

RECEIVED

ORDER OF THE STATE OF WISCONSIN
HIGHER EDUCATIONAL AIDS BOARD

AUG 27 1982
1:00 pm
Revisor of Statutes
Bureau

ADOPTING RULES

To repeal HEA 7.03(5), HEA 7.05(3), and HEA 7.08(3); and to amend HEA 7.04(3), HEA 7.06(3), HEA 7.06(6), and HEA 7.08(1) (intro) and (a).

Analysis prepared by the State of Wisconsin Higher Educational Aids Board:

Section 39.325, Wis. Stats., authorizes the Higher Educational Aids Board to administer a Wisconsin Health Education Assistance Loan program for students enrolled in the University of Wisconsin Medical School, the Medical College of Wisconsin and Marquette University School of Dentistry. The governing statute further stipulates that the program administered by the Board must conform to the federal statute, and resultant regulations, governing the Health Education Assistance Loan program, P.L. 94-484. The proposed repeal and amendment of rules are in response to statutory changes in the federal law, P.L. 94-484, and revenue bonding requirements. The proposed changes will bring the Wisconsin Health Education Assistance Loan program into conformance with applicable federal law and regulations.

Pursuant to the authority vested in the State of Wisconsin Higher Educational Aids Board by ss. 39.28(1) and 39.325(3) Stats. and s. 227.014(2) Stats., the State of Wisconsin Higher Educational Aids Board repeals and amends rules as follows:

SECTION 1. HEA 7.03(5) is repealed.

SECTION 2. HEA 7.04(3) is amended to read:

HEA 7.04(3) Interest. WHEAL loans shall bear interest on a fixed rate basis at ~~the lesser of 12.5 percent or the~~ a rate fixed by the board that is no more than the maximum rate determined by the secretary under 42 C.F.R. s. 60.13(a)(3). For each calendar quarter, the secretary sets the maximum annual interest rate by determining the average of the bond equivalent rates for the 91-day U.S. treasury bills auctioned for the preceding calendar quarter, adding 3.5 percentage points, and rounding that figure to the next higher one-eighth of one percent.

SECTION 3. HEA 7.05(3) is repealed.

SECTION 4. HEA 7.06(3) is amended to read:

HEA 7.06(3) Length of the Repayment Period. In general, the board shall allow a borrower at least 10 years, but not more than ~~15~~ 25 years, to repay a WHEAL loan calculated from the beginning of the repayment period. The criteria used to set the length of the repayment period within these limits are specified in 42 C.F.R. s. 60.34(b)(2). A borrower shall fully repay a loan within ~~23~~ 33

years after it is made. If a borrower receives a deferment from repayment, however, the period of the deferment shall not be included in the calculation of the 10-, ~~15~~ 25- and ~~23~~ 33-year periods.

SECTION 5. HEA 7.06(6) is amended to read:

HEA 7.06(6) Repayment Schedule Agreement. During the grace period, a borrower shall contact the board to establish the precise terms of repayment. The board shall offer a graduated repayment schedule. ~~The repayment schedule may provide for substantially equal installment payments that increase in amount over the repayment period. If a graduated repayment schedule is established, it may not provide for any single installment that is more than five times greater than any other installment.~~

SECTION 6. HEA 7.08(1) (intro.) and (b) are amended to read:

HEA 7.08 Deferment. (1) Once the repayment period has commenced, periodic installments of principal and interest may be deferred during any period:

(a) During which the borrower is pursuing a full-time course of study at an institution of higher education that is a participating school in the guaranteed student loan program; or

(b) Not in excess of 3 4 years during which the borrower is a participant in an accredited internship or residency program; or

(c) Not in excess of 3 years during which the borrower is a member of the armed forces of the United States; or

(d) Not in excess of 3 years during which the borrower is in service as a volunteer under the peace corps act; or

(e) Not in excess of 3 years during which the borrower is a member of the national health service corps; or

(f) Not in excess of 3 years during which the borrower is a full-time volunteer under title I of the domestic volunteer service act of 1973.

SECTION 7. HEA 7.08(3) is repealed.

"Note": Copies of all WHEAL application forms, promissory notes and other program materials may be obtained at no cost from:

Higher Educational Aids Board
137 East Wilson Street
P.O. Box 7858
Madison, WI 53707

EFFECTIVE DATE: As provided by s. 227.026(1) (intro.), Stats., these rules shall take effect on the first day of the month following publication in the register and shall apply to all WHEAL loans made for the 1982-83 academic year beginning after July 1, 1982.