



RULE-MAKING ORDER
(RCW 34.05.360)

CR-103 (7/10/97)

Agency: State Board for Community & Technical Colleges

- Permanent Rule
- Emergency Rule
- Expedited Adoption
- Expedited Repeal

(1) Date of adoption: June 18, 1998

(2) Purpose:
Institutional Financial Aid Fund.
Various amendments as a result of the Washington Student Loan Guarantee Association being replaced by the Northwestern Educational Loan Association.

(3) Citation of existing rules affected by this order:

Repealed:

Amended: 8 which includes 1 new section (WAC 131-36-010; 050; 055;100;150;200;250;300)

Suspended:

(4) Statutory authority for adoption: RCW 28B.50

Other authority:

PERMANENT RULE ONLY (Including EXPEDITED ADOPTION)

Adopted under notice filed as WSR 98-07-059 & 98-06-074 on 3/17/98 & 3/3/98 ^{Respectively} (date).

Describe any changes other than editing from proposed to adopted version:

NONE

EMERGENCY RULE ONLY

Under RCW 34.05.350 the agency for good cause finds:

- (a) That immediate adoption, amendment, or repeal of a rule is necessary for the preservation of the public health, safety, or general welfare, and that observing the time requirements of notice and opportunity to comment upon adoption of a permanent rule would be contrary to the public interest.
- (b) That state or federal law or federal rule or a federal deadline for state receipt of federal funds requires immediate adoption of a rule.

Reasons for this finding:

EXPEDITED REPEAL ONLY

Under Preproposal Statement of Inquiry filed as WSR _____ on _____ (date).

(5.3) Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

- Yes
 - No
- If Yes, explain:

(6) Effective date of rule:

**Permanent Rules
or Expedited Rule Making**

- 31 days after filing
- Other (specify) _____*

*(If less than 31 days after filing, specific finding in 5.3 under RCW 34.05.380(3) is required)

Emergency Rules

- Immediately
- Later (specify) _____

NAME (TYPE OR PRINT)

Claire C. Krueger

SIGNATURE

Claire C. Krueger

TITLE Executive Assistant and
Administrative Rules Coordinator

DATE

7/2/98

CODE REVISER USE ONLY

CODE REVISER'S OFFICE
STATE OF WASHINGTON
FILED

JUL 2 1998

TIME 1:13 AM

WSR 98-15-012

Note: If any category is left blank, it will be calculated as zero.
No descriptive text.

Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.

The number of sections adopted in order to comply with:

Federal statute:	New _____	Amended _____	Repealed _____
Federal rules or standards:	New _____	Amended _____	Repealed _____
Recently enacted state statutes:	New _____	Amended _____	Repealed _____

The number of sections adopted at the request of a nongovernmental entity:

New _____ Amended _____ Repealed _____

The number of sections adopted on the agency's own initiative:

New _____ Amended 8 Repealed _____

The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New _____ Amended 8 Repealed _____

The number of sections adopted using:

Negotiated rule making:	New _____	Amended _____	Repealed _____
Pilot rule making:	New _____	Amended _____	Repealed _____
Other alternative rule making:	New _____	Amended <u>8</u>	Repealed _____

Chapter 131-36 WAC

INSTITUTIONAL (~~LONG-TERM LOAN~~) FINANCIAL AID FUND

AMENDATORY SECTION (Amending Order 90, Resolution 81-66, filed 9/23/81)

WAC 131-36-010 Purpose and intent. (1) The purpose of chapter 131-36 WAC is to implement the institutional (~~long-term loan program~~) financial aid fund established by (~~section 9, chapter 257, Laws of 1981~~) RCW 28B.15.820.

(2) It is the intent of this chapter to provide for a (~~loan~~) financial aid program that will be operational in all Washington community and technical colleges (~~no later than spring quarter, 1982~~).

(3) Each community college and technical college shall deposit a minimum of three and one-half percent of revenues collected from tuition and services and activities fees in to the institutional financial aid fund.

(4) These funds shall be used in addition to and not to replace institutional funds that would otherwise support locally administered financial aid programs.

AMENDATORY SECTION (Amending Order 90, Resolution 81-66, filed 9/23/81)

WAC 131-36-050 Definitions. For the purposes of chapter 131-36 WAC, the following definitions shall apply:

(1) "Fund" shall mean the institutional (~~long-term loan~~) financial aid fund established by (~~section 9, chapter 257, Laws of 1981~~) RCW 28B.15.820.

(2) (~~"Private financial institution" shall mean an eligible lender as defined by the rules of the WSLGA.~~

~~(3))~~ (~~"(Uniform) Current federal methodology" shall mean the method of determining financial need (based on a comparison of assets and income with estimated costs of college attendance) as prescribed by the United States Department of Education.~~

~~((4) "WSLGA"))~~ (3) "NELA" shall mean (~~the Washington student loan guarantee~~) Northwestern Education Loan Association, a private

student loan guaranteeing association authorized to guarantee educational loans in Washington granted pursuant to 20 U.S. Code Section 1071.

~~((+5))~~ (4) "Operational" shall mean that the institution has been approved as a lender and is eligible to provide loans guaranteed by ~~((the WSLGA))~~ NELA.

(5) "Needy student" shall mean any post high school student who demonstrates the financial inability to meet the cost of attending college using current federal methodology (RCW 28B.10.802).

(6) "Other institutional financial aid" shall be defined as locally administered, need-based institutional employment, tuition and fee scholarships, or grants.

NEW SECTION

WAC 131-36-055 Use of fund. Moneys in this fund shall be used for student financial aid:

- (1) Long-term loans;
- (2) Short-term loans; and
- (3) Locally administered need-based grants, tuition scholarships and institutional employment programs for needy, resident students. The moneys in this fund shall not be used for college operating expenses.

AMENDATORY SECTION (Amending Order 90, Resolution 81-66, filed 9/23/81)

WAC 131-36-100 Eligibility. (1) ~~((Loans from the fund shall be))~~ Long-term loans and other institutional financial aid to needy students shall be made only to ((resident, needy)) students who ((are enrolled for six or more credit hours of instruction or the equivalent thereof, except as otherwise provided in this section)) qualify as residents under RCW 28B.15.012 and 28B.15.013 and are enrolled for six or more credit hours of instruction or the equivalent.

(2) ~~((The following individuals who have been granted statutory resident status for tuition and fee purposes pursuant to RCW 28B.15.014 and 28B.15.553 shall not be eligible to receive loans from the fund:~~

(a) ~~Persons employed twenty hours or more per week at a Washington public higher education institution and their children and spouses;~~

(b) ~~Military and federal employees residing or stationed in~~

~~the state of Washington and their children or spouses;~~

~~(c) Veterans, as defined by RCW 41.04.005, whose final permanent duty station was in the state of Washington, so long as such veteran is receiving federal vocational or educational benefits concurred by virtue of his or her military service;~~

~~(d) Nonimmigrant aliens residing in the state of Washington pursuant to a treaty of commerce and navigation and their children and spouses.~~

~~(3) No individual shall be eligible for a loan from the fund unless he or she shall have applied for and been unable to obtain an educational loan from at least one private financial institution in the state of Washington known to be granting or with a record of having granted such loans.~~

~~(4) Students seeking loans from the fund shall provide the college with either a letter of denial from a private financial institution or with an affidavit attesting to such denial if unable to obtain evidence of denial in writing.~~

~~(5) No individual shall be eligible for loans from the fund if currently in default on any WSLGA or other federally guaranteed loan.) Priorities for use of other institutional financial aid shall be given to:~~

~~(a) Needy students who have accumulated excessive educational loan burdens;~~

~~(b) Needy single parents for educational expenses, including child care and transportation; and~~

~~(c) Other eligible needy students.~~

~~(3) Short-term loans may be made to any student enrolled in the institution.~~

~~(4) For long-term and short-term loans, institutions must have ample evidence that students have the capability of repaying the loan within the time frame specified by the institution.~~

~~(5) No individual shall be eligible for long-term loans, short-term loans or other institutional financial aid for needy students if currently in default or delinquent in the payment on any educational loan or who owes a repayment on any federal or state grant.~~

AMENDATORY SECTION (Amending Order 90, Resolution 81-66, filed 9/23/81)

WAC 131-36-150 Limitation on amount ((of loans)). (1) No long-term or short-term loan((s)) shall be made from the fund ((in an amount)) that exceeds either the demonstrated financial need of an eligible student or the maximum allowed under the federal guaranteed need-based loan program.

(2) All long-term loans granted from the fund for periods in excess of one academic quarter shall be disbursed in quarterly installments through proration of the total loan amount.

(3) For purposes of this section, demonstrated financial need shall be the amount determined by application of uniform methodology as defined by WAC 131-36-050(3).

AMENDATORY SECTION (Amending Order 90, Resolution 81-66, filed 9/23/81)

WAC 131-36-200 Terms and conditions of loans. (1) The terms and conditions of long-term loans made from the fund, including, but not limited to, maximum annual loan amount, maximum aggregate loan amount, loan initiation fee, guarantee fee, repayment, cancellation, consolidation of loans, deferment, default, and forbearance shall be the same as those set forth by the ((WSLGA and)) federal need-based guaranteed student loan regulations.

(2) All long-term loans granted from the fund for periods in excess of one academic quarter shall be disbursed in quarterly installments through proration of the total loan amount.

(3) For short-term loans only, students must repay in one year.

AMENDATORY SECTION (Amending Order 90, Resolution 81-66, filed 9/23/81)

WAC 131-36-250 Initiating, servicing, and collecting loans. (1) Community colleges shall utilize the loan collecting and servicing agency designated by the state ((board)) director for community and technical colleges ((education)) and the ((WSLGA)) NELA.

(2) The state director of community and technical colleges shall determine and designate on behalf of the state board an appropriate entity to conduct servicing and collection activities with regard to loans made from the fund.

(3) The state director of community and technical colleges shall, when (s)he determines that it is in the best interest of the college system, determine and designate on behalf of the state board an appropriate entity to perform loan initiation activities and transaction reporting regarding loans made from the fund.

(4) Subsequent to granting loans from the fund each college shall cooperate with the ((WSLGA)) NELA and the servicing and collection agency through informing students of their rights and responsibilities regarding such loans; timely provision of student status verification information and information pertaining to determinations of default, forbearance, and deferment of loans; consolidation of loans; and records maintenance.

AMENDATORY SECTION (Amending Order 90, Resolution 81-66, filed 9/23/81)

WAC 131-36-300 Investment of fund principal. (1) Moneys in the fund not committed to long-term loans may be invested by each college ((for periods of time not inconsistent with the efficient operation of the loan program, provided that such investments may be made only after all eligible students have been afforded a reasonable opportunity to apply for loans from the fund.

(2) Investment of moneys from the fund shall be confined to certificates, notes, or bonds of the United States or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States)).

((+3)) (2) Colleges shall comply with all ((other)) laws or regulations regarding the investment of state funds ((when investing uncommitted portions of the fund)).

((+4)) (3) Interest earned through such investments shall be credited to the fund.