after the commission mails a notice of wage withholding under (b) of this section, a person may contest withholding from the person's income under an order to withhold and deliver by submitting a written request for informal review to the executive director, if the person

- (1) is not the borrower or cosigner whose debt is being collected; or
- (2) has fully repaid the amount due.

(d) If the person's weekly income after mandatory deductions are subtracted is less than the maximum exemptions allowed under 15 U.S.C. 1673, AS 09.38, and 8 AAC 95, the person may contest the withholding under an order to withhold and deliver by submitting a written request for informal review to the executive director within 30 days after the commission mails a notice of wage withholding under (b) of this section.

(e) If a person contests withholding under (c) or (d) of this section, the executive director shall issue a review decision within 10 days after the date that the executive director receives the written request for informal review. If appropriate, the executive director may request additional information from the person or from any other source. The time period for the executive director's response is extended for the period of time allowed by the executive director for the additional information requested to be provided. The person's employer shall continue to withhold income under the order to withhold and deliver even if the person contests the withholding under (c) or (d) of this section. If the executive director determines that the withholding was improper under (c) or (d) of this section, the commission will refund the amount improperly withheld to the person, plus legal interest under AS 45.45.010. If an adjustment of withholding is made, a notice modifying the order to withhold and deliver will be mailed to the employer.

(f) A person whose income is being withheld as a result of an order to withhold and deliver under AS 14.43.147 may apply for relief to the superior court under AS 14.43.147(l) without requesting an informal review under this section. (Eff 3/15/98, Register 145, am 11/05/2000, Register 156)

Authority: AS 14.43.105	AS 14.43.630	AS 14.43.730
AS 14.43.147	AS 14.43.640	AS 14.43.740
AS 14.43.320		

**20 AAC 15.975. Collection costs.** The borrower or cosigner, if any, shall pay the costs incurred in the collection of a delinquent loan. Costs of collection may include

- (1) court filing costs;
- (2) attorney fees;
- (3) for a loan transferred to a collection agency, the fees charged by that agency;

and

(4) for a loan that has not been transferred to a collection agency, a monthly late fee of \$15 while the loan is 45 or more days past due or in default.  
(Eff. 12/4/96, Register 140; am 3/15/98, Register 145; am 4/20/2000, Register 154)

Authority:	AS 14.43.105	AS 14.43.630	AS 14.43.730
	AS 14.43.120	AS 14.43.640	AS 14.43.740
	AS 14.43.320		

**20 AAC 15.980. Loan origination fee.** *Repealed.* (Eff. 7/1/96, Register 138; repealed 3/22/97, Register 141)

**20 AAC 15.988. Relationship of borrower and cosigner.** (a) Except for a purpose described in a provision set out in (b) of this section, the term “borrower” or “loan recipient” does not include a cosigner.

(b) For the purposes of AS 14.43.120(h), 14.43.145, 14.43.147, 14.43.150, 14.43.172(d), and 14.43.750(a), the term “borrower” or “loan recipient” includes a cosigner, if any.  
(Eff. 3/15/98, Register 145; am 4/20/2000, Register 154; am 2/22/2015, Register 213)

Authority:	AS 14.43.105	AS 14.43.320	AS 14.43.740
	AS 14.43.120	AS 14.43.630	AS 14.43.750
	AS 14.43.172	AS 14.43.640	

**20 AAC 15.990. Definitions.** (a) In this chapter, unless otherwise provided or the context otherwise requires,

(1) "clock hour" means a period of time that is not less than a 50-minute class, lecture, or recitation;

(2) "collegiate program" means a program of study for which credit hours are awarded toward an associate, baccalaureate, or higher degree;

(3) "commission" means the Alaska Commission on Postsecondary Education;

(4) "corporation" means the Alaska Student Loan Corporation;

(5) "full-time student" means

(A) an undergraduate student, in good standing, who is enrolled in any combination of courses, work experiences, research, or special studies that the institution requires to consider the student as engaged in full-time study and that amounts to the equivalent of at least 12 undergraduate semester or quarter hours per academic term;

(B) a graduate student, in good standing, who is enrolled in any combination of courses, work experiences, research, or special studies that the institution requires to consider the student as engaged in full-time study and that amount to the equivalent of at least nine graduate semester or quarter hours per academic term;

(C) a student enrolled in a non-flight school career education program for at least six weeks in duration and for a minimum of 30 clock hours a week; in this subparagraph, "enrolled" means enrolled and attending for the specified minimum number of clock hours except for

(i) excused and unexcused absences on record at the institution of attendance that do not exceed 15 percent of the total possible contracted

- hours elapsed since the beginning of the contracted enrollment period of the course of study; or
- (ii) periods of approved leave of absence verified as described in 20 AAC 17.110(b)(10); or
- (D) a student enrolled in an approved flight school program who logs a minimum of 17 hours per month, or 51 hours for a three-month period;
- (6) "graduate degree program" means an educational program for which a master's degree, doctorate, or other degree requiring study beyond that necessary for a bachelor's degree is awarded;
- (7) "half-time student" means
- (A) an undergraduate student, in good standing, who is enrolled in any combination of courses, work experiences, research, or special studies that the institution requires to consider the student as engaged in half-time study and that amount to the equivalent of at least six, but less than 12, undergraduate semester or quarter hours per academic term;
- (B) a graduate student, in good standing, who is enrolled in any combination of courses, work experiences, research, or special studies that the institution requires to consider the student as engaged in half-time study and that amounts to the equivalent of at least six, but less than nine, graduate semester or quarter hours per academic term; or
- (C) a student enrolled in good standing in a career education program of at least 12 weeks in duration and for at least 15 clock hours a week; in this subparagraph, "enrolled" means enrolled and attending for the specified minimum number of clock hours except for
- (i) excused and unexcused absences on record at the institution of attendance that do not exceed 15 percent of the total possible contracted hours elapsed since the beginning of the contracted enrollment period for the course of study; or
- (ii) periods of approved leave of absence verified as described in 20 AAC 17.110(b)(10);
- (8) "successfully complete" means to complete a course for which academic credit is earned;
- (9) "cosigner" means an endorser;
- (10) "refund" means any amount due to a funding source as a result of a change in financial aid award, student enrollment, or attendance status relative to eligibility for and determination of the amount of the financial aid award;
- (11) "business day" means a day other than Saturday, Sunday, or a state holiday;
- (12) "disburse" means to make awarded loan proceeds available to the borrower, including by crediting those loan proceeds to a borrower's student account at the institution of attendance;
- (13) "ACH transaction" means an electronic transaction by means of the Automated Clearing House network for the interbank clearing of electronic payments for participating depository financial institutions;
- (14) "ASLNet" means the commission's internet financial aid packaging and delivery system;
- (15) "ELM" means the lender-developed internet financial aid packaging and delivery system operated by the Education Loan Management (ELM) Resources corporation;
- (16) repealed 4/2/2004;
- (17) "endorser" means a person who signs a promissory note, or an endorser addendum for a PLUS Loan, and who, by signing that note or addendum, becomes secondarily liable for a loan obligation, agreeing to pay if the borrower does not pay;

(18) "FFELP eligible school" means a postsecondary institution of higher education or a postsecondary vocational school that the department has declared eligible to participate in the FFELP;

(19) "FAFSA" means the Free Application for Federal Student Aid, as developed under 20 U.S.C. 1082 (m)(1)(C) and described in 34 C.F.R. 682.102(a);

(20) "FFELP" means the Federal Family Education Loan Program established under 20 U.S.C. 1070-1099-c (Title IV of the Higher Education Act of 1965);

(21) "secretary" means the United States Secretary of Education.

(22) "AlaskAdvantage" means the service mark registered by the commission under 15 U.S.C. 1051 (Trademark Act) and used to describe financial aid and higher education outreach programs and services provided by the commission.

(23) "FICO" means Fair, Isaac, and Co., Inc., a developer of credit risk scores used by credit grantors in the lending process;

(24) "PSE" means the Professional Student Exchange program of WICHE;

(25) "WICHE" means the Western Interstate Commission for Higher Education.

(26) "Stafford loan" means a federal loan authorized under 20 U.S.C. 1071 – 1078.

(b) For the purposes of AS 14.43.120(c), "to maintain a loan" means to continue to be eligible for loan disbursements.

(c) For the purposes of AS 14.43.125(a), "dependent on" or "dependent of" means an individual under the age of 24 on December 31 of the loan award year who was claimed as a dependent by the individual's parent or guardian for federal income tax purposes for the year preceding the loan award year.

(d) For purposes of the definition of "career education" in AS 14.43.160, "course or program in vocational-technical training or education" means a course of study in a recognized occupation leading to a degree, diploma, or comparable certificate of completion. (Eff. 6/23/95, Register 134; am 3/22/97, Register 141; am 3/15/98, Register 145; am 4/20/2000, Register 154; am 11/5/2000, Register 156; am 4/27/2001, Register 158; am 3/1/2002, Register 161; am 7/1/2002, Register 162; am 4/2/2004, Register 169; 2/27/2010, Register 193; am 11/16/2012, Register 204)

Authority:	AS 14.42.030	AS 14.43.125	AS 14.43.630
	AS 14.43.105	AS 14.43.160	AS 14.43.740
	AS 14.43.120	AS 14.43.320	

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## CHAPTER 16 – EDUCATION GRANT AND SCHOLARSHIP PROGRAMS.

### Article

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### ARTICLE 1. EDUCATION GRANT PROGRAM

**20 AAC 16.005. Purpose of the Alaska education grant program.** The Alaska education grant program provides higher education grants to residents of this state attending institutions eligible under 20 AAC 16.021 and who demonstrate financial need based on information obtained from the Free Application for Federal Student Aid (FAFSA). This grant award is available to an eligible student to pay allowable costs of attendance that exceed the sum of any other non-self-help financial aid provided to the student. (Eff. 2/20/2005, Register 173; am 12/28/2008, Register 188; am 2/22/2015, Register 213)

Authority: AS 14.42.030 AS 14.43.400

**20 AAC 16.010. Applicant eligibility.** (a) An applicant for an Alaska education grant

- (1) must meet the requirements of AS 14.43.415(a);
- (2) must be a resident of this state as described in AS 14.43.162(b);
- (3) repealed 2/22/2015;
- (4) repealed 2/22/2015;
- (5) must be a United States citizen or permanent resident alien;
- (6) must be admitted and intend to enroll in an undergraduate degree or vocational certificate program at a qualifying institution;
- (7) repealed 2/22/2015;
- (8) repealed 2/22/2015;
- (9) must have earned a high school diploma or a general educational development (GED) diploma;
- (10) must not have a baccalaureate degree; and
- (11) must meet satisfactory academic progress requirements, if a continuing student, according to the standards set by the institution of attendance.

(b) *Repealed 12/28/2008.*

(c) Notwithstanding the eligibility of an applicant, grant money may not be awarded to the applicant for a

- (1) remedial or preparatory program;
- (2) program leading to a private pilot license; or
- (3) program of study conducted outside of this state, unless the program is a formal exchange program available as part of a degree program at an institution in this

state that is eligible under 20 AAC 16.021. (Eff. 6/13/80, Register 74; am 11/27/86, Register 100; am 2/20/2005, Register 173; am 12/28/2008, Register 188; am 10/3/2011, Register 200; am 11/16/2012, Register 204; am 2/22/2015, Register 213)

Authority: AS 14.42.030 AS 14.43.406 AS 14.43.420  
AS 14.43.405 AS 14.43.415

**20 AAC 16.015. Applicant priority.** (a) Awards to applicants are prioritized and determined in accordance with the following criteria in the following order:

(1) lowest expected family contribution as reported on the Free Application for Student Aid (FAFSA);

(2) the applicant's status as a continuing award recipient who meets satisfactory academic progress requirements as described in 20 AAC 16.010(a)(11);

(3) enrollment as a full-time student as defined under 20 AAC 15.990(a) or as an on-time student under AS 14.43.990 and 20 AAC 15.945(j); and

(4) the earliest FAFSA filing date.

(b) For the purposes of this section, a continuing award recipient is a student who received a grant award in the immediately preceding academic year. (Eff 2/22/2015, Register 213)

Authority: AS 14.42.030 AS 14.43.406 AS 14.43.415  
AS 14.43.405

**20 AAC 16.020. Applicant priority.** Repealed. (Eff. 6/13/80, Register 74; repealed 2/20/2005, Register 173)

**20 AAC 16.021. Institutional eligibility and responsibilities.** (a) An institution eligible to participate in the Alaska education grant program is described in AS 14.43.415(a)(2)(A), and must

(1) repealed 2/22/2015;

(2) repealed 10/3/2011;

(3) be physically located in this state; and

(4) enter into a program participation agreement with the commission, and provide the commission with documentation and information the commission considers necessary to determine whether the school is eligible to participate, including

(A) documentation of participation in a method of electronic funds transfer approved by the commission;

(B) documentation of compliance with state and federal statutes and regulations relevant to institutional financial, administrative, and academic capacity;

(C) periodic reports to the commission as needed by commission staff to reconcile and analyze grant program data;

(D) agreement to verify and certify student eligibility for grant awards; and

(E) agreement to allow commission staff to audit school records related to grant money management and student eligibility determinations, as determined necessary by the commission.

(b) An institution that is otherwise eligible to participate in the Alaska education grant program becomes ineligible upon failure to submit required reconciliation reports or related documentation to the commission, or a commission audit finding that the institution is ineligible because the institution lacks the financial, administrative, or academic capacity to successfully administer the grant program.

(c) For purposes of this section, a commission audit finding that an institution lacks the financial, administrative, or academic capacity to appropriately administer the grant program includes a finding of institutional fraud, an inability to document the institution's procedures for grant funds management, or a consistent and sustained institutional failure to adhere to regulations and policies governing the grant program. (Eff. 2/20/2005, Register 173; am 10/3/2011, Register 200; am 11/16/2012, Register 204; am 4/4/2013, Register 206; am 2/22/2015, Register 213)

Authority: AS 14.42.030 AS 14.43.405 AS 14.43.415

**20 AAC 16.030. Application procedure.** (a) A student requesting an Alaska education grant must submit a completed Free Application for Federal Student Aid to the United States Department of Education that results in a valid ISIR.

(b) *Repealed 12/28/2008.*

(c) An applicant may be required to submit supplemental information for the purpose of determining the applicant's eligibility for a grant award.

(d) In addition to certification of an applicant's eligibility under 20 AAC 16.010, school staff shall certify award eligibility requirements, including that the student

(1) is admitted and enrolled in an undergraduate degree or vocational certificate program on at least a half-time basis;

(2) has a high school diploma or general educational development (GED) diploma;

(3) has unmet financial need; and

(4) repealed 2/22/2015;

(5) meets requirements set out in 20 AAC 16.034 for an increased grant award.

(e) The commission staff shall notify each institution of the names of students at that institution who are eligible to receive an Alaska education grant as determined under this section.

(f) The commission will publish an annual grant processing calendar. (Eff. 6/13/80, Register 74; am 11/27/86, Register 100; am 5/8/88, Register 106; am 2/20/2005, Register

173; am 12/28/2008, Register 188; am 10/3/2011, Register 200; am 4/4/2013, Register 206; am 2/22/2015, Register 213)

Authority: AS 14.42.030 AS 14.43.406 AS 14.43.415  
AS 14.43.405

**20 AAC 16.034. Priority ranking of applicants.** (a) Grant applications will be awarded based on the financial need of the applicants.

(b) The commission will award increased grant award amounts to eligible applicants who meet either of the following conditions:

- (1) the applicants are enrolled as on-time students under AS 14.43.990 and 20 AAC 15.945(j);
- (2) the applicants are high school graduates described in AS 14.43.915(d).

(c) Repealed 2/22/2015.

(d) Repealed 2/22/2015.

(e) Repealed 4/4/2013

(f) Under AS 14.39.915(d), the commission will annually reserve money for grant awards to graduates from school districts and schools described in AS 14.43.915(d). Grant applicants must indicate eligibility for reserved grant awards not later than June 30 of the first award year in which the applicant applies for a grant from the reserved money. After July 1 of each year, any amount of reserved money remaining after grant awards have been made to all eligible applicants will be made available for grant awards to otherwise eligible applicants who do not indicate eligibility for a grant award from the reserved money. (Eff. 2/20/2005, Register 173; am 12/28/2008, Register 188; am 6/24/2012, Register 202; am 4/4/2013, Register 206; am 2/21/2014, Register 209; am 2/22/2015, Register 213)

Authority: AS 14.42.030 AS 14.43.406 AS 14.43.915  
AS 14.43.405 AS 14.43.415

**20 AAC 16.037. Computation of financial need and authorized grant amounts.** (a) Grant award amounts are based on financial need, determined by the student's expected family contribution as reported on the FAFSA and by the student's enrollment status.

(b) A grant recipient may not receive a grant award that exceeds the amount of the student's unmet need, based on the student's actual cost of attendance.

(c) A student enrolled at least half-time in a non-term-based vocational certificate program that culminates within one academic year in a vocational certificate designed to

lead to employment is eligible for up to the lesser of the annual maximum grant or eligible financial need.

(d) Repealed 2/22/2015.

(e) The maximum grant award is determined annually by the executive director of the commission, but may not exceed \$3,000 per school year for a full-time student, unless the student qualifies for an increased grant award under 20 AAC 16.034, in which case the grant award may be increased to up to \$4,000 per school year. The commission may prorate grant awards for less than full-time attendance.

(f) Repealed 12/28/2008.

(g) If a grant recipient transfers from one institution to another institution, and the institution from which the recipient transfers has not disbursed grant award money, the grant recipient may transfer the money from that institution to the institution to which the grant recipient has transferred upon the commission's determination of the grant recipient's continued eligibility.

(h) Repealed 4/4/2013

(i) Repealed 2/22/2015.

(j) In annually determining the maximum grant award under (e) of this section, the executive director of the commission may take into consideration the total funding available for grant awards in a school year. (Eff. 2/20/2005, Register 173; am 12/28/2008, Register 188; am 10/3/2011, Register 200; am 4/4/2013, Register 206; am 2/22/2015, Register 213)

Authority:	AS 14.42.030	AS 14.43.406	AS 14.43.420
	AS 14.43.405	AS 14.43.415	

**20 AAC 16.040. Grant disbursement and refund.** (a) The commission staff shall distribute available grant money to schools for certified grant applicants.

(b) Unless a participating school requests an alternative distribution schedule, the commission will distribute grant money to the schools on or after the final date on which the school permits a student to modify course enrollment without a financial penalty.

(c) A school shall disburse grant awards in proportionate installments based upon the terms, quarters, or semesters used by the institution of attendance. A grant awarded for attendance at an institution that does not operate on a term basis shall be disbursed in two equal installments. The first installment shall be made at the beginning of the program and the second shall be made at the halfway point, based on the dates of attendance for which the grant was awarded. Grant awards not disbursed to the student within 30

calendar days from the date the money is transferred to the institution shall be returned to the commission.

(d) Repealed 2/22/2015.

(e) If a student becomes eligible for a refund in excess of \$50 or it is determined that the student is overawarded in excess of \$50, the school shall, within 30 days after the date that the overaward was noted or the student became eligible for a refund, make any refund or return of grant monies to the commission.

(f) Repealed 12/28/2008.

(g) An institution may not disburse grant funds to a student who is on an approved leave of absence unless the student has already successfully completed the program period for which the grand funds were awarded. (Eff. 6/13/80, Register 74; am 12/13/84, Register 92; am 2/20/2005, Register 173; am 12/28/2008, Register 188; am 10/3/2011, Register 200; am 4/4/2013, Register 206; am 2/22/2015, Register 213)

Authority: AS 14.42.030 AS 14.43.406 AS 14.43.415  
AS 14.43.405

**20 AAC 16.050. Complaints and appeals.** (a) Complaints and appeals regarding administration of the Alaska education grant program will be considered under 20 AAC 15.915.

(b) Appeals based on academic good standing and academic progress shall be considered by the applicable school in accordance with that school's satisfactory academic progress policy. (Eff. 6/13/80, Register 74; am 11/27/86, Register 100; am 2/20/2005, Register 173; am 2/22/2015, Register 213)

Authority: AS 14.42.030 AS 14.43.030 AS 14.43.405

**ARTICLE 2. ALASKA PERFORMANCE SCHOLARSHIP PROGRAM.**

**20 AAC 16.205. Purpose of Alaska performance scholarship program.** The Alaska performance scholarship program provides scholarships for qualified high school graduates under AS 14.43.820 who completed a rigorous high school curriculum and demonstrate timely progress toward a qualifying postsecondary certificate or degree. The goals of the Alaska performance scholarship program include improving students' high school performance and preparation for postsecondary education and career success. (Eff. 1/1/2011, Register 196)

Authority: AS 14.42.030 AS 14.43.810

**20 AAC 16.210. Applicant eligibility.** (a) An applicant for an Alaska performance scholarship must

- (1) meet the requirements of AS 14.43.820(a);
- (2) meet the academic eligibility requirements of 4 AAC 43 and
  - (A) if a first-year scholarship recipient enrolled in an academic program of study on a
    - (i) full-time basis, successfully complete a minimum of 24 semester credits or the equivalent during that academic year; or
    - (ii) half-time basis, successfully complete a minimum of 12 semester credits or the equivalent during that academic year; or
  - (B) if a second- or subsequent-year scholarship recipient enrolled in an academic program of study on a
    - (i) full-time basis, have successfully completed a minimum of 24 semester credits or the equivalent in the first academic year or 30 semester credits or the equivalent in each subsequent academic year that scholarship money was received; or
    - (ii) half-time basis, have successfully completed a minimum of 12 semester credits or the equivalent in the first academic year or 15 semester credits or the equivalent in each subsequent academic year that scholarship money was received; and
- (3) meet continuing eligibility requirements, including
  - (A) repealed 11/16/2012;
  - (B) if a student other than a career and technical school program student, maintenance of a cumulative grade point average of at least 2.5 on a 4.0 scale in order to receive a second or subsequent disbursement of a scholarship award; or
  - (C) if a career and technical school program student, meeting the satisfactory progress requirements of the career and technical school program before receiving a second or subsequent disbursement of a scholarship award.

(b) Repealed 11/16/2012.

(c) Notwithstanding the eligibility of the applicant, scholarship money will not be awarded to the applicant for a

- (1) program designed to terminate in a private pilot license; or
- (2) program of study conducted outside the state, unless the program is a formal exchange program available as part of a degree program at an eligible institution in this state.

(d) Final applicant eligibility must be certified by the postsecondary institution of attendance, in accordance with 20 AAC 16.235. (Eff. 1/1/2011, Register 196; am 11/16/2012)

Authority: AS 14.42.030 AS 14.43.810 AS 14.43.820

**20 AAC 16.215. Application procedure.** (a) No later than June 30 of the year the student intends to enroll in postsecondary education, a student attending an institution that is authorized to participate in federal student aid programs under 20 U.S.C. 1070 – 1099d (Title IV of the Higher Education Act of 1965), and who meets the eligibility requirements of 20 AAC 16.210, must annually submit a completed Free Application for Federal Student Aid (FAFSA) that results in generation of an Institutional Student Information Record (ISIR).

(b) An applicant may be required to submit supplemental information to verify eligibility, including verifying FAFSA data and institutional certifications.

(c) No later than June 30 of the year the student intends to enroll in postsecondary education, a student who is attending an institution that is not authorized to participate in federal student aid programs under 20 U.S.C. 1070 – 1099d (Title IV of the Higher Education Act of 1965), but who meets the eligibility requirements of 20 AAC 16.210, must submit a completed alternate application provided by the commission.

(f) Notwithstanding any other provision in this section, and subject to the availability of appropriations, the executive director may consider applications from students submitting a completed FAFSA after June 30 but before December 16 of a year. (Eff. 1/1/2011, Register 196; am 4/4/2013, Register 206)

Authority: AS 14.42.030 AS 14.43.820 AS 14.43.825  
AS 14.43.810

**20 AAC 16.220. Computation of scholarship awards; maximum and minimum amounts.** (a) Annual maximum scholarship award amounts will be calculated in accordance with AS 14.43.825.

(b) Notwithstanding the minimum annual credit requirements of 20 AAC 16.210(a)(2), to be considered a full-time student for purposes of calculating the annual scholarship award amount, an otherwise eligible student, if

(1) an undergraduate, must be enrolled each term in at least 12 semester credit hours or the equivalent;

(2) in a graduate degree or certificate program, must be enrolled each term in at least nine semester credit hours, or the equivalent, applicable to the student's graduate degree or certificate program; or

(3) a career and technical school program, student must be enrolled in a non-credit hour program requiring attendance of at least 30 clock hours per week for not less than 12 weeks.

(c) A part-time student is eligible for 50 percent of the annual scholarship award amount. Notwithstanding the minimum annual credit requirements of 20 AAC 16.210(a)(2), to be considered a part-time student for purposes of calculating that amount, an otherwise eligible student, if

(1) an undergraduate, student must be enrolled each term in at least six but not more than 11 semester credit hours, or the equivalent;

(2) a graduate student, must be enrolled each term in at least five but not more than eight semester credit hours, or the equivalent, applicable to the student's graduate degree or certificate program; or

(3) a career and technical school program student, must be enrolled in a program requiring attendance of at least 15 clock hours per week for not less than six weeks.

(d) A student who does not meet the requirements of (b) or (c) of this section is not eligible for a scholarship award, except that an otherwise eligible career and technical school program student may qualify for an award if enrolled in a career and technical school program of less than six weeks in duration that the Department of Labor and Workforce Development has certified, under 8 AAC 81.030, as meeting the attendance requirements of (b)(3) and (c)(3) of this section through an approved, accelerated method of delivery.

(e) A student enrolled in an otherwise qualifying accelerated program of study may have accelerated award eligibility. For purposes of this subsection,

(1) "accelerated program of study" means an academic program of study in which the student is completing at least 150 percent of the full-credit hours required in this section, per calendar year of attendance;

(2) "accelerated award eligibility" means eligibility for an additional 50 percent of a full-time award, based on the number of credits being completed in the accelerated program of study; and

(3) accelerated awards reduce the student's semesters of eligibility as set out in AS 14.43.825(c).

(f) The minimum scholarship award per school year is \$500.

(g) For purposes of determining award eligibility and estimating annual scholarship amounts each year, the executive director shall set and publish on the commission's website a deadline for certification of scholarship applicant enrollment by postsecondary institutions. Scholarship applicants certified by postsecondary institutions as having qualifying enrollment after the deadline will be considered for an award if money is available after payment to students certified by the deadline.

(h) If appropriations are insufficient to pay all eligible scholarship applicants, existing awards will be paid first on a pro rata basis. For purposes of this section, existing awards are those certified by the postsecondary institution before the published deadline established in (g) of this section.

(i) For purposes of calculating maximum award eligibility, scholarship money is used to supplement other non-loan aid. In order not to supplant other non-loan aid, an otherwise qualifying student's costs of attendance are reduced by other scholarships, grants, or stipends, or any other non-loan aid that would be paid to support the student's participation in the educational program for the same program of study or academic period.

(j) For purposes of this section, a grant received under AS 14.43.400 reduces an applicant's eligible costs of attendance for purposes of calculating a scholarship award amount.

(k) A student is eligible for only one scholarship award per career and technical school certificate program completed. A student who enrolls in multiple career and technical school certification programs and is otherwise eligible may receive multiple scholarship awards. (Eff. 1/1/2011, Register 196)

Authority: AS 14.42.030 AS 14.43.810 AS 14.43.825

**20 AAC 16.225. Award disbursement and refund.** (a) Subject to appropriation, the commission staff shall distribute scholarship money to eligible institutions on behalf of award recipients.

(b) The commission staff shall distribute scholarship money to eligible institutions on or after July 15 for programs that start August 1 or later in that academic year.

(c) An eligible institution may not disburse a scholarship award under a power of attorney assignment by the student unless the student

(1) has already successfully completed the program of study for which the scholarship was awarded; or

(2) is unavailable because the student is in an extern program of the school.

- (d) An eligible institution is responsible for maintaining documentation that the school verified the identity of the student before disbursing any scholarship money to the student.
- (e) An eligible institution that has courses of study for which tuition is charged on a pay-as-you-go basis and that holds unearned tuition money on behalf of a student shall place scholarship disbursements in a non-interest-bearing trust account containing only scholarship money. The scholarship money may be withdrawn only as it is earned by the institution as a result of the student's enrollment and attendance under the terms of the institution's enrollment agreement. If a student fails to attend, or otherwise withdraws from the institution, the balance of the student's scholarship money remaining on account with the institution shall be returned to the commission no later than 30 days after the student stopped attending the institution.
- (f) An eligible institution may not disburse scholarship awards to a student who is on an approved leave of absence unless the student has already completed the program period for which scholarship money was awarded.
- (g) The commission staff may make scholarship award disbursements electronically or in another format that provides scholarship proceeds directly to the institution rather than by warrants payable to the individual students.
- (h) Scholarship award payments to institutions will be made in at least two disbursements, with the first payment made at the start of the first term of attendance and the second payment made at the start of the second term of attendance, or the equivalent. For non-term programs, the second disbursement will be made at the earlier of 60 days after the program start date or the midpoint of the program. Institutions must certify the student's continuing eligibility in order for the commission to make the second disbursement in any academic year.
- (i) Before disbursing scholarship money to the student, an eligible institution shall certify to the commission that the institution's records indicate that, at the time of disbursement,
- (1) the student is eligible for disbursement under 20 AAC 16.210;
  - (2) the student is a resident of this state; and
  - (3) the institution is not disbursing money in excess of the student's costs of attendance, as calculated according to
    - (A) the institution's published budget for the number and type of credit hours, or career and technical school program, in which the student is enrolled, or
    - (B) the student's documented actual costs of attendance for the number and type of credit hours, or career and technical school program, in which the student is enrolled.
- (j) For a student enrolled in more than one institution, the degree-granting institution shall make the certifications required in this section.

(k) If a scholarship recipient becomes eligible for a refund from the institution in excess of \$50, or it is determined that the student is overawarded in excess of \$50, the institution shall refund or return scholarship money to the commission no later than 30 days after the date the overaward was noted or the student became eligible for a refund.

(l) No later than 30 days after receipt of scholarship money, an institution shall return to the commission any of that money not credited to the student's account or otherwise disbursed to the student.

(m) An ineligible award recipient is subject to AS 14.43.920. (Eff. 1/1/2011, Register 196; am 4/4/2013, Register 206)

Authority: AS 14.42.030 AS 14.43.825 AS 14.43.830

AS 14.43.810

**20 AAC 16.230. Applicant loss of eligibility; requirements to regain eligibility.** An applicant who fails to meet the requirements of 20 AAC 16.210 becomes ineligible for subsequent scholarship award disbursements until the applicant documents having earned the number of annual credits required under 20 AAC 16.210(a)(2) and meeting the grade point average requirements of 20 AAC 16.210(a)(3). (Eff. 1/1/2011, Register 196)

Authority: AS 14.43.030 AS 14.43.810 AS 14.43.820

**20 AAC 16.235. Institutional eligibility and responsibilities.** (a) An institution eligible to participate in the Alaska performance scholarship program must

- (1) have an authorization or exemption under AS 14.48 and 20 AAC 17;
- (2) meet the requirements of AS 14.43.830;
- (3) enter into a program participation agreement with the commission, including the institution's agreement to
  - (A) verify and certify student eligibility for scholarship awards for each term of enrollment; and
  - (B) allow commission staff to audit school records related to management of scholarship money and student eligibility determinations as determined necessary by the executive director;
- (4) provide third-party documentation of institutional financial soundness and capacity to comply with the fiduciary responsibility for administering state scholarship money; and
- (5) provide the commission with documentation and information the executive director considers necessary to determine whether the school is eligible to participate, including
  - (A) documentation of participation in a method of electronic funds transfer and electronic data exchange approved by the commission;

(B) documentation of compliance with the program participation agreement and applicable state and federal statutes and regulations relevant to institutional financial, administrative, and academic capacity; and

(C) periodic reports to the commission as needed by the executive director to reconcile scholarship program data, to report on program completion rates and other award recipient outcomes, and to obtain information needed to meet the requirements of AS 14.43.840.

(b) For purposes of this section, third-party documentation of institutional soundness and capacity to comply with the fiduciary responsibility for administering state scholarship money is demonstrated by presenting annually

(1) a consumer report for the institution's owner indicating an absence of negative public records or failure to meet obligations; and

(2) institutional financial statements

(A) prepared in conformity with generally accepted accounting principles and audited by an independent public accounting firm for the most recently completed fiscal year; and

(B) documenting access to income and working capital sufficient to document that the institution is a going concern.

(c) An institution that does not provide the documentation required in (b)(2) of this section may qualify to administer scholarship money by providing educational institution surety bonding, executed solely in favor of and filed with the commission in an amount equal to total instructional expenses to be paid to the institution by award recipients attending the upcoming academic year or vocational period.

(d) An institution is exempt from the requirements of (a)(4) of this section if the institution does not demonstrate any of the circumstances described in (e) of this section, and if the institution

(1) has an authorization under AS 14.48 and 20 AAC 17; or

(2) is accredited by a regional or national accrediting body that the United States Secretary of Education recognizes under 34 C.F.R. Part 602.

(e) An institution that participates in the Alaska performance scholarship program becomes ineligible to participate in the program upon

(1) loss of accreditation, if applicable;

(2) failure to comply with applicable career and technical school program requirements in 8 AAC 81;

(3) failure to submit required reconciliation reports, outcomes reports, or related documentation to commission staff in accordance with applicable deadlines; or

(4) a commission audit finding that the institution lacks the financial, administrative, or academic capacity to successfully administer the scholarship program.

(f) For purposes of this section, a commission audit finding that an institution lacks the financial, administrative, or academic capacity to successfully administer the Alaska performance scholarship program includes a finding of fraud, an inability to document

how scholarship money is managed and disbursed, or a consistent and sustained failure to adhere to law applicable to the scholarship program.

(g) Institutional staff shall certify that the institution's records document that the applicant meets requirements for an award, including

(1) that the applicant meets the applicant eligibility requirements set out in 20 AAC 16.210;

(2) that the applicant has qualifying unmet financial need in accordance with 20 AAC 16.220; and

(3) the award amount for which the applicant qualifies, in accordance with 20 AAC 16.220.

(h) For purposes of AS 14.43.830(a)(1) and (2), a postsecondary education institution is physically located in the state if the campus, teachers, classrooms, school administrators, and equipment used to provide the education to students are physically present in the state. Use of electronic materials by teachers in the state does not disqualify a postsecondary institution even if the materials are generated outside the state. However, a distance-delivered program that is administered from outside the state is not physically located in the state even if the program is delivered by teachers or equipment in the state. (Eff. 1/1/2011, Register 196; am 2/21/2014, Register 209; am 2/22/2015, Register 213)

Authority:	AS 14.42.030	AS 14.43.825	AS 14.43.840
	AS 14.43.810	AS 14.43.830	

**Editor's Note:** As of Register 206 (July 2013), the regulations attorney made a technical revision under AS 44.62.125(b)(6), to 20 AAC 16.235(h).

**20 AAC 16.237. Institutional advisory program.** For the purposes of AS 14.43.830(a)(1)(C), a qualifying advisory program is any mandatory program provided by the institution that advises or counsels students with respect to the appropriate courses specific to each individual student's academic progress and options at the institution of attendance, is designed to minimize the time required to earn a degree or certificate, and is designed to maximize the student's benefit from the program of study. The program may be delivered in person or electronically, and must provide, at a minimum, advising relative to course selection, academic progress, time remaining to program completion, career options available to students who complete the program, and options to receive assistance with personal challenges. The institution must be able to document each student's participation in the advisory program. (Eff. 7/19/2013, Register 207)

Authority:	AS 14.42.030	AS 14.43.810	AS 14.43.830
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**20 AAC 16.238. Courses and credits.** For the purposes of AS 14.43.830(a)(1)(D), to comply with the requirement to provide courses and credits that can result in the issuance

of a degree or certificate available at the institution within a time frame expected for that degree or certificate, an institution must

- (1) publish in its annual catalog the expected time to complete the program, based on the planned sequence of course offerings at that institution;
- (2) clearly indicate any courses that must be taken in specific sequence or that are not offered each term, and the impact on meeting the timeline for a student who does not complete the courses in the recommended order or at the recommended times; and
- (3) provide options for independent study, course substitution, transfer from other institutions, or similar options, at no additional cost to the student, if the institution is not able to offer the courses required in order to meet the timeline published under (1) of this section. (Eff. 7/19/2013, Register 207)

Authority: AS 14.42.030 AS 14.43.810 AS 14.43.830

**20 AAC 16.240. Complaints and appeals.** Complaints and appeals regarding the commission's administration under 20 AAC 16.205 – 20 AAC 16.250 of the Alaska performance scholarship program will be considered under 20 AAC 15.915. (Eff. 1/1/2011, Register 196)

Authority: AS 14.42.030 AS 14.43.810

**20 AAC 16.250. Costs of attendance.** For purposes of AS 14.43.825(e) and 20 AAC 16.205 – 20 AAC 16.250, costs of attendance include

- (1) tuition and required fees;
- (2) required books, supplies, and equipment;
- (3) transportation;
- (4) room and board; and
- (5) an allowance for personal expenses, as approved by the executive

director. (Eff. 1/1/2011, Register 196)

Authority: AS 14.42.030 AS 14.43.810

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### ARTICLE 3. GENERAL PROVISIONS

**20 AAC 16.900. Definitions.** (a) Unless otherwise provided or the context requires otherwise, the definitions in 20 AAC 15.990 apply to the terms of this chapter.

(b) In this chapter, unless the context requires otherwise,

- (1) “academic year” means the period of time described in 34 C.F.R. 668.3;
- (2) repealed 2/22/2015;
- (3) “expected family contribution” means the amount, as reported on the Free Application for Federal Student Aid (FAFSA), that a student or the student’s family is expected to pay towards the student’s cost of attendance;
- (4) repealed 2/22/2015;
- (5) “ISIR” means the Institutional Student Information Record, which is the data generated by the United States Department of Education’s processing of the FAFSA, as defined in 34 C.F.R. 668.2(b);
- (6) “school year” has the same meaning as “academic year” in this subsection;
- (7) repealed 2/22/2015;
- (8) repealed 4/4/2013.
- (9) “Alaska performance scholarship program” means the scholarship program established under AS 14.43.810 – 14.43.849;
- (10) “credit hour” means the basic unit of collegiate instruction at an institution, as defined by the institution’s accrediting body.
- (11) repealed 2/22/2015. (Eff. 6/13/80, Register 74; am 11/27/86, Register 100; am 2/20/2005, Register 173; am 12/28/2008, Register 188; am 1/1/2011, Register 196; am 11/16/2012, Register 204; am 4/4/2013, Register 206; am 2/22/215, Register 213)

Authority: AS 14.42.030 AS 14.43.405 AS 14.43.810

**Editor’s note:** Effective 11/27/86, Register 100, 20 AAC 16.100 was renumbered 20 AAC 16.900. The history note for 20 AAC 16.100 was carried forward to the new location.

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**CHAPTER 17 – REGULATION OF  
POSTSECONDARY EDUCATION INSTITUTIONS.**

**Article**

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- 2. Authorization to Operate as a University, College, Junior College, Community College, or Career College (20 AAC 17.205 – 20 AAC 17.910)** p. 133
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**ARTICLE 1. AUTHORIZATION TO OPERATE AND AGENT'S PERMITS**

**20 AAC 17.010. Applicability of chapter.** *Repealed 7/11/87.*

**20 AAC 17.015. Exemptions.** (a) Upon receipt of the written application, fee, and specimen copies of each certificate or diploma the institution issues that document that the applicant qualifies under this subsection, the commission staff shall exempt from the authorization provisions of AS 14.48 and this chapter the following educational programs, and institutions providing only the following educational programs:

(1) a program sponsored by and conducted solely for the members of a bona fide trade, business, professional, labor, or fraternal organization that is maintained in good faith for purposes other than operating an educational institution;

(2) a program that does not offer educational credentials and is provided without charging a fee, other than the actual cost of materials, to its students, or is continuing professional education offered solely as preparation for tests leading to certification in specific disciplines, but not purporting to provide occupational competencies;

(3) a program or institution that is regulated by another agency or political subdivision of the state that sets and enforces at least equivalent standards for the quality of course contents, facilities, and operation, including retention and management of student records;

(4) a short course of study that is not more than 120 hours or 15 days in duration, including all required class, laboratory, externship, and independent study hours;

(5) a nationally or regionally accredited program offered within the state by an out-of-state institution that is authorized to operate by the state in which it is located, and that provides documentation from the home state authorizing body that the authorization extends to the campus in this state and students in this state, including investigation of complaints relating to violations of authorization, student refunds, and consumer protection in the event of an institution or branch closure;

(6) a program that does not result in the awarding of a degree, and that is sponsored by and conducted solely for the membership of a bona fide religious organization;

(7) a flight-training course that maintains current certification under 14 C.F.R. Part 141 or Part 142; or

(8) an online or distance delivered program that does not have a physical presence within the state.

(b) Upon written application to the commission documenting that the applicant qualifies under this subsection, the commission staff shall exempt from the bonding and fee requirements of AS 14.48 and this chapter an institution that

- (1) does not charge a fee for its programs; or
- (2) is operated by a state or a political subdivision of a state.

(c) Repealed 12/29/2010.

(d) For the purposes of (a) of this section,

(1) a fraternal organization is a civic, service, or charitable organization in the state, not for pecuniary profit, that is a branch, lodge, or chapter of a national or state organization and exists for the common business, fellowship, or other interest of its members; the term does not include a college or high school fraternity;

(2) a labor organization is one, not for pecuniary profit, that is constituted to bargain collectively or deal with employers, including the state and its political subdivisions, concerning grievances, terms or conditions of employment or other mutual aid or protection in connection with employees;

(3) a trade, business, or professional organization is one, not for pecuniary profit, that is composed of persons all of whom are or were actively engaged in the same trade, business, or profession;

(4) a religious organization is one that is tax exempt under 26 U.S.C. 501(c)(3) as a religious organization and that offers and provides postsecondary education solely in the form of religious training to persons who hold or seek to learn the particular religious faith or beliefs of that religious organization;

(5) a short course of study is one that

(A) results in its own certificate or credential and is not part of a sequence of classes for which the institution of enrollment awards any program credential or certificate;

(B) does not include a requirement that students register for or make a financial commitment to a longer program in addition to the individual class;

(C) has documented vocational or academic transfer value as a stand-alone unit; and

(D) is not advertised as leading to any professional credential or certification for which the certifying entity publishes a curriculum that exceeds 120 hours.

(e) An institution exempted under this section from some of the requirements of AS 14.48 and this chapter is not exempted from the requirements of AS 14.48.060(b), 14.48.130, 14.48.150, 14.48.170, and 14.48.180 – 14.48.210 and the regulations in this chapter that implement, interpret, or make specific those sections. An institution exempted from authorization requirements under (a)(1) or (6) of this section must include a conspicuous statement on marketing, admissions, enrollment materials, and certificates or diplomas setting out verbatim (a)(1) or (6) of this section, whichever is applicable, and informing that the institution is exempt from authorization requirements under AS 14.48

and this chapter. An institution exempt from authorization requirements under (a)(8) of this section must include a conspicuous statement on the institution's marketing in the state, indicating that the program is exempt from authorization under AS 14.48 and this chapter, because the program is online or distance delivered and the institution does not have a physical presence in the state.

(f) An institution exempted from authorization requirements under (a) of this section must recertify biennially that the educational programs and institution continue to meet requirements for exempt status under this section. A request for recertification must be submitted on forms provided by the commission.

(g) An institution exempted from authorization provisions of AS 14.48 and this chapter must retain the document required under AS 14.48.165(b) for a period of at least one year after the student's last date of attendance.

(h) An institution exempted under (a) of this section shall submit an application fee described in 20 AAC 17.055(a)(5).

(i) Upon written application to the commission documenting that the applicant qualifies under this subsection, the commission staff shall exempt from 20 AAC 17.205 – 20 AAC 17.250 an institution that

(1) is regionally or nationally accredited; and

(2) is a branch campus of an out-of-state institution that is authorized to operate in its home state. (Eff. 12/30/77, Register 64; am 8/20/86, Register 99; am 1/30/87, Register 101; am 9/15/88, Register 107; am 3/25/90, Register 113; am 5/4/90, Register 114; am 10/11/95, Register 136; am 4/24/98, Register 146; am 4/20/2000, Register 154; am 4/27/2001, Register 158; am 3/1/2002, Register 161; am 12/31/2005, Register 176; am 10/18/2007, Register 184; am 12/29/2010, Register 196; am 10/3/2011, Register 200; am 2/21/2014, Register 209; am 2/22/2015, Register 213)

Authority: AS 14.42.030 AS 14.48.030 AS 14.48.210  
AS 14.48.020 AS 14.48.050

**20 AAC 17.016. Participation in the National Council for State Authorization Reciprocity Agreements.**

(a) The commission is the state approving agency for institutions domiciled in the state that seek to operate under the Western Interstate Commission for Higher Education State Reciprocity Agreements (W-SARA). An institution domiciled in the state must apply for approval to operate under W-SARA, upon a form provided by the commission. To qualify for approval, the institution must

(1) be domiciled in the state; and

(2) annually document compliance with the terms of institutional participation adopted by reference (e) of this section, including

(A) regional or national accreditation;

(B) classification by the United States Department of Education, Institute of Education Sciences, National Center for Education Statistics as a degree granting institution; and

(C) if the institution is a private institution, documentation of an institutional federal financial responsibility score of 1.5 or higher or a qualifying exception from the United States Department of Education under 20 U.S.C. 1099c(c).

(b) An institution domiciled outside the state is exempt from authorization under AS 14.48 and from all provisions of 20 AAC 17.015 if approved to deliver distance education to residents of this state under a state authorization reciprocity agreement (SARA) by the state in which the institution is domiciled.

(c) Complaints from out-of-state students participating in distance education delivered by an in-state institution authorized by the commission and accepted for participation in W-SARA will be handled in accordance with 20 AAC 17.130 – 20 AAC 17.145.

(d) Complaints from out-of-state students participating in distance education delivered by an institution governed by the University of Alaska Board of Regents and accepted for participation in W-SARA will be handled by the University of Alaska and may be appealed to the commission as the state’s W-SARA approving agency.

(g) For purposes of this section, the definitions and terms of participation are set out in the National Council for State Authorization Reciprocity Agreements, *State Authorization Reciprocity Agreements: Policies and Standards*, November 18, 2013 edition, are adopted by reference. (Eff. 9/4/2014, Register 211)

Authority: AS 14.42.030 AS 14.48.030 AS 14.48.070  
AS 14.48.020 AS 14.48.050

**20 AAC 17.018. Denial of exemption.** (a) An applicant who is denied an exemption under 20 AAC 17.015 may submit a request for reconsideration in writing to the executive director. The request for reconsideration must be postmarked within 30 days after the mailing or distribution of the denial of exemption. The request for reconsideration must clearly state each objection to the denial, the justification for each objection, and the reasons why the applicant is entitled to exemption under AS 14.48 and this chapter.

(b) Within 30 days after the mailing or distribution of the executive director’s decision on the request for reconsideration, the applicant may request a hearing regarding the denial of exemption before the commission. The request for a hearing must clearly state each objection to the denial and the justification for each objection. The appellant has the burden to prove by a preponderance of the evidence that the appellant is entitled to exemption under AS 14.48 and this chapter. A hearing under this subsection is subject to AS 44.64 (Hearing Officers and Office of Administrative Hearings). The hearing will be conducted according to AS 44.62 (Administrative Procedure Act). (Eff. 4/27/2001, Register 158; am 12/31/2005, Register 176)

Authority: AS 14.48.020 AS 14.48.050 AS 14.48.110

**20 AAC 17.020. Application for authorization to operate.** (a) *Repealed 10/11/95.*

(b) The commission will send application materials, including the fee and bonding schedules, to a postsecondary educational institution requesting authorization to operate in this state.

(c) A complete application, including accompanying documents, appropriate fees under 20 AAC 17.055, financial statements prepared in compliance with 20 AAC 17.060, and evidence of bonding or other security, must be received by the commission at least 90 days before the commission meeting at which the application is to be considered. Upon receipt of the completed application, the commission staff shall place the institution on applicant status for a period of up to one year. Commission staff shall inform the institution of the items missing from an incomplete application and will set a deadline for submitting those items.

(d) The commission staff shall review the application materials and, no later than 30 days after receiving them, shall notify the institution of any further documentation requirements.

(e) During the applicant status period, the commission will establish, as considered necessary, a date for on-site visitation and evaluation of the applicant institution.

(f) If it is determined, during either application review or on-site visitation, that the institution does not qualify for commission authorization or exemption, the commission will, in its discretion, either:

(1) deny authorization and notify the institution by certified mail of the denial and of the penalty provisions for operation without authorization; or

(2) issue a provisional authorization to operate, notify the institution of the reasons for the provisional status, and establish a time period, up to 12 months, during which the institution must satisfy requirements for a non-provisional authorization to operate.

(g) If, after review of the application materials and the on-site visitation, or after a period of provisional authorization, the institution is found to qualify for commission authorization, the institution will be granted authorization to operate. This authorization is valid for a period of between one year and five years, as determined by the commission. However, the initial authorization for any institution will not exceed two years.

(h) Commission review of the content of education programs and curricula of a religious nature will not involve the merits of the religious teachings.

(i) The commission staff shall assess a fee of \$250 for an application submitted after a due date established in (c) of this section. The fee must be paid before an application is considered complete. If the application remains incomplete 10 business days after a due date established under (c) of this section, the application will be deferred to the next calendar quarter. (Eff. 12/30/77, Register 64; am 8/20/86, Register 99; am 3/16/91, Register 117; am 10/11/95, Register 136; am 8/26/98, Register 147; am 4/20/2000, Register 154; am 12/31/2005, Register 176; am 12/29/2010, Register 196)

Authority: AS 14.48.050 AS 14.48.070

**20 AAC 17.025. Renewal of authorization to operate.** (a) A request for renewal of an authorization to operate, including a completed application, accompanying documents, and the renewal fee under 20 AAC 17.055, must be submitted, on forms provided by the commission, at least 90 days before the date on which the institution's current authorization is scheduled to expire.

(b) An institution must have enrolled students during its current authorization period or document pending enrollments for the upcoming period in order to be considered for renewal of an authorization to operate.

(c) The commission staff shall assess a fee of \$250 for a renewal request submitted after a due date established in (a) of this section. The fee must be paid before a renewal request will be considered complete. An application that remains incomplete 10 business days after a due date established under (a) of this section shall be deferred to the next calendar quarter.

(d) An institution with an application that remains incomplete 10 business days after a due date established under (a) of this section may not operate other than under an approved teach-out arrangement until the commission approves a new initial application for authorization. (Eff. 12/30/77, Register 64; am 8/20/86, Register 99; am 4/27/2001, Register 158; am 3/1/2002, Register 161; am 12/31/2005, Register 176; am 12/29/2010, Register 196)

Authority: AS 14.42.030 AS 14.48.070 AS 14.48.090  
AS 14.48.050

**20 AAC 17.030. Application for agent's permit.** (a) At least 90 days before the commission meeting at which a person wishes the person's application for an agent's permit to be considered, a person desiring to function as an agent in the state must apply to the commission for an agent's permit. The person must submit the application on forms provided by the commission.

(b) Upon receipt of the completed application, accompanying documents, appropriate fees, and evidence of bonding, the commission will review the materials and grant or

deny an agent's permit to the applicant. The commission will notify the applicant in writing of its decision.

(c) An agent's permit is nontransferable and is issued for terms of between six months and two years. However, under no circumstances will the agent's permit remain valid beyond the expiration date of the authorization to operate for the institution which the agent represents if such authorization is required.

(d) For purposes of this section, an agent who is a bona fide employee of a postsecondary educational institution authorized to operate in this state or exempted from authorization, and who acts as an agent only in the scope of the agent's employment with the postsecondary educational institution, is exempt from the agent permit requirement of this section. (Eff. 12/30/77, Register 64; am 10/11/95, Register 136; am 8/26/98, Register 147; am 12/29/2010, Register 196)

Authority: AS 14.48.050 AS 14.48.080

**20 AAC 17.035. Renewal of agent's permit.** An agent's permit must be renewed periodically. Requests for renewal must be submitted on forms provided by the commission at least 90 days before the expiration date of the permit. (Eff. 12/30/77, Register 64; am 12/29/2010, Register 196)

Authority: AS 14.48.050 AS 14.48.080

**20 AAC 17.040. Status changes.** (a) In the event of a change in senior management of an institution, a change in the mission, educational program, or program delivery methods of an institution, or a change of address of the school or any of its facilities, the institution and its agents shall notify the commission in writing of the change at least one calendar quarter before the effective date of the change or as soon as plans for change are known.

(b) A change described in (a) of this section, or any departure from program information specified in the institution's most recent authorization application must be approved by the commission before implementation, with the exception of a change in curriculum or instructional delivery method that is solely to conform with updates to previously approved instructional technologies or materials.

(c) An institution with an authorization to operate shall notify the commission before entering into contracts or negotiations related to sale of the institution. At least 30 days before the effective date of a change of ownership of an institution, the new owner shall submit a new application for authorization to operate. The completed application must include the required fee under 20 AC 17.055, evidence of bonding or other security issued in the name of the new owner, financial statements for the new owner, the documentation required for a request for renewal of authorization, a description of any

changes to be made at the institution as a result of the change in ownership, the effective date of the change in ownership, and a statement of the assets and obligations that will be transferred. Upon determination that the application is complete, the commission staff shall place the application on the agenda for the next commission meeting. An institution that administers financial aid on behalf of the commission must have a change in ownership approved in order to be eligible to continue to administer that aid. Upon approval by the commission, the commission will issue to the institution an authorization to operate.

(d) In the event of a change of ownership for an institution that is authorized to participate in federal student aid programs under 20 U.S.C. 1001 – 1155 (Title IV of the Higher Education Act of 1965), the institution shall submit evidence of continued authorization by the secretary of the United States Department of Education, including copies of application materials submitted to the United States Department of Education for continued authorization after the change of ownership.

(e) For the purposes of this section, "ownership" means a controlling interest held by a person, including a partnership or corporation, in an educational institution. (Eff. 12/30/77, Register 64; am 3/15/85, Register 93; am 6/27/87, Register 102; am 10/11/95, Register 136; am 3/13/96, Register 137; am 8/26/98, Register 147; am 4/20/2000, Register 154; am 1/30/2003, Register 165; am 12/31/2005, Register 176; am 11/24/2007, Register 184; am 12/29/2010, Register 196)

Authority: AS 14.48.050 AS 14.48.060 AS 14.48.070

**20 AAC 17.045. Bonding requirements.** (a) Except as provided in (e) of this section, a postsecondary educational institution and an agent shall post a surety bond, a cash deposit, or commission-approved negotiable securities as required by AS 14.48.100 and in an amount determined under this section. The surety bond, cash deposit, or negotiable securities must be executed solely in favor of and filed with the commission. The commission may increase or decrease the bonding requirement to conform to the level set in (b) or (h) of this section based on updated financial or other information received during a renewal period.

(b) Except as provided in (h) of this section, the amount of the required surety bond, cash deposit, or commission-approved negotiable securities is based, for an existing institution, upon the highest amount of revenue received by the institution for all students enrolled in all programs during an academic or a vocational program period, term, or semester in the previous academic year; or for new institutions or institutions that have added or deleted programs, the highest amount of revenue the commission staff projects will be earned by the institution for all students enrolled in all programs during an academic or a vocational program period, term, or semester in the upcoming academic year. The amount of the bond is determined as follows:

## POSTSECONDARY EDUCATIONAL INSTITUTIONS

Institution Revenue	Bond Amount (Pay-As-You-Go Schools)	Bond Amount (Other)
Up to \$25,000	\$ 3,750	\$ 5,000
\$ 25,001 - \$ 50,000	\$ 7,500	\$ 10,000
\$ 50,001 - \$100,000	\$15,000	\$ 20,000
\$100,001 - \$150,000	\$22,500	\$ 30,000
\$150,001 - \$200,000	\$30,000	\$ 40,000
\$200,001 - \$250,000	\$37,500	\$ 50,000
\$250,001 - \$300,000	\$45,000	\$ 60,000
\$300,001 - \$400,000	\$60,000	\$ 80,000
\$400,001 - \$500,000	\$75,000	\$100,000
\$500,001 - \$750,000	\$112,500	\$150,000
\$750,001 - \$1,000,000	\$150,000	\$200,000
\$1,000,001 and above	\$200,000	\$250,000

## AGENTS

Institution Revenue	Bond Amount
Up to \$ 25,000	\$ 2,500
\$ 25,001 - \$50,000	\$ 5,000
\$ 50,001 - \$100,000	\$10,000
\$100,001 - \$150,000	\$15,000
\$150,001 - \$200,000	\$20,000
\$200,001 - \$250,000	\$25,000
\$250,001 - \$300,000	\$30,000
\$300,001 - \$350,000	\$35,000
\$350,001 - \$400,000	\$40,000
\$400,001 - \$450,000	\$45,000
\$450,001 and above	\$50,000

- (c) For the purpose of determining the amount of a bond required by the commission,
- (1) institutions must include revenues received for all students, including those enrolled in programs otherwise exempt from this chapter;
  - (2) a flight school must include revenues for its private pilot, commercial pilot, and ratings programs; and
  - (3) the calculation of institution revenues must include all revenues received from all funding sources for all commodities and services provided by the institution as part of its provision of postsecondary education, including tuition and fees, books and materials, and room and board.

(d) A negotiable security filed with the commission in place of a bond will not be released by the commission until at least six months after the end of the enrollment period for which the security is filed or at least six months after the date the institution or agent ceases operations, whichever comes first. If a complaint has been filed, or action is pending on a complaint filed, relative to the enrollment period covered by the security, the security will not be released until the complaint has been resolved or final action has been taken.

(e) An agent who is a bona fide employee of a postsecondary educational institution authorized to operate in this state or exempted from authorization, and who acts as an agent only in the scope of the agent's employment with the postsecondary educational institution is exempt from the agent bonding requirements in (b) of this section.

(f) Institutions may meet bonding requirements through participation in an institutional surety pool, training assurance pool, or tuition recovery fund approved by the commission.

(g) A certificate of deposit or other negotiable instrument offered by a postsecondary educational institution authorized to operate in Alaska must be established either for the period of authorization plus six months or be automatically renewable, and must meet liquidity requirements approved by the executive director of the commission.

(h) For a postsecondary educational institution that is not financially sound, the amount of the required surety bond, cash deposit, or commission-approved negotiable securities is the greater of

(1) the highest amount of revenue received by the institution for all students enrolled in all programs during an academic or a vocational program period, term, or semester of the previous year; or

(2) the highest amount of revenue for all students projected by the commission that the postsecondary educational institution will receive during a similar period of the current year.

(i) For the purposes of this section, a postsecondary educational institution is not financially sound if

(1) its financial statement submitted under 20 AAC 17.060 or the commission staff's investigation shows

(A) recurring operating losses;

(B) recurring negative cash flows from operations;

(C) adverse financial ratios; or

(D) conditions or events similar to those described in (A)-(C) of this paragraph that raise substantial doubts the institution will be able to continue as an ongoing concern;

(2) its accrediting agency, if any, has found it not to be financially sound; or

(3) the United States Department of Education has

(A) made a final determination that the institution is not financially sound; or

(B) placed the institution on reimbursement status.

(j) An institution considered not to be financially sound must maintain a commission approved, detailed teach-out plan as well as document surety to cover all costs of delivery of the proposed teach-out plan. An institution that continues to operate in other than a financially sound status must annually update its detailed teach-out plan and required surety. (Eff. 3/6/86, Register 97; am 5/8/88, Register 106; am 9/15/88, Register 107; am 12/8/88, Register 108; am 5/4/90, Register 114; am 8/18/91, Register 117; am 4/24/98, Register 146; am 8/26/98, Register 147; am 4/20/2000, Register 154; am 12/31/2005, Register 176; am 12/29/2010, Register 196; am 2/22/2015, Register 213)

Authority: AS 14.48.050 AS 14.48.100

**20 AAC 17.050. Bonding requirements - agent.** *Repealed 3/6/86.*

**20 AAC 17.055. Fees.** (a) An institution shall pay the following fees:

- (1) application fee for new authorization, \$2,500;
- (2) fee for renewal of authorization, three percent of average of the total annual tuition and fee receipts in the most recent authorization period, in an amount of at least \$500, but no more than \$2,500;
- (3) application fee for approval required under 20 AAC 17.040(b), \$100;
- (4) fee for a change of site or an additional site inspection, \$500; and
- (5) application fee under 20 AAC 17.015(h), \$100.

(b) An agent shall pay the following fees:

- (1) application fee for an initial agent's permit, \$500; and
- (2) application fee for renewal of an agent's permit, \$250.

(c) The commission will waive the fees required under (a) of this section for an institution that is exempt from taxation under 26 U.S.C. 501(c)(3) and has an annual enrollment of less than 30 students. (Eff. 12/30/77, Register 64; am 8/20/86, Register 99; am 4/24/98, Register 146; am 12/31/2005, Register 176; am 2/24/2011, Register 197)

Authority: AS 14.48.030 AS 14.48.090 AS 14.48.100  
AS 14.48.050

**20 AAC 17.060. General operating standards.** (a) In addition to the minimum standards prescribed in AS 14.48.060, an institution operating, or seeking authorization to operate, in Alaska shall adhere to the following general academic standards:

- (1) an institution that offers postsecondary education at a non-credit, continuing-education level for which continuing-education units (CEUs) are awarded shall use the standard measure for a continuing-education unit, which is one unit for every 10 contact hours of participation in an organized continuing-education experience under responsible sponsorship, capable direction, and qualified instruction;

(2) an institution that offers postsecondary education for which credit is awarded shall meet the criteria for clock hour to credit hour conversion specified in 34 CFR 600.2 and 668.8(k);

(3) repealed 10/11/95;

(4) an institution that offers collegiate-level degrees of masters and beyond will be treated on a case-by-case basis and will be thoroughly studied and reviewed by the commission before an authorization decision is made;

(5) a postsecondary education institution that is not degree granting shall describe its programs in clock hours except as provided in this section; and

(6) an accredited postsecondary educational institution that does not grant a degree may describe its programs in either clock hours or in credit hours as long as the credit hours are measured according to the standards set by the accrediting agency.

(b) An authorization to operate an institution is restricted to the fields or courses specifically indicated in the application for authorization. The holder of an authorization shall present a program amendment application for approval of additional fields or courses in which it seeks to offer instruction. An institution may offer courses of study only at locations for which it has been approved.

(c) An institution must have a clear and explicit statement of institutional purpose that describes measurable goals or outcomes.

(d) An institution shall provide a program consistent with the statement of institutional purpose that describes measurable goals and outcomes.

(e) An institution shall establish and maintain minimum admission standards to determine that a prospective student is qualified to study in a course or program with a reasonable likelihood of success. If the field for which the student is to train requires the individual to meet specific requirements for occupational licensing under AS 08 or for employment, an institution shall assess the prospective student's ability to obtain qualifications in those areas. An institution must demonstrate to the commission that its admission requirements establish a standard of competency, knowledge, and aptitude allowing a prospective student to complete the program of study and obtain employment in the field for which the training is preparatory. An institution providing instruction in an occupation for which licensure under AS 08 is required must document that the instruction offered by the institution meets the requirements of AS 08 applicable to that occupation, or must clearly indicate that the instruction is only avocational.

(f) A student may not be required to be employed as a course requirement, unless the commission determines that it is reasonably necessary to gain practical experience.

(g) An institution authorized to operate under this chapter shall operate in accordance with generally accepted good business practices and standards and in accordance with all applicable laws. If general liability insurance is not provided by a third party, a school shall maintain general liability insurance. A school maintaining a program in which the students, in the course of their instruction, work or study with, near, or in close proximity

to equipment or training devices that could cause bodily harm or damage to the student shall also maintain accident insurance.

(h) Before a school is authorized to operate under this chapter, it must provide evidence of compliance with applicable state, municipal, and federal licensing, zoning, health, and safety requirements.

(i) An institution shall provide evidence to the commission that the institution is financially sound and can reasonably fulfill commitments to and obligations it has incurred to students and creditors. An institution applying for an initial authorization to operate, renewal of an authorization to operate, or an authorization to operate under a change of ownership, shall submit financial statements audited by an independent, licensed certified public accountant and supporting documentation as requested by the commission unless the institution qualifies to submit unaudited financial statements under (j) of this section. The commission will require evidence of financial soundness at other times, or require additional documentation, if the commission determines it is in the best interest of students to require the information.

(j) The commission will accept unaudited financial statements from the institution to assess the institution's financial soundness under (i) of this section when

(1) an institution has annual tuition revenues of less than \$200,000 and provides to the commission a compilation report with full disclosure, including an accountant's cover letter stating that the institution's financial statements for the most recently completed fiscal year were prepared in conformity with GAAP; the report required by this paragraph must be prepared by an independent accounting service that is licensed as a business;

(2) repealed 12/29/2010;

(3) an institution has annual tuition revenues less than \$300,000 and provides to the commission an independent licensed certified public accountant's review report stating that the institution's financial statements for the most recently completed fiscal year were prepared in conformity with GAAP;

(4) an institution is a sole proprietorship or partnership and has annual tuition revenues of less than \$100,000 and provides to the commission a compilation report, with full disclosure, for the most recently completed fiscal year, including an accountant's cover letter stating the method of presentation and the scope of the accounting services provided; the report required by this paragraph must be prepared by an independent accounting service that is licensed as a business; or

(5) an institution has annual tuition revenues of less than \$300,000 and provides statements in compliance with (1) or (4) of this subsection, if the institution also provides surety in an amount equal to 100 percent of tuition and fee revenues projected for the upcoming institutional fiscal year.

(k) For the purposes of (j) of this section,

(1) "annual tuition revenues" include all tuition and fee revenues received from all funding sources;

(2) "GAAP" means generally accepted accounting principles.

(l) For the purposes of (i) and (j) of this section, financial statements must include at a minimum:

- (1) an accountant's opinion letter;
- (2) a balance sheet;
- (3) an income statement;
- (4) a statement of cash flows; and
- (5) notes to the financial statements. (Eff. 12/30/77, Register 64; am 5/10/78, Register 66; am 3/15/85, Register 93; am 8/20/86, Register 99; am 1/30/87, Register 101; am 3/25/90, Register 113; am 5/4/90, Register 114; am 10/11/95, Register 136; am 6/13/97, Register 142; am 4/24/98, Register 146; am 4/20/2000, Register 154; am 4/27/2001, Register 158; am 12/29/2010, Register 196; am 6/24/2012, Register 202; 2/21/2014, Register 209)

Authority: AS 14.48.050 AS 14.48.060 AS 14.48.070

**20 AAC 17.062. Student outcomes reporting standards.** (a) An institution shall submit with its request for renewal of authorization to operate under 20 AAC 17.025, in a format provided by the commission, a report for each vocational education program offered, of the number of students who

- (1) started the program;
- (2) repealed 12/29/2010;
- (3) repealed 12/29/2010;
- (4) successfully completed the program;
- (5) discontinued the program;
- (6) were employed in the field of study within three months of completing the program;
- (7) reported on the institution's exit survey that the program met expectations, and that they were satisfied overall with the institution.

(b) An institution shall request students who successfully complete a vocational education program as reported in (a)(4) of this section to complete a commission-approved exit survey developed by the institution to assess a student's satisfaction with the completed program and the institution. The institution shall maintain the completed exit surveys for review by the commission upon request.

(c) An institution shall maintain substantiating documentation for reports prepared under (a) of this section, and, upon request, provide the documentation to the commission.

(d) An institution shall provide reports prepared under (a) of this section to prospective students upon request.

(e) An institution shall maintain substantiating documentation for (a)(6) of this section, including a student's name, contact name, telephone numbers, position of employment, starting salary, and date employed.

(f) An institution offering collegiate programs shall transmit with its request for renewal of authorization, in a format provided by the commission, a report of annual retention and graduation rates. Annual retention rates shall be reported as the percentage of first-time degree-seeking undergraduates from the previous fall who are enrolled in the current fall. Graduation rates shall be reported as the percentage of students admitted and enrolled into a degree or certificate program in a given cohort year who graduated within 150 percent of the duration of a program.

(g) An instructional program that prepares students for a vocation for which licensure under AS 08 is required shall provide pass rate information for initial examinations that are taken no later than three months after completion of program. (Eff. 6/13/97, Register 142; am 4/24/98, Register 146; am 4/20/2000, Register 154; am 4/27/2001, Register 158; am 11/24/2007, Register 184; am 12/29/2010, Register 196)

Authority: AS 14.48.050 AS 14.48.060 AS 14.48.070

**20 AAC 17.065. Institutional and course names.** (a) A postsecondary educational institution may not use any name, label, insignia, or designation which is misleading or deceiving with respect to the nature of the school, its accreditation, programs of instruction, or methods of instruction.

(b) Except as otherwise provided in this section, a postsecondary educational institution may not use the term "university" or "college" in its name unless it is accredited and meets the following minimum standards, respectively:

(1) a postsecondary educational institution offering a baccalaureate degree, in more than one academic field area and a graduate degree in at least one academic field and having a dedication to research and the expansion of knowledge as one of its major institutional goals may use the term "university";

(2) a postsecondary educational institution offering a baccalaureate degree in at least one academic field area may use the term "college";

(3) a postsecondary educational institution offering associate degrees awarded by that institution may use the term "junior college" or "career college";

(4) a public postsecondary educational institution offering associate degrees may use the term "community college"; and

(5) repealed 9/23/2006;

(6) a postsecondary institution not meeting (1) - (4) of this subsection, but whose use of the terms "college," "junior college," "community college," or "university" has been approved by the commission before November 5, 1992, may continue to use the approved term.

(c) An institution may only use the term "advanced" in the name of the institution or course title for training, beyond the basic level as determined by the commission, that

(1) enhances or upgrades preexisting professional or occupational skills;

- (2) requires as a prerequisite the completion of a basic or intermediate level course; or
- (3) is required for advanced licensure by a state licensing board or commission.

(d) Repealed 12/31/2005.

(e) A school or branch of a school otherwise exempt from regulation by the commission under state law, and substantially owned, operated, or supported by a church or religious organization and exempt from taxation under 26 U.S.C. 501(c)(3) as a religious organization, may use the terms “college” or “university” with terms describing its religious focus, such as “Bible College” or “Theological University,” if that school or branch of a school meets the following:

- (1) its programs are designed for, aimed at, and attended by persons who hold or seek to learn the particular religious faith or beliefs of that church or religious organization;

- (2) its programs are intended to prepare its students to become ministers of, to enter into some other vocation closely related to, or to conduct their lives in accordance with the particular faith or beliefs of that church or religious organization; and

- (3) its advertisements, solicitations, and representations to students or prospective students are clearly limited to the program purposes described in this subsection, and do not advertise or represent the provision of general educational programs or of their programs as being substantially similar or equivalent to those institutions meeting the requirements of 20 AAC 17.020 – 20 AAC 17.030 and 20 AAC 17.205 – 20 AAC 17.250.

(f) A school or branch of a school that is formally controlled, or has been formally sanctioned or chartered by the governing body of an Alaska Native village or regional corporation, as defined in or established under 43 U.S.C. 1601-1629 (Alaska Native Claims Settlement Act), may use the terms “college” or “university” with terms describing its native cultural identity, if that school or branch of a school meets the following:

- (1) its programs are designed for, aimed at, and attended by Alaska Natives or persons who seek to learn Alaska Native culture;

- (2) its programs are intended to prepare its students to enter some vocation closely related to, or to conduct their lives in accordance with, the Alaska Native culture; and

- (3) its advertisements, solicitations, and representations to students or prospective students are clearly limited to the program purposes described in this subsection, and do not advertise or represent the provision of general educational programs or of their programs as being substantially similar or equivalent to those institutions meeting the requirements of 20 AAC 17.020 – 20 AAC 17.030 and 20 AAC 17.205 – 20 AAC 17.250, unless the school or branch of a school is authorized by the commission under state law. (Eff. 12/30/77, Register 64; am 11/5/92, Register 124; am 10/11/95, Register 136; am 4/20/2000, Register 154; am 3/1/2002, Register 161; am 12/31/2005, Register 176; am 9/23/2006, Register 179; am 12/29/2010, Register 196)

Authority: AS 14.42.030 AS 14.48.050 AS 14.48.060  
AS 14.48.020

**20 AAC 17.070. Advertisement and solicitation.** (a) Institutions and agents may not engage in solicitation of students by making claims concerning the training, instruction, course content, facilities, instructor qualifications, or placement that are not truthful and demonstrable and based on actual services rendered.

(b) Institutions and agents must clearly disclose full charges and fees to a prospective student and, if the student is not emancipated, to the student's parent or guardian. Claims as to the availability of scholarships or fee reductions may not be made unless they are, in fact, scholarships or fee reductions and are clearly stated and described.

(c) An institution may not falsely represent, directly or indirectly, by use of a name or in any other manner, that it is a part of or connected with an agency of the federal or state government, that it is an employment agency or authorized training facility for an industry, or otherwise attempt to conceal the fact that it is a school.

(d) A postsecondary educational institution that conducts its instruction or otherwise offers a program substantially by distance education must make a clear and conspicuous disclosure in immediate conjunction with its trade, business, or program name that it is a distance education school or program. For purposes of this subsection, a program is offered substantially by distance education if greater than 20 percent of the clock or credit hours are delivered by distance education.

(e) An institution may not represent that it is accredited unless it is accredited as that term is defined in 20 AAC 17.900(a)(8).

(f) An institution which represents that students completing a course or program of instruction may transfer credit to an accredited institution of higher education must be able to factually document the transferability.

(g) In recruiting students, a postsecondary educational institution may not use advertisements or promotional material that is classified, designated, or captioned "Wanted to train for. . .," "Help Wanted," "Employment," "Business Opportunities," or by words or terms of similar import, so as to represent directly or by implication that employment is being offered. Postsecondary educational institution advertisements must clearly state that the service being advertised is instruction for which the student must pay tuition or a fee, if a fee is charged.

(h) If a postsecondary educational institution represents that it offers a placement service to its graduates or will otherwise secure or assist them to find employment, a detailed and explicit description of the extent and nature of this service or assistance must be contained in its catalog, including the most recently completed placement rate calculated under (j) of this section.

(i) A postsecondary educational institution may not, except as authorized by federal or state regulations, offer material gifts or services of a retail value greater than \$50 as incentives or inducements for enrollment or retention in a program of training. Tools or equipment customarily owned by practitioners in the field of training and necessarily used during the training course and subsequent employment are exempt from this prohibition so long as their value does not exceed 10 percent of the price of instruction.

(j) If an institution uses placement information or statistics in advertising or recruitment of potential students or offers placement services, the institution must calculate placement rates using a standard methodology approved by the commission for both program and institution placement. The institution shall keep placement records for all programs except if a program is primarily a review or refresher program or short skill enhancement program. Placement records and statistics must be readily available to prospective students upon request.

(k) An institution may not advertise that it will provide or offer collegiate instruction or degree programs unless the institution is accredited as a collegiate level institution and the degree advertised is within the scope of the institution's accreditation. An institution whose degree programs were specifically exempted under 20 AAC 17.015(a)(6) before March 1, 2002 may continue to offer the exempted degrees only.

(l) An institution may not advertise that it will open, offer a new or continuing program, accept deposits, or solicit applications unless the institution maintains documentation of access to financial, academic, and administrative resources sufficient to offer the program at the time of advertisement or solicitation.

(m) An institution may not indicate by use of any appellation, abbreviation, or similar designation that the institution's administrators or instructors have academic degrees unless those degrees were earned through successful completion of a required curriculum from an accredited institution. (Eff. 12/30/77, Register 64; am 3/25/90, Register 113; am 5/4/90, Register 114; am 10/11/95, Register 136; am 4/24/98, Register 146; am 3/1/2002, Register 161; am 12/29/2010, Register 196; am 10/3/2011, Register 200; am 2/21/2014, Register 209)

Authority: AS 14.42.030 AS 14.48.050 AS 14.48.060

**20 AAC 17.075. Catalog or brochure.** An institution shall provide prospective students with a copy of its catalog or brochure. The catalog or brochure must contain the following information:

(1) the educational philosophy and objectives of the institution in clear, complete, and simply stated language, including measurable goals or outcomes;

(2) the date of publication and the time period for which the information contained is in effect;

(3) the name and address of the place of instruction and administrative office;

- (4) the names and titles of the administrative and instructional staff;
- (5) the admission policy and regulations, including prerequisites for enrollment;
- (6) the policy and regulations regarding measurement of student progress, including
  - (A) the grading system of the institution;
  - (B) the minimum grades considered satisfactory;
  - (C) the conditions for a student's probationary status, suspension, dismissal, and readmission, and the consequences of a student's probationary status, suspension dismissal, and readmission;
  - (D) a description of the related probationary period; and
  - (E) the conditions for reentrance for those students dismissed for unsatisfactory progress;
- (7) a schedule of tuition and fees, books, supplies, equipment, services, rentals, deposits, housing, and any other students costs, as appropriate;
- (8) the specific terms for payment of tuition;
- (9) the policy and regulations regarding refund of unused tuition, fees, and other charges;
- (10) a description of the school's physical plant;
- (11) a description of each course, including specific objectives, content, length of course, and prerequisites;
- (12) the policy and regulations pertaining to attendance standards, including excused and unexcused absences, leaves of absences, and the maximum number of absences allowed before a student is dismissed for unsatisfactory attendance;
- (13) a description of the minimum requirements necessary for successful performance in a course of study and for entrance into the particular vocational field for which the student seeks training, and a description of the occupational entry level that the student can reasonably expect to be prepared for upon completion of the training;
- (14) a school calendar;
- (15) the financial aid and grant availability and associated policies, including specific terms of eligibility and payment of aid awarded;
- (16) student services, including placement service, guidance and counseling, and student employment;
- (17) the requirements for earning a certificate or diploma;
- (18) the procedure for course challenge or waiver, if applicable;
- (19) a grievance procedure that includes the availability of appeal to the commission;
- (20) a prominent statement advising students that no school can guarantee that credits from courses are transferable, and a clear statement that transfer of credits is always at the discretion of the receiving school and depends on the comparability of curricula and accreditation; and
- (21) a statement describing where student records are maintained and how the student may obtain and access them. (Eff. 3/15/85, Register 93; am 10/17/87, Register 104; am 5/4/90, Register 114; am 3/13/91, Register 117; am 4/20/2000, Register 154; am 12/31/2005, Register 176; am 12/29/2010, Register 196)

Authority: AS 14.48.050 AS 14.48.060

**20 AAC 17.080. Educational credentials.** (a) A certificate or diploma may be issued to a student only upon successful completion of the published requirements of the course of study.

(b) An appropriate certificate or diploma may be issued for an individual subject or a combination of subjects completed.

(c) An institution shall issue an academic transcript of all credits or work completed upon written request by the student. An institution may withhold a transcript if the student is in default in payments on a financial obligation to the institution. (Eff. 3/15/85, Register 93; am 6/13/97, Register 142; am 12/29/2010, Register 196)

Authority: AS 14.48.050 AS 14.48.060

**20 AAC 17.085. Enrollment contract.** (a) An institution shall provide each student enrolling in a noncollegiate program with an enrollment contract executed by both the student and the institution on or before the date the student begins any training or pays any nonrefundable deposit, tuition, or fees.

(b) The enrollment contract must include at least the following:

- (1) the name and address of the institution;
- (2) the name and description of each course of study, including the
  - (A) number of hours of classroom instruction, distance instruction, and homework;
  - (B) days and hours of attendance;
  - (C) date the student will begin instruction; and
  - (D) anticipated date of program completion;
- (3) the total cost of the course of study, including charges for tuition, room and board, books, materials, supplies, and any other costs;
- (4) a clear and conspicuous statement that the contract is a legally binding instrument when signed by the student and signed and accepted by the institution;
- (5) a clear and conspicuous caption, "STUDENT'S RIGHT TO CANCEL" under which it is explained that the student has the right to cancel the enrollment contract with full refund of all tuition until the institution's close of business on the first day of instruction;
- (6) the procedure for cancellation of the contract;
- (7) a clear and conspicuous statement that the institution, as signatory of the enrollment contract, is subject to all claims and defenses of the student or the student's successors in interest, arising under the contract;
- (8) a statement of the institution's refund policy, the conditions necessary for obtaining a refund, and the procedure required for obtaining a refund; and
- (9) a complete listing of all payment options, including discount plans, if any, available to prospective students; the commission must be informed in writing of all those

options; if tuition payment options include financial aid from the school or from third parties, the school must disclose its disbursement requirements; if the disbursement requirements do not appear in the contract, they must be published in the school catalog.

(c) An enrollment contract may not provide that the student waives the right to assert against the institution, or the institution's assignee, any claim or defense the student may have against the school arising under the contract. A provision in a contract in which the student agrees to such a waiver is unenforceable.

(d) An enrollment contract must be separate and distinct from any other document, and clearly labeled as a contract.

(e) No enrollment contract, or any other contract between the student and the institution, may contain a wage-assignment provision or a confession-of-judgment clause.

(f) Revisions to the enrollment contract, including to the curriculum or dates of instruction, must be documented by an executed revised enrollment contract, or commission-approved alternative form, on or before the date of implementation of any revisions.

(g) Before beginning instruction, an institution shall verify each student's identity by requiring the student to present government-issued photographic identification; the institution must maintain a legible copy of that documentation in the student's file. (Eff. 3/15/85, Register 93; am 5/4/90, Register 114; am 4/20/2000, Register 154; am 3/1/2002, Register 161; am 12/31/2005, Register 176; am 12/29/2010, Register 196)

Authority: AS 14.42.030 AS 14.48.050 AS 14.48.060

**Editor's note:** As of Register 160 (January 2002), the regulations attorney made technical revisions under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change "scholarship loan" to "education loan" in 20 AAC 17.085(b)(9).

**20 AAC 17.090. Supervisors and instructors.** (a) An institution must have a designated supervisor who is directly responsible for the content and method of instruction, the selection, supervision, and evaluation of instructors, the organization of classes, maintenance of facilities and equipment, and maintenance of proper scholastic records.

(b) If an instructor is required by state or federal law to have a specific license to teach a course, the commission will also require the license. Regardless of whether an instructor's license is required by another agency, an instructor must possess at least one of the following qualifications:

(1) graduation from an accredited four-year college or university with a minimum of 24 semester hours in the subject area in which the person is employed to instruct; or

(2) at least two years of training or experience in the subject area in which the person is employed to instruct.

(c) An institution shall have a policy for employment of interim, substitute, or temporary instructors. Interim substitute, or temporary instructors must meet the minimum qualifications under (b) of this section for an instructor. (Eff. 3/15/85, Register 93; am 5/4/90, Register 114; am 10/11/95, Register 136)

Authority: AS 14.48.050 AS 14.48.060

**20 AAC 17.095. Facilities and equipment.** (a) Upon request of the commission, an institution must provide a copy of the lease or rental agreement covering each facility used by the institution.

(b) Upon request of the commission, an institution must provide a detailed floor plan for each place of instruction, which includes dimensions, functional use, and numbers of students to be accommodated.

(c) Upon request of the commission, a school must provide an inventory of all equipment, instruments, and tools used by students. The inventory must be itemized according to each course of study and the subject or unit of instruction in which it is utilized, and must include

- (1) the name of the manufacturer;
- (2) the date of manufacture;
- (3) the present estimated or market replacement value;
- (4) the present condition; and
- (5) a copy of the lease or rental agreement, if any, covering the equipment.

(d) Equipment must be appropriate to the course of study and the current employment demands in the field.

(e) Sufficient equipment must be available to allow each student adequate scheduled learning time.

(f) Upon request, an institution shall provide commission staff access to facilities and equipment for inspection. Unannounced inspections may be conducted as the commission considers necessary. (Eff. 3/15/85, Register 93; am 3/1/2002, Register 161)

Authority: AS 14.42.030 AS 14.48.050 AS 14.48.060

**20 AAC 17.100. Health and safety.** Upon request of the commission, an institution shall provide written evidence, from the appropriate authorities, indicating compliance with requirements of local and state governments for health and safety. The commission will, in its discretion, require, and the institution shall, if so directed, arrange for local and

state officials to make inspections of the premises as necessary to determine compliance. (Eff. 3/15/85, Register 93)

Authority: AS 14.48.050 AS 14.48.060

**20 AAC 17.105. Ownership and governance.** (a) An institution must have a plan of organization that is suited to its purpose, and shall submit a descriptive organizational chart at the time of application for authorization to operate.

(b) A corporation, or corporate subsidiary, must state in its application for authorization to operate, the name, address, and corporate title, if any, of every stockholder who has a beneficial interest of 10 percent or more as well as every stockholder who subsequently acquires a total beneficial interest of 10 percent or more.

(c) The commission may require evidence of satisfactory reputation of business and professional integrity for owners and senior management of the institution. (Eff. 3/15/85, Register 93; am 5/26/2011, Register 198)

Authority: AS 14.48.050 AS 14.48.060

**20 AAC 17.110. Records.** (a) An institution shall establish and maintain policies and procedures for a record-keeping system that includes a central repository for all records. Record-keeping systems, including computerized or electronic systems and the records in those systems, must contain sufficient detail and timeliness so that at any point in time the current status of each student account, including payment and charges, can be determined. The institution shall maintain and keep current an institutional financial record-keeping system sufficient for a third-party to determine the institution's financial soundness. All records shall be made available for inspection upon request from the commission. Unannounced inspections may be conducted as the commission considers necessary.

(b) Student records must include

- (1) education or training received;
- (2) entrance tests and other data received to determine the student's qualification for admission;
- (3) name, address, and date of birth;
- (4) date of enrollment, leaves of absence, withdrawals, and return dates, as applicable;
- (5) veteran status, if any;
- (6) an account ledger that reflects the student's balance, including debits, payments made, and refunds received, if applicable;
- (7) purpose of enrollment;
- (8) name of course or courses taken;
- (9) schedule of classes and required hours of attendance;

(10) actual attendance with dates and hours present, excused absences, unexcused absences with hours made up, and leave of absence forms as approved by the commission and signed by the student and school official;

(11) grades earned in each unit of the course of study;

(12) evidence that the student has been informed regularly of grades and rate of progress in each course;

(13) final grade and date of completion or discontinuance of each course;

(14) date that the certificate or diploma was issued, and a copy of the certificate or diploma;

(15) if placement service is offered, placement efforts to employ the student, including place of employment or reemployment;

(16) date and identification of all courses added or dropped after initial enrollment;

(17) repealed 12/31/2005;

(18) documentation of compliance with AS 14.48.165(b); and

(19) legible copy of the government-issued photographic identification presented by the student for identity verification before enrollment.

(c) If an institution closes, the institution shall deposit all scholastic records with the commission within 30 days after closing.

(d) An institution shall provide for retention of academic transcripts and records of graduation and program completion in perpetuity. Other scholastic and student financial records must be retained for at least five years after the student discontinues attendance. Student records may be stored at a location other than the authorized institutional site only if the commission has approved the location, and the institution must make the records and storage site available for inspection upon request of the commission staff. (Eff. 3/15/85, Register 93; am 3/13/91, Register 117; am 4/20/2000, Register 154; am 3/1/2002, Register 161; am 12/31/2005, Register 176; am 12/29/2010, Register 196)

Authority: AS 14.42.030 AS 14.48.060 AS 14.48.150  
AS 14.48.050

**20 AAC 17.111. Leaves of absence.** (a) An institution allowing student leaves of absence is required to develop and publish a written leave of absence policy and leave of absence request form. The published policy must be made available to all prospective students before execution of their enrollment contract. At a minimum, the policy must establish

(1) the minimum and maximum leave of absence time periods;

(2) the types of allowable uses for a leave of absence;

(3) the effect of the leave of absence on the student's current enrollment and financial obligation to the institution;

(4) student responsibilities while on leave of absence;

(5) consequences of not returning at the designated end date of the leave of absence; and

(6) that the student must be in good academic standing in order to be approved for a leave of absence, unless institutional policy provides for the student to repeat the entire course, module, or program, as appropriate to the type of instruction and as approved by the commission, at no additional charge.

(b) At a minimum, the leave of absence form must be executed by both the institution and the student, and must include;

- (1) the start and end dates of the leave of absence;
- (2) the purpose of the leave of absence;
- (3) any revised completion date;
- (4) any condition placed on the leave of absence; and
- (5) any revised tuition cost.

(c) Leaves of absence resulting in revised dates of enrollment or revised tuition costs must be accompanied by revised enrollment contracts or commission-approved alternative forms.

(d) For purposes of this section, a leave of absence is an approved time away from instruction with an identified return time for completion of the instruction. Any additional cost or revised completion date must be identified at the time of approval of the leave of absence. (Eff. 4/20/2000, Register 154; am 12/29/2010, Register 196)

Authority: AS 14.48.050 AS 14.48.060

**20 AAC 17.115. Tuition and refund policy.** (a) An applicant who is not accepted by an institution shall be given a refund of all tuition and fees paid. The student may be charged a non-refundable application fee. The application fee may not exceed \$75.

(b) A deposit or down payment may be required only if it is credited toward tuition.

(c) An institution shall acknowledge a student's cancellation or withdrawal, in writing, within five business days after receipt of notification.

(d) All refunds to a student must be made no later than 30 days after receipt of notification of the student's withdrawal or last recorded date of physical attendance, whichever is earlier.

(e) Repealed 12/29/2010.

(f) An institution shall provide a "cooling-off" period, which expires at the close of business on the first day of a student's scheduled attendance, and during which a student, upon submitting written notice to the institution, may cancel the enrollment contract and receive a 100 percent tuition refund, less any application fee.

(g) An institution must have a written policy for refunding tuition, fees, and other charges if a student withdraws or otherwise fails to complete the course of study. An institution may charge a student who withdraws or otherwise fails to complete the course of study, after the cooling off period in (f) of this section, a withdrawal fee, not to exceed \$100. The institution's refund policy must provide, at a minimum, that

(1) the amount charged to a student for tuition, fees, and other charges for a portion of the course of study may not exceed a reasonable portion of the total charges for tuition, fees, and other charges;

(2) student refunds shall be computed from the last day of physical attendance; and

(3) time spent on an approved leave of absence may not be considered time in attendance for the purposes of determining a refund.

(h) Except as provided in (m) of this section, the institution shall adopt and make known to the student a refund policy that provides for an equitable refund in cases of discontinued attendance. The policy must be either equal to or at least as favorable to the student as the following schedule:

(1) for a period of time after instruction has begun but before the second day of classes or the equivalent, the institution shall refund 100 percent of the tuition; after that,

(2) for a period of time after the first day of class but not more than 10 percent of the classes has elapsed, the institution shall refund at least 90 percent of the tuition; after that,

(3) for a period of time after which greater than 10 percent but not more than 20 percent of the classes has elapsed, the institution shall refund at least 80 percent of the tuition; after that,

(4) for a period of time after which greater than 20 percent but not more than 25 percent of the classes has elapsed, the institution shall refund at least 55 percent of the tuition; after that,

(5) for a period of time after which greater than 25 percent but not more than 50 percent of the classes has elapsed, the institution shall refund at least 30 percent of the tuition; after that,

(6) the institution may require the student to remain committed to the entire amount of the tuition.

(i) For the purposes of (h) of this section, institutions offering distance delivery or independent study programs that are not measured in clock hours will calculate the percent of classes elapsed by dividing the number of lessons or instructional units that the student completed by the total number of lessons or instructional units required to complete the program.

(j) For an institution that has courses of study for which tuition is charged on a pay-as-you-go basis, the institution may not commit the student to pay for instruction that has not been received by the student.

(k) An institution that has courses of study for which tuition is charged on a pay-as-you-go basis and that holds unearned tuition money on behalf of a student must place that

money in a non-interest-bearing trust account that contains only tuition money. The tuition money may be withdrawn only as it is earned by the institution as a result of the student's enrollment and attendance under the terms of the institution's enrollment agreement. The commission may, and upon written application, waive the trust account requirements of this section for a public institution. If a student enrolls but fails to attend or otherwise withdraws from the institution, the balance of the student's tuition money remaining on account with the institution, if any, must be refunded to the funding source.

(l) This section does not apply to refunds due to a student because the institution has closed or the program in which the student is enrolled has ceased operating.

(m) An institution accredited at the collegiate level with students enrolled in individual terms shall adopt and make known to the student a refund policy that provides for an equitable refund in the event of discontinued attendance by the student, which at a minimum, must

- (1) conform to the minimum standards set by the institution's accrediting body;
- (2) comply with applicable United States Department of Education minimum standards for refund of Title IV grant or loan assistance set out in 34 C.F.R. 668.22; and
- (3) be approved by the commission. (Eff. 3/15/85, Register 93; am 4/2/86, Register 97; am 7/11/87, Register 103; am 5/4/90, Register 114; am 10/11/95, Register 136; am 6/13/97, Register 142; am 4/24/98, Register 146; am 4/20/2000, Register 154; am 4/27/2001, Register 158; am 1/30/2003, Register 165; am 12/31/2005, Register 176; am 6/7/2007, Register 182; am 12/29/2010, Register 196; am 5/26/2011, Register 198)

Authority: AS 14.48.050 AS 14.48.060

**Editor's Note:** As of register 160 (January 2002), the regulations attorney made a technical revision under AS 44.62.125(b)(6), and in accordance with Ch 85, Sec. 45, SLA 2001, to change "student loan" to "education loan" in 20 AAC 17.115(e).

**20 AAC 17.117. Closure of institution or cessation of program.** (a) A vocational institution shall provide enrolled students at least 60 days' written notice of impending closure of the institution, cessation of a program, or substantial changes in a program of the type listed in (b) of this section. A collegiate institution shall provide enrolled students at least one complete academic year's notice of impending closure of the institution, cessation of a program, or substantial changes in a program of the type listed in (b) of this section. At the same time as it is required to notify students, the vocational or collegiate institution shall provide the commission with a copy of the written notice.

(b) No later than 30 days after an institution closes or ceases offering a program in which a student is enrolled, the institution shall provide full refunds of all tuition and other expenses paid to the institution by the student or other funding source on behalf of the student, unless it is able to provide a student with an alternative program, approved by commission staff, that is substantially equivalent as to

- (1) program content;

- (2) quality of instruction and equipment;
- (3) period of program;
- (4) accreditation status;
- (5) credentials;
- (6) accessibility;
- (7) placement assistance;
- (8) facility; and
- (9) location, as compared to the location of the student's current institution.

(c) The refund requirement of (b) of this section does not apply to that portion of a program that the student has completed and for which the student has received academic credit that is transferable to a like institution with a program that meets the requirements of (b)(1) – (9) of this section for substantial equivalence.

(d) Subsections (a) – (c) of this section apply to an institution even if the closure or cessation of a program occurs without fault of the institution.

(e) An institution may not enroll a student into a program if it reasonably expects that the student will be unable to complete the program because of impending closure of the institution or cessation of the program. In addition to other penalties and requirements that may apply, an institution is subject to a civil fine of \$1,000 for each student enrolled in violation of this subsection and to a civil fine of \$1,000 for each day that the institution offers enrollment in violation of this subsection.

(f) An institution that does not provide the required 60 days' or one complete academic year's written notice required in (a) of this section shall

(1) make the refunds described in (b) of this section, regardless of whether an alternate program is available, if the student chooses to seek a refund rather than enroll in the alternate program;

(2) refund student costs incurred to attend the institution that the student documents would not have been incurred had the institution provided the required notice, including student travel and relocation costs;

(3) refund the costs of any coursework that is determined not to apply toward a student's same degree at a new institution, if the student

(A) elects to complete the program of study at another institution; and

(B) begins no later than six months after the closure of the current institution or cessation of the current program; and

(4) provide the student's new institution with a financial aid payment equivalent to the amount of any institutional scholarship, aid, or discounts promised to the student in exchange for enrollment at the institution that is closing or ceasing to offer a program, if the student

(A) elects to complete the program of study at another institution;

(B) begins no later than six months after the closure of the current institution or cessation of the current program; and

(C) would otherwise have met the conditions for award.

(g) An institution that has been found by the commission to be financially unsound shall clearly and conspicuously disclose that finding to all students and applicants and provide information on how to contact the commission for more information. (Eff. 4/24/98, Register 146; am 4/20/2000, Register 154; am 12/29/2010; Register 196)

Authority: AS 14.48.050 AS 14.48.060 AS 14.48.190

**20 AAC 17.120. False, deceptive, misleading, or unfair practices.** An institution and an agent of an institution may not engage in an operating practice that is false, deceptive, misleading, or unfair. An operating practice that is false, deceptive, misleading, or unfair includes, but is not limited to

(1) the presentation of false, misleading, or fraudulent information to prospective students relating to the institution, or to employment opportunities or opportunities for enrollment in institutions of higher learning after entering into or completing courses offered by the institution;

(2) the refusal or failure by an agent to display the agent's permit upon demand of a prospective student, the commission or its representative, or any other interested person;

(3) the failure to maintain financial resources adequate for the satisfactory conduct of the courses of study offered; failure to maintain appropriate supplies, equipment, or facilities; or failure to retain a sufficient and qualified instructional and administrative staff;

(4) the payment of a commission or valuable consideration to a person for acts or services performed in violation of AS 14.48;

(5) the misrepresentation to students or prospective students that the students are qualified, upon completion of a course, for admission to a professional examination under an occupational licensing statutory requirement;

(6) the encouragement of a student to enroll in courses of study when the institution knows that the student has not attained the prerequisite course, credit, experience, or skill;

(7) the enrollment of a student when it is reasonably obvious that the student is unlikely to successfully complete a program or is unlikely to qualify for employment in the field; and

(8) the arbitrary partitioning of a program into shorter classes or components for the purpose of circumventing the authorization requirements of AS 14.48 and this chapter. (Eff. 3/15/85, Register 93; am 8/26/98, Register 147; am 4/27/2001, Register 158; am 3/1/2002, Register 161)

Authority: AS 14.42.030 AS 14.48.050 AS 14.48.060  
AS 14.48.010

**20 AAC 17.125. Revocation, suspension, conditioning, or refusal of authorization.**

The commission will, in its discretion, refuse to issue or renew an authorization to

operate, or will, in its discretion, initiate proceedings to revoke, suspend, or condition an authorization to operate a postsecondary institution if the institution

- (1) violates a provision of AS 14.48 or a regulation adopted by the commission;
- (2) furnishes false, misleading, or incomplete information to the commission, or fails to furnish information requested by the commission; or
- (3) violates a commitment made in an application for a request for authorization to operate an institution. (Eff. 3/15/85, Register 93; am 10/11/95, Register 136)

Authority: AS 14.48.050 AS 14.48.110  
AS 14.48.060 AS 14.48.120

**20 AAC 17.130. Formal complaints.** (a) A person claiming damage or loss under AS 14.48.130 shall file a signed formal written complaint on forms provided by the commission. The formal complaint must set out in detail

- (1) the nature of the complaint and specific allegations;
- (2) the documentation and other information to support the allegations;
- (3) a description of the complainant's attempts to resolve the matter of the complaint with the institution;
- (4) the outcome desired by the complainant; and
- (5) justification under AS 14.48 or this chapter for the desired outcome.

(b) Within 10 days after receipt of a written complaint, the commission staff shall acknowledge receipt to the complainant and shall inform the involved institution of the complaint filing.

(c) Upon the request of a complainant, the commission staff shall provide information regarding AS 14.48 and this chapter to assist a complainant with completion of the complaint form. The commission staff may not complete complaint forms on behalf of a complainant.

(d) A complaint initiated by the commission under AS 14.48.050(8) will be investigated under 20 AAC 17.145.

(e) The executive director may initiate a complaint on behalf of an individual student or a group of students. (Eff. 5/8/88, Register 106; am 4/27/2001, Register 158; am 12/29/2010, Register 196)

Authority: AS 14.48.050 AS 14.48.130

**20 AAC 17.135. Informal complaints.** Complaints not in writing or not signed by the complainant are informal complaints. The commission staff shall attempt to assist complainants in resolving informal complaints by

- (1) referring complainants to established institutional avenues for complaint resolution; and

(2) providing instructions for filing a formal, written, and signed complaint. (Eff. 4/27/2001, Register 158)

Authority: AS 14.48.050 AS 14.48.130

**20 AAC 17.140. Exceptions to complaints accepted.** (a) The commission will file for the record, but will not take action on complaints that

(1) are filed more than six months after the end of the enrollment period to which the complaint refers, more than six months after the date an institution ceases operations, or more than six months after the complainant ceases to attend an institution, whichever date is earliest;

(2) do not allege violations of AS 14.48 or this chapter;

(3) are made anonymously; or

(4) at the time of filing, are the subject of a judicial proceeding.

(b) The filing date for complaints is the date of postmark, if mailed, or the date of manual delivery to the commission's Anchorage or Juneau offices.

(c) Complainants will be notified in writing if action is not taken on their complaints, and will be provided with an explanation of why action was not taken. (Eff. 4/27/2001, Register 158)

Authority: AS 14.48.050 AS 14.48.130

**20 AAC 17.145. Complaint investigation process.** (a) The commission staff shall determine the nature and scope of the investigation, based upon an objective and impartial analysis of the allegations, and examination of

(1) the seriousness of the allegations made by the complainant;

(2) the documentation provided in support of those allegations;

(3) responses to the complainant's attempts to resolve the issue through the school's grievance process; and

(4) the number of students potentially affected if a violation is determined.

(b) The commission staff may also investigate matters which are like, related to, or growing out of the complaint, regardless of whether or not those matters are included as part of the complaint.

(c) Unless the commission staff has reasonable cause to believe that the complainant's allegations constitute violations that will continue and constitute an immediate threat to the welfare of current or prospective students, the commission staff shall attempt to resolve the complaint via mediation and conciliation. Mediation or conciliation will be determined to have failed 30 days after onset if

(1) a party to the complaint fails to participate in mediation or conciliation activities;

(2) a party to the complaint disagrees with proposed remedies identified in mediation or conciliation; or

(3) the commission staff determines that a remedy proposed by a party would constitute a violation of AS 14.48 or this chapter.

(d) For purposes of this section, mediation and conciliation are voluntary cooperative processes that are designed to result in a negotiated solution, voluntarily accepted by all parties to the complaint and approved by commission staff, and that are used as problem-solving tools in lieu of agency adjudication or administrative processes.

(e) If mediation or conciliation fails, the commission staff shall make recommendations to the commission based on findings from the staff's investigation. If the institution refuses or fails to provide, no later than 30 days after the request, information requested by the commission staff, the commission staff shall

(1) initiate action to revoke the institution's authorization to operate, regardless of any outcome of the complaint investigation, based on the institution's non-compliance with AS 14.48 and this chapter; and

(2) analyze available evidence to determine whether the complaint is substantially supported by that evidence and, if the commission staff determines that the complaint is substantially supported by the evidence, make recommendations for resolution pursuant to AS 14.48.130(c).

(f) If a complainant fails to respond, no later than 30 days after the request, to a request by the commission staff to produce information necessary to reach a determination on the merits of the complaint, the complaint shall be dismissed and the institution and the complainant notified of the dismissal.

(g) Upon completion of the investigation, the commission staff shall produce and distribute to each party to the complaint a written investigation report detailing the nature of the complaint, including the

(1) specific allegations and the sections of AS 14.48 or this chapter alleged to be violated;

(2) complainant's requested outcome;

(3) investigative procedures applied;

(4) investigative findings; and

(5) commission staff's recommendations for corrective action or penalties to be imposed upon the institution if a violation is found.

(h) A party to the complaint may submit in writing to the executive director a request for reconsideration of the investigation report. The request for reconsideration must be postmarked within 30 days after the mailing or distribution of the investigation report, must clearly state each objection to the investigation report, and must include the justification and any documentation to support each objection. The executive director may request that the parties provide additional information as necessary to review the request for reconsideration. The executive director shall make a written decision on the request for reconsideration.

(i) Within 30 days after the mailing or distribution of the executive director's decision on the request for reconsideration, a party to a complaint may submit to the commission a request for a hearing before the commission. A hearing under this subsection is subject to AS 44.64 (Hearing Officers and Office of Administrative Hearings). The hearing will be conducted according to AS 44.62 (Administrative Procedure Act). If a party does not submit a request for a hearing, the commission may adopt the investigation report, in whole or in part, as the commission's decision on the complaint. (Eff. 4/27/2001, Register 158; am 12/31/2005, Register 176; am 12/29/2010, Register 196; am 2/22/2015, Register 213)

Authority: AS 14.48.050 AS 14.48.130

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**ARTICLE 2. AUTHORIZATION TO OPERATE AS A UNIVERSITY,  
COLLEGE, JUNIOR COLLEGE, COMMUNITY COLLEGE, OR CAREER  
COLLEGE.**

**20 AAC 17.205. Use of the terms university, college, junior college, community college, or career college.** (a) An institution seeking to operate as a university, college, junior college, community college, or career college, must be accredited, must meet requirements for authorization under 20 AAC 17.010 - 20 AAC 17.145, and must meet the requirements of 20 AAC 17.205 - 20 AAC 17.250.

(b) An institution may use the terms "university," "college," "junior college," "community college," or "career college" as specified in 20 AAC 17.065, only if the institution meets the standards required to offer the approved and appropriate degree programs as set out in 20 AAC 17.205 - 20 AAC 17.250. (Eff. 4/19/90, Register 114; am 11/5/92, Register 124; am 3/1/2002, Register 161; am 12/29/2010, Register 196)

Authority:      AS 14.42.030              AS 14.48.020              AS 14.48.060  
                         AS 14.48.010              AS 14.48.050              AS 14.48.070

**20 AAC 17.210. General guidance for degree program criteria.** The commission will seek general guidance for the establishment of minimum criteria for degree programs from the relevant and appropriate regional and national centers and associations charged with developing standards for higher education, as follows:

(1) guidance for associate degrees will be obtained from the most recent relevant policy statements of the American Association of Community Colleges (AACCC);

(2) guidance for bachelor degree program criteria will be developed from the most recent policy statements of the National Association of Independent Colleges and Universities and the American Association of Collegiate Registrars and Admissions Officers;

(3) criteria for graduate degree programs will be developed from the most recent policy statements of the Council of Graduate Schools;

(4) further guidance for all degree programs will be obtained from the most recent criteria of the Northwest Commission on Colleges and Universities. (Eff. 4/19/90, Register 114; am 11/5/92, Register 124; am 12/31/2005, Register 176; am 12/29/2010, Register 196)

Authority:      AS 14.48.050              AS 14.48.060

**20 AAC 17.215. Mission statement.** An institution that offers a degree program must establish a mission statement that is the result of active participation by both faculty and administration and that clearly defines its measurable goals and objectives, so that appropriate direction can be provided for all the educational objectives. (Eff. 4/19/90, Register 114; am 11/5/92, Register 124; am 12/29/2010, Register 196)

Authority: AS 14.48.050 AS 14.48.060 AS 14.48.070

**20 AAC 17.220. Governing board.** An institution that offers a degree program must have a governing board that has the authority to carry out the mission of the institution. At least a majority of the board members must have no contractual, employment, or personal financial interest in the institution. (Eff. 4/19/90, Register 114; am 11/5/92, Register 124)

Authority: AS 14.48.050 AS 14.48.060 AS 14.48.070

**20 AAC 17.225. Requirements for degrees and degree programs.** (a) A degree program must be within the scope of an accredited institution's accreditation, and must adhere to the standards under (b) of this section. If a postsecondary institution wishes to establish a new degree program or degree program title, the institution must present the following information to the commission:

- (1) a rationale that the program or degree title could not reasonably be included in a program or degree title already approved by the commission;
- (2) evidence that the new program or degree title is needed, based upon student interest; state, regional, national or international need; or contributions that the new program or degree title will provide to existing institutional programs or departments;
- (3) evidence that a plan for review of the new program or degree title is in place; and
- (4) evidence that commission requirements for initiation of a new program or degree title have been satisfied.

(b) The following standards shall apply to a degree program:

(1) associate degrees (including AA or AS): The Associate of Arts degree, Associate of Science degree, and other associate degrees are designed primarily to prepare students to transfer to a baccalaureate program. The institution shall require satisfactory completion of not less than 60 or more than 72 semester credit hours, or the equivalent in courses or other measurements used by the institution, of college credit. At least 30 of the credit hours must be earned by direct classroom instruction and laboratory experience, or a commission-approved alternative delivery system. Academic credit required for graduation is exclusive of credit that may be awarded for developmental basic studies, skills courses, and college orientation. The general education requirements must total not less than 30 semester credit hours, or the equivalent in courses or other measurements used by the institution, in an array of representative courses from each of the following categories: communications, mathematics, laboratory sciences, social sciences, and humanities. A minimum of three semester hours, or the equivalent, must be earned in each category.

(2) career or professional associate degrees (including AAS or AOS): The Associate of Applied Science degree, Associate of Occupational Science degree, and other career or professional associate degrees must have the same requirements as the

Associate of Arts degree, Associate of Science degree, and other associate degrees, with the following exceptions: (A) the programs shall be designed primarily for immediate employment; (B) the degree shall be identified with a specialty designation; and (C) the general education component must constitute a minimum of 15 semester hours, or the equivalent, in courses or other measurements used by the institution, in an array of representative courses from each of the following categories: communications, mathematics, laboratory sciences, social sciences, and the humanities. A minimum of three semester hours, or the equivalent, must be earned in each category; and the specialty component must constitute 50 - 75 percent of the course credits. The commission encourages the development of interdisciplinary courses if they promote the achievement of program objectives.

(3) Baccalaureate Degree (such as BS, BA):

(A) These degrees require a minimum of 120 semester credits or 180 quarter credits, or their equivalent in courses or other measurements used by the institution, of successful college study, or its equivalent in depth and quality of experience as authorized by the commission. These degrees usually represent four years of full-time undergraduate study. No more than 140 semester credits or 210 quarter credits, or their equivalent in courses or other measurements used by the institution, must be required by an institution for a baccalaureate degree. However, an institution may require more credits or their equivalent if that institution obtains the approval of the commission.

(B) For an institution to recognize a major field of study, the student must earn a minimum of 30 semester credits or 45 quarter credits, or their equivalent in courses or other measurements used by the institution, in the declared major field of study. For an institution to recognize a minor field of study, the student must earn a minimum of 12 semester credits or 18 quarter credits in the declared minor field of study. However, an institution may require fewer credits or their equivalents for a major or minor field of study, if that institution obtains the approval of the commission.

(C) A minimum of 30 semester credits or 45 quarter credits, or their equivalent in courses or other measurements used by the institution, must be earned in upper division courses that build upon lower division coursework.

(D) The institution's coursework requirements must provide for a minimum of 30 semester credit hours, or the equivalent, in general education requirements, to be distributed with at least three semester hours, or their equivalent, in each of the following subject areas: communications, mathematics, laboratory sciences, social sciences, and humanities.

(4) first graduate degrees (including MA and MS):

(A) The Master of Arts degree, Master of Science degree, and other first graduate degrees usually represent one year of post-baccalaureate study.

(B) A minimum of 30 semester credits or 45 quarter credits, or their equivalent in courses or other measurements used by the institution, must be earned for the degree.

(C) At least 24 of the required semester credits or their equivalent must be earned at the graduate level.

(D) In addition to the minimum credits specified in (B) and (C) of this paragraph, a thesis or a comprehensive or proficiency examination must be successfully completed.

(5) First Professional Degree (such as MBA, MEE):

(A) The first professional degree usually requires two years of post baccalaureate study. Extensive undergraduate preparation or professional experience may reduce the usual time needed for completion of a first professional degree.

(B) A minimum of 36 semester credits or 54 quarter credits, or their equivalent in courses or other measurements used by the institution, must be required for completion of the first professional degree.

(C) At least 24 of the required semester credits or their equivalent must be earned at the graduate level.

(D) In addition to the minimum credits specified in (B) and (C) of this paragraph, a thesis, a capstone course, or a comprehensive or proficiency examination must be successfully completed.

(6) Doctor of Philosophy Degree (PhD): This standard research degree indicates the student has done, and is trained to do, original research in the field. The PhD requires the equivalent of three or more years of graduate study, comprehensive examinations, and evidence of competence in original, independent research as demonstrated through a doctoral dissertation.

(7) Terminal Professional Degree (such as EdD): This degree requires the equivalent of three or more years of graduate work. This degree requires comprehensive examinations and evidence of competence in original, independent research as demonstrated through a doctoral dissertation.

(c) An institution may award an undergraduate degree only if the student has earned a minimum grade point average (GPA) of 2.0 ("C") on a scale of 4.0 ("A") for all coursework and a minimum grade of 2.0 ("C") on a scale of 4.0 ("A") in all courses required of a selected major or minor. A minimum grade point average (GPA) of 3.0 ("B") on a scale of 4.0 ("A") for all coursework is required for the institution's awarding of graduate degrees.

(d) A credit transfer contract between an accredited institution and an institution that is not accredited must

(1) conform to the policies and guidelines for contractual relationships and for the transfer and award of credit in the *Accreditation Handbook* of the Northwest Commission on Colleges and Universities, 2013 edition, adopted by reference; and

(2) be approved by the commission.

(e) Non-traditional external or off-campus programs must meet all applicable requirements for campus-based programs, including comparability and quality of course content, faculty qualifications, criteria for evaluation, and accessibility to appropriate library and academic support resources.

(f) A postsecondary institution may develop innovative or flexible courses or programs that may depart from the requirements of this section, so long as those courses or programs provide instruction that fulfills both the stated institutional mission and the learning objectives of the enrolling student. Before implementing those courses or programs, the institution must present its plan to the commission for review and approval. (Eff. 4/19/90, Register 114; am 11/5/92, Register 124; am 4/24/98, Register 146; am 8/26/98, Register 147; am 4/20/2000, Register 154; am 3/1/2002, Register 161; am 1/30/2003, Register 165; am 12/31/2005, Register 176; am 12/29/2010, Register 196; am 2/22/2015, Register 213)

Authority: AS 14.42.030 AS 14.48.060 AS 14.48.070  
AS 14.48.050

**Editor's note:** The Accreditation Handbook, adopted by reference in 20 AAC 17.225(d), can be obtained by writing to the Northwest Commission on Colleges and Universities at: 8060 165th Avenue N.E., Suite 100, Redmond, WA 98052. An electronic version is available at <http://www.nwccu.org>. The commission's telephone number is (425) 558-4224.

**20 AAC 17.230. Financial and record keeping standards.** (a) An institution offering a degree program shall meet the requirements of Standard Seven - Finance in the *Accreditation Handbook* of the Northwest Commission on Colleges and Universities, 2013 edition, adopted by reference, or an equivalent financial reporting system approved by the commission. An equivalent financial reporting system must include an annual audit of the school's financial records conducted by an external certified public accountant, presentation of adequacy and stability of income as measured by at least three years' history, and an accounting system that follows the generally accepted accounting principles for postsecondary institutions.

(b) An institution's plans for student scholastic and financial record retention and disposal must meet the requirements of 20 AAC 17.110, and must either meet the recommended standards of the American Association of Collegiate Registrars and Admission Officers (AACRAO) in *Retention of Records: Guide for Retention and Disposal of Student Records*, 2010 edition, and *Academic Record and Transcript Guide*, 2011 edition, adopted by reference, or provide for an equivalent record retention and disposal system approved by the commission. Requirements for an approved system include

- (1) compliance with state and federal law regarding record establishment, maintenance, retention, disposal, access, and security;
- (2) protocols for transfer of record custody;
- (3) procedures for notification of changes in the location of, or means of access to, retained records, and identification of the responsible records manager. (Eff. 4/19/90, Register 114; am 11/5/92, Register 124; am 4/24/98, Register 146; am 8/26/98, Register 147; am 1/30/2003, Register 165; am 12/31/2005, Register 176; am 12/29/2010, Register 196; am 11/16/2012, Register 204; am 2/22/2015, Register 213)

Authority: AS 14.48.050 AS 14.48.060 AS 14.48.070

**Editor's note:** The *Accreditation Handbook*, adopted by reference in 20 AAC 17.230(a), can be obtained by writing to the Northwest Commission on Colleges and Universities at: 8060 165th Ave., N.E. Suite 100, Redmond, WA 98052. An electronic version is available at <http://www.nwccu.org>. The commission's telephone number is (425) 558-4224.

Publications from the American Association of Collegiate Registrars and Admission Officers (AACRAO) and adopted by reference in 20 AAC 17.230 can be obtained through the AACRAO Online Bookstore at <http://www4.aacrao.org/publications>. The AACRAO distribution center's telephone number is (301) 490-7651.

**20 AAC 17.235. Learning resource program.** (a) Except as provided in (b) of this section, an institution that offers a degree program must have a library, supplementary program, and academic support services at its facility that are conveniently accessible to students and faculty, and that include sufficient facilities, materials, and equipment to support and enhance the educational philosophy, mission, and objectives of the institution. The *Standards for Libraries in Higher Education*, 2011, of the Association of College and Research Libraries/American Library Association, is adopted by reference, and provides guidance to meet standards relating to library staffing, budget, collection size, annual accessions, space requirements, and equipment for distribution and production.

(b) Under conditions that the commission considers beneficial to students, institutions, and to the communities involved, the commission will, in its discretion, permit an institution to obtain learning resource services through cooperative agreements with conveniently accessible existing college or public libraries.

(c) A college or graduate institution headquartered outside of this state must meet the requirements of this section for a branch campus of that college or institution to offer programs in this state. The commission will, in the commission's discretion, allow that college or institution to meet those standards through cooperative agreements with existing local college or public libraries in this state. The cooperative agreements under this subsection must:

- (1) be developed by the participating institutions with any fees based upon guidelines developed after consideration of appropriate national, regional and state library standards, including:
  - (A) projected student population using the service,
  - (B) the services to be provided,
  - (C) the projected expenditures per full-time equivalent (FTE) student or the percent of operating budget allocated by the main campus to the central library of each participating institution, and

(D) the expenditure per FTE student or the percent of operating budget by the providing institution for its library in this state;

(2) consider the unique learning resource needs of the institution or program purchasing library services in this state and any library services that the purchasing institution chooses to provide directly to its students: an agreement may also consider ancillary or indirect library resource services that the institutions negotiate.

(d) The commission recommends that any cooperative agreements, under (c) of this section, be negotiated with the existing local college or university library. If an agreement between the institution and the local college or university library cannot be made, those parties may request advisement from the commission. Alternatively, the institution, with approval of the commission, may develop a cooperative agreement with another local library. Alternate local libraries must document appropriate capacity, collections, and levels of services to meet the research, service, and collection needs that can not be provided directly to the students by the institution that is purchasing library services.

(e) Documentation must be provided to the commission that clearly shows that the library and the learning resource program, through direct provision or cooperative agreement, are sufficient to support and enhance the educational philosophy, mission, and objectives of the institution. (Eff. 4/19/90, Register 114; am 11/5/92, Register 124; am 8/26/98, Register 147; am 1/30/2003, Register 165; am 12/31/2005, Register 176; am 11/16/2012, Register 204)

Authority: AS 14.48.050 AS 14.48.060 AS 14.48.070

**Editor's note:** The *Standards for Libraries in Higher Education*, adopted by reference in 20 AAC 17.235 can be obtained from the Internet at <http://www.ala.org/acrl/standards/standardslibraries> or from the Association of College and Research Libraries, a Division of the American Library Association, 50 East Huron Street, Chicago, Illinois 60611. The association's telephone number is (800) 545-2433.

**20 AAC 17.240. Institutional assessment.** (a) An institution that offers a degree program must have in place an institutional assessment program that can provide tangible evidence of the effectiveness of the general education program, instructional programs, and related support services.

(b) The assessment program must be based upon outcomes or impact assessments that evaluate student, class-by-year, or program-by-year development. Such evaluations are appropriately measured by skill attainment; retention; academic achievement; longitudinal change in student socioeconomic condition; and student and alumnae perceptions of personal growth, development, or satisfaction associated with their institutional experiences. (Eff. 4/19/90, Register 114; am 11/5/92, Register 124)

Authority: AS 14.48.050 AS 14.48.060 AS 14.48.070

**20 AAC 17.245. Faculty standards.** (a) Associate Degree Programs.

(1) At least one-half of those courses that are part of the curriculum of an associate degree program must be taught by faculty members possessing a graduate degree, professional degree such as J.D. or M.D., or baccalaureate degree plus professional certification, approved by the commission, such as CPA or R.N. An exception to the requirement of an advanced degree may be justified for instructors of subjects in areas that are not normally academically credentialed with graduate degrees.

(2) An institution that offers an associate degree shall have at least one full-time core faculty responsible for the general education program and one full-time core faculty representing each discipline in which it offers major work, and shall afford the faculty adequate formal safeguards of their academic freedom.

(b) **Baccalaureate Degree Program.** Except as provided in this subsection, faculty members of a baccalaureate program must hold an advanced degree in that member's discipline. An instructor of a subject area that is not usually academically credentialed with a graduate degree is excused from the advanced degree requirement. Faculty representing major fields of study and their related disciplines must, unless waived by the commission, possess the highest degree in their discipline. An adequate number of qualified and full-time graduate faculty members must be provided representing each subject field and related disciplines in which the institution offers major study, in accordance with the accreditation standards in the *Accreditation Handbook* of the Northwest Commission on Colleges and Universities, 2013 edition, adopted by reference. If that core faculty does not exist, or does not meet the academic credential standards of the Northwest Commission on Colleges and Universities, the institution must demonstrate to the commission that its students are well-served by a waiver of the requirements of this subsection. The institution must provide the faculty with structured and routine opportunities for development of institutional policies and with safeguards for the faculty's academic freedom.

(c) **Graduate Degree Programs.** Except as provided in this subsection, each faculty member must hold the highest degree in that member's discipline. An adequate number of qualified and full-time graduate faculty members must be provided in the subject field and related disciplines in accordance with the accreditation standards in the *Accreditation Handbook*, of the Northwest Commission on Colleges and Universities, 2013 edition, adopted by reference. If that graduate faculty does not exist, or does not meet the academic credential standards of the Northwest Commission on Colleges and Universities, the institution must demonstrate to the commission that its students are well-served by a waiver of the requirements of this subsection. The institution must provide the faculty with structured and routine opportunities for development of institutional policies and with safeguards for the faculty's academic freedom. (Eff. 4/19/90, Register 114; am 11/5/92, Register 124; am 4/24/98, Register 146; am 8/26/98, Register 147; am 1/30/2003, Register 165; am 12/31/2005, Register 176; am 12/29/2010, Register 196; am 2/22/2015, Register 213)

Authority: AS 14.48.050 AS 14.48.060 AS 14.48.070

**Editor's note:** The *Accreditation Handbook*, adopted by reference in 20 AAC 17.245, can be obtained by writing to the Northwest Commission on Colleges and Universities at: 8060 165th Avenue N.E., Suite 100, Redmond, Washington 98052. An electronic version is available online at <http://www.nwccu.org>. The commission's telephone number is (425) 558-4224.

**20 AAC 17.250. Admission requirements.** An institution that offers a degree program must establish admission requirements on a program basis to assure that an entering student has a reasonable opportunity for success and that course and program standards are maintained. Requirements for associate degree programs must provide opportunities for access to programs, by students who do not initially meet the requirements, through developmental programs. Admission at an institution that offers a degree program must be preceded by appropriate assessment or ability evaluation consistent with program requirements and expectations. (Eff. 4/19/90, Register 114; am 11/5/92, Register 124)

Authority: AS 14.48.010 AS 14.48.050 AS 14.48.070

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### ARTICLE 3. GENERAL PROVISIONS

**20 AAC 17.900. Definitions.** (a) In this chapter, unless the context requires otherwise

(1) "any purpose," as used in AS 14.48.210 (1), means any purpose which is subject to regulation under the provisions of AS 14.48;

(2) "collegiate level" means programs of study for which credit hours are awarded which are applicable toward an associate, baccalaureate, or higher degree;

(3) "commission" means the Alaska Commission on Postsecondary Education;

(4) "course" means a sequence of studies with prescribed objectives, successful completion of which may result in awarding of credit or the equivalent;

(5) "course of study" means an interrelated sequence of courses for which, upon successful completion, a certificate or degree is awarded;

(6) "withdrawal" means written notification of a student's intent to cease attending the institution;

(7) "laboratory science" means a component of a life or physical science curriculum distinct from the lecture or seminar environment where, under controlled conditions, students acting as researchers physically test hypotheses using generally accepted methods, with the possibility of proving or disproving these sets of assumptions; the feature that distinguishes scientific laboratories from other types of educational environment is the "hands-on" employment of physical experiments to demonstrate the assertions of texts about physical laws;

(8) "accredited" means accredited by a national accreditation association, or the regional accreditation association for the area where the school is located, that is recognized by the Secretary of Education of the United States Department of Education;

(9) "refund" means any amount due to a funding source as a result of a change in financial aid, student enrollment, or attendance status relative to eligibility for and determination of the amount of the financial aid award;

(10) "licensed certified public accountant" means a person who

(A) holds a valid certificate and permit to practice under AS 08.04 and 12 AAC 04; or

(B) is validly licensed as a certified public accountant under the applicable occupational licensing statutes and regulations of another state;

(11) "business day" means a day other than Saturday, Sunday, or a state holiday.

(12) "physical presence" means the presence of a facility, faculty, or staff within the state; in this paragraph, "faculty" and "staff" do not include site supervisors or mentors for local internships or practica, or adjunct personnel.

(b) For the purposes of 20 AAC 17.205 - 20 AAC 17.250, references to the terms "university," "college," "junior college," "community college," and "career college" do not include the University of Alaska and institutions that are governed by the University of Alaska. (Eff. 12/30/77, Register 64; am 5/10/78, Register 66; am 3/15/85, Register 93; am 5/8/88, Register 106; am 9/30/90, Register 115; am 11/5/92, Register 124; am 4/24/98, Register 146; am 4/20/2000, Register 154; am 4/27/2001, Register 158; am 12/31/2005, Register 176; am 12/29/2010, Register 196; am 10/3/2011, Register 200; am 2/21/2014, Register 209)

Authority: AS 14.48.050

**20 AAC 17.910. Access to institutional authorization files.** (a) The commission will make available its public records of institutional authorization activities, including institutional and agent application files, for inspection in the commission's offices. The records may be inspected by appointment only. Records may not be removed from the commission's offices. The commission staff shall provide requested photocopies of records at a charge of \$.20 per page.

(b) The following information contained in records of institutional authorization activities is not public:

(1) information specific to individual students that is protected under 20 U.S.C. §1232g (Family Educational Rights and Privacy Act of 1974, as amended);

(2) confidential financial information relating to an institution or its principal owners;

(3) confidential personal information relating to an institution's owners; and

(4) complaints pending or currently under investigation. (Eff. 4/24/98, Register 146; am 12/29/2010, Register 196)

Authority: AS 14.48.050 AS 40.25.110 AS 40.25.120

## **CHAPTER 18. WICHE PROFESSIONAL STUDENT EXCHANGE LOAN PROGRAM.**

**20 AAC 18.005. Purpose of the WICHE Professional Student Exchange loan program.** The Professional Student Exchange (PSE) loan program provides low-cost educational loans to Alaska students enrolled full-time in eligible degree programs that are not available in this state, but that are accessible to residents of the Western Interstate Commission on Higher Education (WICHE) member states participating in the PSE program. PSE students are required to repay the state for its support costs for the student's participation in the PSE program. (Eff. 11/8/2000, Register 156)

Authority: AS 14.44.035 AS 14.44.040

**20 AAC 18.007. Fields of study for which PSE loans are available.** The commission will biennially determine the fields of study for which PSE loans are available to applicants. The commission will limit the availability of PSE loans for applicants to those fields of study

(1) in which WICHE has determined that access to the professional degree program is generally limited to residents of the state in which the program is located and to residents of WICHE member states;

(2) for which the Department of Labor and Workforce Development, or another reliable workforce data source, indicate there is a labor demand in this state; and

(3) in which available occupational wage and income data indicate a PSE graduate may reasonably be expected to earn income sufficient to repay the PSE loan. (Eff. 11/8/2000, Register 156)

Authority: AS 14.44.025 AS 14.44.035 AS 14.44.040

**20 AAC 18.010. Administration.** (a) Applications for certification to participate in the PSE program will be reviewed to determine applicant eligibility under AS 14.44 and this chapter. The commission staff shall notify applicants of their status, report eligible students and their admission status to WICHE, and maintain student records. A PSE student must enter into a loan agreement to repay the financial support provided on the student's behalf.

(b) The commission will determine the amount of money necessary to support continuing and projected participants in the PSE program and notify WICHE of any limitations to be placed on support offered to students.

(c) The commission may negotiate memoranda of agreement with participating schools to set the support fee to be paid for each certified student enrolled at a participating school.

(d) *Repealed* 11/8/2000. (Eff. 1/18/81, Register 77; am 11/8/2000, Register 156)

Authority: AS 14.44.035 AS 14.44.040

**20 AAC 18.020. Certification eligibility.** (a) An applicant for certification must be a resident of the state at the time of application and must remain a resident of the state while participating in the PSE program.

(b) An applicant must meet the admission standards for the professional program of the participating school in which full-time enrollment is desired.

(c) To be eligible for certification, an applicant must meet the eligibility requirements for a PSE loan under 20 AAC 18.025.

(d) Before and during registration, a PSE student must notify the school of attendance of the student's certification status.

(e) For purposes of this section, a person is a resident of the state if that person physically resides in the state and maintains a domicile in the state during the 12 consecutive months before the date of application for certification. Within that 12-month period, the person may be absent from the state for no more than 60 days. After residency is established under this subsection, the person may be absent from the state for full-time attendance at an educational or training institution, for military service, or for demonstrated good cause as determined by the commission. A person does not qualify as a resident of the state if the person declares or establishes residency in another state or receives a benefit of residency in another state.

(Eff. 1/18/81, Register 77; am 7/16/92, Register 123; am 11/8/2000, Register 156)

Authority: AS 14.44.035 AS 14.44.040

**20 AAC 18.025. PSE loan eligibility.** (a) A person is eligible for a PSE loan, and a person who has received a PSE loan remains eligible, if that person does not have a past due child support obligation established by court order or by the Department of Revenue, child support services agency under AS 25.27.160-25.27.220 at the time of application or loan disbursement.

(b) A person is eligible for a PSE loan, a person who has received a PSE loan remains eligible, and a person may cosign for a PSE loan under (d) of this section, if that person

(1) is not delinquent and has never been in default on a loan previously awarded by the commission;

(2) has not, within the previous five years, had a loan discharged or written off by the commission for any reason;

(3) does not have a status, at the time of the application for a loan or disbursement of loan funds, that would prevent the person from repaying the loan as it

becomes due; a status as described in this paragraph will be presumed for a person described in 20 AAC 15.940(e)(2);

(4) has not within the previous seven years defaulted on another loan made to the person by a lending entity unless the person can show good faith efforts to repay the loan and extraordinary circumstances that led to the default; and

(5) does not have a credit history, at the time of application for a loan, that demonstrates chronic inability or unwillingness to pay an extension of credit or loan as it becomes due; items in a credit history that demonstrate chronic inability or unwillingness, as described in this paragraph, include any of the items set out in 20 AAC 15.940(g).

(c) A person may not be awarded an education loan under AS 14.43.091 - 14.43.160 or AS 14.43.170 – 14.43.175 if that person receives a PSE loan under AS 14.44.040 for the same period of attendance.

(d) Notwithstanding (b) of this section, the commission may issue a PSE loan to a person if another person who satisfies the requirements of (b) of this section cosigns the loan.

(e) For purposes of (b)(4) of this section, a person has defaulted on a loan if any of the following has occurred:

(1) foreclosure upon or repossession of collateral for a loan or installment contract;

(2) execution procedures initiated on an unpaid loan or installment contract;

(3) an entry of judgment accelerating the amount due under a loan or installment contract;

(4) the charging off by a creditor of an amount in excess of \$100 due to nonpayment on a loan or installment contract.

(f) The commission staff shall withhold payment of a support fee if the PSE loan recipient becomes ineligible under this section. (Eff. 11/8/2000, Register 156; am 1/30/2003, Register 165; am 12/28/2008, Register 188)

Authority: AS 14.44.035 AS 14.44.040

**Editor’s note:** As of Register 160 (January 2002), the regulations attorney made technical revisions under AS 44.62.125(b)(6), and in accordance with ch. 85, sec. 45, SLA 2001, to change “scholarship loan” to “education loan” in 20 AAC 18.025(c).

**Editor’s note:** As of Register 171 (October 2004), and acting under AS 44.62.125(b)(6) and sec. 12, ch. 107, SLA 2004, the regulations attorney made technical changes to reflect the name change of the child support enforcement agency to the child support services agency made by sec. 1, ch. 107, SLA 2004.

**20 AAC 18.030. Application procedure.** (a) A resident who plans to attend, or who has currently enrolled in, a participating school as a full-time student in an eligible degree

program must submit an application for certification to the commission between July 1 and October 15 of the year preceding the year in which the student intends to enter the professional school. An application is timely filed if it is postmarked between July 1 and October 15 and contains all the information required to make a determination of the applicant's eligibility and the amount of the loan award.

(b) The commission will not accept an application before July 1 of the year preceding the proposed entrance date.

(c) The commission will give alternate status to an application received after October 15 of the year preceding the proposed entrance date.

(d) The applicant's signature on an application for certification must be notarized. The borrower, and the cosigner if required under 20 AAC 18.025(c), must sign a promissory note for the loan award. A cosigner's signature on the promissory note must be notarized. Liability for the loan is limited to the amount of support fees disbursed on behalf of the student and applicable interest.

(e) An applicant must apply directly to a participating school for admission.

(f) An applicant must send to the commission a copy of all offers of admission received from participating schools. An applicant's eligibility for certification terminates unless the applicant advises the commission of the applicant's intention to attend a participating school by June 15 of the year in which the program of study begins.

(g) An applicant who is accepted for enrollment must consent to the transfer of student records, enrollment information, and support fees among the state, WICHE, and the school of attendance. The commission will provide a form to the applicant for this purpose.

(h) *Repealed 11/8/2000.*

(i) A continuing PSE student is not required to reapply for certification each year, and will be presumed to be continuing for the regular degree program duration unless the student otherwise notifies commission staff.

(j) A PSE student who leaves school for more than one academic year before completing a program must reapply for certification. Recertification is not required for a leave of absence approved by the school for up to one year. However, repayment on the PSE loan must begin six months after the leave of absence begins, as required under 20 AAC 18.100(e) for borrowers who are no longer enrolled in a program. The commission will resume paying support fees when the PSE student returns as a continuing student in good standing the following term.

(k) An incomplete application shall be returned to the applicant with a request for additional information, unless the additional information is obtainable telephonically or

electronically. Further action may not be taken on an incomplete application until it is resubmitted. The commission staff may require an applicant to furnish additional information and documents to verify statements on the application. The commission staff shall perform a credit history check on a loan applicant and a cosigner, if applicable.

(l) An applicant shall notify the commission staff immediately of a change in the institution to be attended, the dates of attendance, the program of study, or attendance status from that stated on the original application.

(Eff. 1/18/81, Register 77; am 11/8/2000, Register 156)

Authority: AS 14.44.035 AS 14.44.040

**20 AAC 18.040. Certification procedure.** (a) The commission staff shall notify WICHE of all eligible new PSE applicants for certification by November 15 on forms provided by WICHE. The commission staff shall send the names of alternate PSE applicants to WICHE periodically between November 15 and the date final certification status is determined.

(b) A new PSE applicant will be notified of the applicant's certification after all eligibility requirements are determined to have been met and loan money is determined to be available.

(c) The commission staff shall notify an alternate PSE applicant of the applicant's final certification status when previously certified PSE applicant's plans to attend are known, and the availability of loan money is determined. (Eff. 1/18/81, Register 77; 11/8/2000, Register 156)

Authority: AS 14.44.035 AS 14.44.040

**20 AAC 18.050. Funding priority.** (a) The commission staff may not certify an applicant for the PSE program until the commission determines the amount available to fund PSE loan applications for the school year.

(b) If money made available under AS 14.42.210(a) is not sufficient to offer PSE loans to all applicants who are eligible for certification, the commission will award PSE loans in the following order of priority:

- (1) all continuing students in all fields;
- (2) one new PSE applicant in each field determined through a cooperative ranking by participating schools as conducted by WICHE staff;
- (3) remaining new PSE applicants in fields ranked according to a weighting system approved by the commission based on criteria established in 20 AAC 18.007; and
- (4) alternate PSE applicants based on the ranking system set out in (2) and (3) of this subsection. (Eff. 1/18/81, Register 77; am 11/8/2000, Register 156)

Authority: AS 14.44.035 AS 14.44.040

**Editor's note:** As of Register 151 (October 1999), the regulations attorney made technical revisions under AS 44.62.125(b)(6) to reflect the name change of the Department of Labor to the Department of Labor and Workforce Development made by ch. 58, SLA 1999 and the corresponding title change of the commissioner of labor.

**20 AAC 18.060. Support fee payment procedure.** (a) Upon receipt of completed loan promissory notes from applicants and student support agreements and invoices from WICHE, the commission staff shall transmit the loan proceeds to WICHE for transmittal and disbursement of support fees to schools in the amount required for each participating student.

(b) A loan will be disbursed in proportionate installments based upon the terms, quarters, or semesters used by the institution of attendance. (Eff. 1/18/81, Register 77; am 11/8/2000, Register 156)

Authority: AS 14.44.035 AS 14.44.040

**20 AAC 18.070. Funding responsibilities.** (a) The commission staff shall forward loan proceeds to pay support fees only for terms in which a PSE student is enrolled as a full-time student.

(b) If the student maintains certification and satisfactory academic progress according to the standards established by the school of attendance, the commission will continue to pay support fees through the normal length of time required for completion of the student's professional degree program, as established by the participating school.

(c) The commission will provide support for enrollment in an accelerated program if the total payment for a student in that program does not exceed the total payment for a student in a traditional program in the same field.

(d) The commission will provide support for the clinical experience required of a student in occupational therapy or physical therapy necessary to complete the professional degree program.

(e) The commission will not pay a support fee for a PSE student's repeat term or year.

(f) If a PSE student ends his or her enrollment, the commission staff shall apply any school refund received by the commission as a credit to that student's PSE loan obligation. (Eff. 1/18/81, Register 77; am 11/8/2000, Register 156)

Authority: AS 14.44.035 AS 14.44.040

**20 AAC 18.080. Student responsibilities.** *Repealed.* (Eff. 1/18/81, Register 77; repealed 11/8/2000, Register 156)

**20 AAC 18.090. Definitions.** *Repealed.* (Eff. 1/18/81, Register 77; am 7/24/85, Register 95; am 7/16/92, Register 123; repealed 11/8/2000, Register 156)

**Editor's Note:** Definitions for 20 AAC 18 have been relocated to 20 AAC 18.900.

**20 AAC 18.100. Conditions and limitations of loan.** (a) Within 30 days after the change, a borrower or cosigner, if any, shall report in writing to the commission any change that affects the conditions of a loan or its repayment schedule, including any change of the borrower's or cosigner's name or address, the borrower's residency status, or the borrower's change of institution, change in dates of attendance, change in attendance from full-time status, change in enrollment status, or withdrawal or dismissal from the course of study for which the loan was awarded.

(b) Interest on a PSE loan accrues from the time the loan is transmitted to WICHE. However, repayment of the interest is deferred while the borrower continues to be enrolled in the eligible degree program.

(c) Repealed 12/26/2014.

(d) Repealed 12/26/2014.

(e) A borrower's obligation to commence repayment of the principal and interest on the loan begins six months after the borrower is no longer enrolled in the eligible degree program. The borrower shall repay the total amount owed in periodic installments of at least \$50 a month over a period of not more than 15 years from the commencement of the repayment obligation. If the commission and the borrower agree to a different repayment schedule, the borrower shall repay the loan in accordance with the agreement. A borrower may make payments earlier than required by this subsection or the agreement. (Eff. 11/8/2000, Register 156; am 12/26/2014, Register 212)

Authority:	AS 14.42.200	AS 14.42.215	AS 14.44.040
	AS 14.42.210	AS 14.44.035	

**20 AAC 18.120. Repayment of loans.** (a) The commission staff shall add accrued interest to the principal balance of the loan at the time the borrower is obligated to commence repayment under 20 AAC 18.100(e), or at the end of an approved period of deferment under 20 AAC 18.130. The commission staff shall add to the principal balance of the loan the interest that accrued and was unpaid due to the borrower's failure to provide

(1) the commission staff with the information required under 20 AAC 18.100(a) to calculate the correct date for the commencement of repayment under 20 AAC 18.100(e); or

(2) notice under 20 AAC 18.130(c) that eligibility for a deferment under 20 AAC 18.130(a)(1)-(3) has ended.

(b) If a payment is made on a loan in an amount larger than that required by the repayment schedule, the excess shall be applied first to any outstanding interest charges and then to the remaining principal balance of the loan.

(c) A payment on a delinquent loan shall be applied first to collection costs, then to any outstanding interest charges, then to the outstanding principal balance of the loan, until those amounts are paid in full.

(d) To obtain an extension on repayment of a loan due to economic hardship, a borrower must demonstrate compliance with the criteria set out in 20 AAC 15.960(d). An extension due to economic hardship may not last more than five years.

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

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

(2) continues even if the borrower's obligation to repay the loan is discharged or canceled before the loan, including interest, is repaid in full.

(f) During a borrower's deferment under 20 AAC 18.130(a)(3), a cosigner's obligation will not be deferred if the cosigner's signature was required under 20 AAC 18.025(b)(3).

(g) A cosigner, if any, will be notified of any deferment granted to a borrower, or any agreement reached with the borrower, that increases the amount due over time on the note. (Eff. 11/8/2000, Register 156; am 1/30/2003, Register 165; am 12/28/2008, Register 188)

Authority: AS 14.44.035 AS 14.44.040

**20 AAC 18.130. Deferment of payments.** (a) A borrower may defer the borrower's obligation to make periodic payments under 20 AAC 18.100(e) during any of the following periods:

(1) for up to four years for return to full-time student status in good standing in a college or university that meets the requirements of AS 14.43.120(b)(2)(B);

(2) for a one-time period up to 12 months, if during that period the borrower is seeking and unable to find employment in the United States;

(3) during the period of disability if, after the loan is disbursed, the borrower becomes totally disabled; in order for a borrower to obtain a deferment, not to exceed three years, under this paragraph, a physician who practices within the medical field covering the disability, who has examined the borrower within the prior 12 months, and who are licensed to practice medicine in the state where the examination took place must certify

that, after the date the commission last paid a support fee on behalf of the borrower, the borrower

- (A) became permanently disabled; and
- (B) as a result of the disability became unable for an indefinite period of time to be gainfully employed or to attend school full-time;
- (4) an initial period of up to three years, if the borrower is serving on active duty during that period as a member of the armed forces of the United States;
- (5) a period during which the borrower is recalled to active duty as a member of the armed forces of the United States in a time of war or other armed conflict.

(b) A deferment of payments does not suspend the accrual of interest due on the PSE loan during the period of the deferment.

(c) In order to obtain a deferment of payments, a borrower must apply on a form provided by the commission, showing the borrower's eligibility for the requested deferment and acceptance of the terms of the deferment agreement. Until the deferment application is approved by the commission staff, the borrower's original repayment schedule continues in effect. If the borrower meets the requirements of this section, the commission staff shall approve the deferment. If the deferment is approved, the commission staff shall send the borrower the deferment agreement.

(d) A borrower who has received a deferment shall immediately notify the commission if the conditions under which the deferment was granted no longer exist.

(e) A borrower who has defaulted on a PSE loan is not eligible for a deferment of that loan.

(f) For purposes of (a)(1) of this section, a student who is in an internship or residency that is required as part of the program of study is a full-time student.

(g) For purposes of (a)(3) of this section, a deferment may not be granted for a condition that existed at the time the PSE loan was disbursed unless the condition has substantially deteriorated since the time of the disbursement. (Eff. 11/8/2000, Register 156; am 12/31/2005, Register 176)

Authority: AS 14.44.035 AS 14.44.040

**20 AAC 18.140. Medical cancellations.** (a) Except as provided in this section, and notwithstanding 20 AAC 18.200, an application to cancel a borrower's obligation to repay a PSE loan is subject to the requirements and procedures of 20 AAC 15.920.

(b) A borrower seeking cancellation of a loan due to medical disability shall submit a request on a form obtained from the commission. A physician who practices within the medical field covering the disability, who has examined the borrower within the prior 12 months, and who is licensed to practice medicine in the state where the examination took

place must certify that, after the date the commission last paid a support fee on behalf of the borrower, the borrower

- (1) became 100 percent permanently disabled; and
- (2) as result of the disability became unable for an indefinite period of time to be gainfully employed or to attend school full-time.

(c) If the borrower had a pre-existing condition at the time that the borrower obtained the PSE loan, the physician must additionally certify that the condition has substantially deteriorated since the time that the borrower obtained the loan.

(d) If a cosigner is also obligated to repay the PSE loan, the commission staff will notify the cosigner of the medical cancellation application and give the cosigner an opportunity to show why the loan does not qualify for cancellation under this section.

(e) Notwithstanding the borrower's medical condition, the borrower may not obtain cancellation of the borrower's obligation on a PSE loan if the borrower has sufficient income and or financial resources to repay the PSE loan. The commission staff may require financial information from the borrower in order for the borrower's ability to repay the loan to be determined. The borrower is able to repay the loan if the borrower is ineligible for an extension for economic hardship under 20 AAC 18.120(d).

(f) A cosigner, if any, may bring an appeal or participate in a hearing under 20 AAC 15.920(e).

(g) Repealed 12/31/2005. (Eff. 11/8/2000, Register 156; am 3/1/2002, Register 161; am 1/30/2003, Register 165; am 12/31/2005, Register 176; am 12/28/2008, Register 188)

Authority: AS 14.42.030 AS 14.44.035 AS 14.44.040

**Editor's Note:** On February 8, 2008, under AS 44.62.245, the department gave notice that the following amended version of state regulations, previously adopted by reference in 20 AAC 18.140, is in effect: 20 AAC 15.920, as amended as of October 18, 2007. The amended version is published in the Alaska Administrative Code (Register 184, January 2008), and may be reviewed at the Alaska Commission on Postsecondary Education, 3030 Vintage Boulevard, Juneau, Alaska.

**20 AAC 18.150. Default.** (a) A loan is in default if

- (1) a loan payment has become 180 or more days past due;
- (2) the borrower or the cosigner, if any, has failed to comply with the applicable reporting requirements of 20 AAC 18.100(a); or
- (3) the borrower or cosigner, if any, has falsified any information on the loan application or information required under AS 14.44 or this chapter.

(b) To prevent default under (a)(1) of this section, the borrower or cosigner, if any, must pay the delinquent amount before that amount is 180 days past due. Alternatively, a

borrower or cosigner, if any, may enter into an alternative payment arrangement acceptable to the commission if the borrower or the cosigner can demonstrate that neither the borrower nor the cosigner, if any, is able to pay the delinquent amount.

(c) If a person entering into an alternative payment arrangement under (b) of this section fails to comply with the terms of the agreement, the person will be notified that the agreement will be void unless, within 30 days after notification of payment delinquency is sent, the person pays the entire delinquent amount owed under the agreement and cures any other failure to comply with the agreement. The agreement is void if the person does not cure the breach within that time. (Eff. 11/8/2000, Register 156; am 5/26/2011, Register 198)

Authority: AS 14.44.035 AS 14.44.040

**20 AAC 18.200. Complaints and appeals.** A complaint or an appeal of a decision of or the program administration by the commission staff under this chapter is governed by 20 AAC 15.915. (Eff. 11/8/2000, Register 156; am 1/30/2003, Register 165; am 12/28/2008, Register 188)

Authority: AS 14.44.035 AS 14.44.040

**Editor's Note:** On February 8, 2008, under AS 44.62.245, the department gave notice that the following amended version of state regulations, previously adopted by reference in 20 AAC 18.200, is in effect: 20 AAC 15.915, as amended as of October 18, 2007. The amended version is published in the Alaska Administrative Code (Register 184, January 2008), and may be reviewed at the Alaska Commission on Postsecondary Education, 3030 Vintage Boulevard, Juneau, Alaska.

**20 AAC 18.980. Relationship of borrower and cosigner.** For purposes of this chapter, "borrower" does not include a cosigner. (Eff. 11/8/2000, Register 156)

Authority: AS 14.44.035 AS 14.44.040

**20 AAC 18.990. Definitions.** As used in AS 14.44.010 - AS 14.44.035 and this chapter, unless the context requires otherwise,

- (1) "alternate PSE applicant" means an eligible applicant for certification who applies after the deadline set for applications for WICHE certification;
- (2) "certification" means the certification given by this state that a PSE applicant meets all requirements for participation in the PSE program and will receive support from the state to attend an eligible degree program at a participating school;
- (3) "commission" means the Alaska Commission on Postsecondary Education;
- (4) "cosigner" means a person who cosigns a loan under 20 AAC 18.025(d);

(5) "eligible degree program" means a professional level or graduate level degree program in a field of study that meets the requirements of 20 AAC 18.007;

(6) "full-time" means enrollment in a combination of courses, work experience, research, or special studies that the school considers full-time study for a graduate or professional degree;

(7) "participating school" means an accredited institution that has agreed under WICHE to enroll students in eligible degree programs;

(8) "PSE" or "PSE program" means the Professional Student Exchange Program of WICHE;

(9) "support fee" means the amount established by WICHE as a required fee for a student's participation in an eligible degree program, and transmitted from the commission through WICHE to the school on behalf of each PSE student enrolled; the support fee is the principal amount of the loan provided to the student;

(10) "WICHE" means the Western Interstate Commission for Higher Education. (Eff. 11/8/2000, Register 156)

Authority: AS 14.44.025 AS 14.44.035 AS 14.44.040

## CHAPTER 19. FINANCIAL SUPPORT FOR THE WWAMI PROGRAM.

**20 AAC 19.010. Purpose of WWAMI program.** The Washington, Wyoming, Alaska, Montana, Idaho (WWAMI) program provides access to medical education not otherwise available to qualifying Alaskans. Residents of this state compete only with other residents of this state for the positions reserved at the University of Washington School of Medicine through this state's participation in the WWAMI program. This state participates in the WWAMI program to address state health care needs by training physicians and allied health professionals, advancing knowledge, and assuming leadership in the fields of biomedical sciences and academic medicine. For the residents of this state who participate in the WWAMI program, this state pays the educational costs of the program that are not covered by tuition. A participant who does not return to the state and become employed in the medical field for which the support was provided under this chapter must repay the state a portion of the costs in accordance with AS 14.43.510(a). (Eff. 10/23/99, Register 152; am 7/12/2008, Register 187)

Authority: AS 14.42.030 AS 14.43.510

**20 AAC 19.020. Application requirements.** An applicant for participation in the WWAMI program must

- (1) apply and be accepted for admission to the University of Washington School of Medicine;
- (2) meet the eligibility requirement set out in 20 AAC 19.030; and
- (3) agree under AS 14.43.510 to repay the financial support provided under this chapter. (Eff. 10/23/99, Register 152; am 7/12/2008, Register 187)

Authority: AS 14.42.030 AS 14.43.510

**20 AAC 19.030. Eligibility requirement.** (a) A participant in the WWAMI program must maintain at all times an intent to return to this state upon completion of the program, and

- (1) have physically resided in this state for at least two consecutive years ending with September 1 of the year before the participant begins class in the WWAMI program; or

(2) if not physically present in this state for the time period required under (1) of this section,

(A) have been absent due to the applicant's, or the applicant's spouse's status as a full-time student outside of this state and have physically resided in this state for at least two consecutive years immediately before the absence;

(B) have been absent due to full-time service in the United States armed forces and have physically resided in this state for at least two consecutive years immediately before the absence;

(C) have been absent due to full-time volunteer service in the Peace Corps and have physically resided in this state for at least two consecutive years immediately before the absence; or

(D) have been absent due to full-time engagement or employment in an experiential learning position that the Alaska WWAMI Admissions Committee determines to be directly relevant to the field of medicine and have physically resided in this state for at least two consecutive years immediately before the absence.

(b) For purposes of whether absences are allowable as described in this section, a participant may not have taken any action to establish residence in another state. (Eff. 10/23/99, Register 152; am 7/12/2008, Register 187)

Authority: AS 14.42.030 AS 14.43.510

**20 AAC 19.040. Employment obligation.** (a) To qualify for forgiveness of a repayment obligation under AS 14.43.510, a participant in the WWAMI program must

- (1) provide a copy of the participant's Alaska medical license or residency permit;
- (2) provide proof of full-time employment that meets the qualifications set out in AS 14.43.510;
- (3) provide certification on a form obtained from the commission that the participant has satisfied the requirements for forgiveness benefits set out in AS 14.43.510 and this section;
- (4) repealed 7/12/2008.

(b) For purposes of this section, "full-time employment" means employment as a physician for at least 1,830 hours per year in the health care profession, including call and patient care.

(c) In order to qualify for a prorated forgiveness benefit as provided for in AS 14.43.510(e), a participant must have previously earned at least one year of forgiveness benefit.

(d) A participant who is engaged in qualifying employment in both rural and non-rural service areas in a single service year will receive the forgiveness percent based upon the service area in which the majority of the participant's employment occurred.

(e) A participant who has engaged in qualifying employment in both rural and non-rural service areas and has remaining forgiveness-qualifying debt of less than 20 percent of the total debt obligation must perform an additional prorated period of service to receive a full discharge of the loan obligation.

(f) Nothing in this section authorizes the refunding of any repayment of the loan or

forgiveness of an amount that is already due and payable by the participant.  
(Eff. 10/23/99, Register 152; am 7/12/2008, Register 187)

Authority: AS 14.43.510

**20 AAC 19.050. Required notification.** Within 30 days after the change, a participant in the WWAMI program shall report in writing to the commission any change that affects the conditions of a repayment obligation or a repayment schedule, including

- (1) change of name, address, or state residency status;
- (2) graduation, withdrawal, leave of absence, or dismissal from the University of Washington School of Medicine;
- (3) inability to make payments as scheduled; and
- (4) termination or change in employment status that would affect eligibility for forgiveness benefits under AS 14.43.510. (Eff. 10/23/99, Register 152)

Authority: AS 14.42.030 AS 14.43.510

**20 AAC 19.060. Repayment.** (a) A participant in the WWAMI program shall repay the total amount required to be repaid under AS 14.43.510 in monthly installments over a period of not more than 15 years from commencement of the repayment obligation

(b) Procedures contained in 20 AAC 15.960(b) and (c) apply to payments on a repayment obligation under this chapter.

(c) If the participant requests and economic hardship is shown, the commission staff shall extend the payment period of a repayment obligation for an additional period of up to five years. Standards contained in 20 AAC 15.960(d) apply to determine economic hardship under this section. The participant must apply for an economic hardship extension on a form obtained from the commission, along with supporting documentation as required. The commission staff shall advise a participant of the increased costs associated with the extension of the repayment period.

(d) A repayment obligation is in default, and is accelerated and due in full, if

- (1) a payment has become 180 or more days past due;
- (2) the participant fails to comply with the applicable required notifications contained in 20 AAC 19.050; or
- (3) the participant has falsified any information on the application or information required under AS 14.43 or this chapter.

(e) For the purpose of AS 14.43.510, the commission will consider a participant to have terminated studies if the participant is dismissed, takes a leave of absence, or withdraws from the University of Washington School of Medicine. If the participant resumes studies in the WWAMI program after a leave of absence, the person will no longer be considered to have terminated studies and interest accrual on the repayment obligation

ceases at the time the participant resumes studies. (Eff. 10/23/99, Register 152; am 5/26/2011, Register 198)

Authority: AS 14.42.030 AS 14.43.510

**20 AAC 19.065. Forbearance for suspension of medical education program.** If an administrator of a medical education program approves a suspension of the medical education program before a participant's completion or termination of study under the program, that participant will not be considered to have terminated the program of study and the commission will forbear the participant's repayment and service obligations. This period of forbearance will not be considered part of the repayment period. (Eff. 2/20/2005, Register 173)

Authority: AS 14.42.030 AS 14.43.510

**20 AAC 19.070. Deferment of payments and forbearance of the repayment and service obligation.** (a) In order to obtain a deferment of payments or forbearance of the repayment and service obligation under AS 14.43.510, a participant must complete a form obtained from the commission, provide supporting documentation evidencing the participant's eligibility for the requested deferment or forbearance, and accept the terms of the deferment agreement or forbearance agreement. Until the request for deferment or forbearance is approved, the participant's original repayment terms continue in effect.

(b) Within 30 days of a change that would affect the participant's eligibility for the deferment or forbearance, a participant who has received a deferment or forbearance under AS 14.43.510 shall notify the commission in writing of the change.

(c) For purposes of deferment under AS 14.43.510(c)(1), a participant enrolled in a medical education residency program required for the participant's specialty field of practice is considered to be continuing the participant's medical education program. (Eff. 10/23/99, Register 152; am 2/20/2005, Register 173)

Authority: AS 14.42.030 AS 14.43.510

**20 AAC 19.080. Deferment due to total disability.** (a) A participant in the WWAMI program seeking deferment of repayment obligation based on total disability shall submit a request on a form obtained from the commission.

(b) A physician's certificate of total disability under AS 14.43.510 must certify that  
(1) the physician practices within the medical field covering the disability;  
(2) the physician has examined the participant within two months of the date of the certificate;

(3) the physician is licensed to practice medicine in the state where the examination took place; and

(4) subsequent to the date that the participant last received financial support under the WWAMI program, the participant is totally disabled because the participant became unable due to the disability to be gainfully employed for at least six months; the physician must state in the certificate the estimated duration of the total disability.

(c) If a period of total disability exceeds one year, the participant must annually submit a certificate that meets the requirements of (b) of this section. This subsection does not apply if the participant submits a certificate from the physician that meets the requirement of (b) of this section and the physician additionally certifies that the disability is expected to be permanent to a reasonable degree of medical certainty.

(d) If the participant seeks a deferment for a condition that existed while the commission provided financial support through the WWAMI program on behalf of the participant, the physician must additionally certify that the participant's condition has substantially deteriorated since the financial support was provided. (Eff. 10/23/99, Register 152)

Authority: AS 14.42.030 AS 14.43.510

**20 AAC 19.090. Complaints and appeals.** (a) The commission will only accept and decide a complaint or an appeal of a decision of, or the WWAMI program administration by, the commission. Procedures contained in 20 AAC 15.915 apply to a complaint or an appeal filed under this subsection.

(b) The commission will not accept a complaint or an appeal concerning admission to or administration of the University of Washington School of Medicine relating to the WWAMI program. (Eff. 10/23/99, Register 152)

Authority: AS 14.42.030 AS 14.43.510

**20 AAC 19.900. Definitions.** In this chapter, unless the context otherwise requires,

(1) "commission" means the Alaska Commission on Postsecondary Education;

(2) "full-time student" has the meaning given in 20 AAC 15.990;

(3) "participant" means a person participating in the WWAMI program under this chapter;

(4) "WWAMI program" means the Washington, Wyoming, Alaska, Montana, Idaho program described in 20 AAC 19.010. (Eff. 10/23/99, Register 152)

Authority: AS 15.14.030 AS 14.43.510