Rules and Regulations of the State of Georgia

Department 268 GEORGIA STUDENT FINANCE COMMISSION

Current through Rules and Regulations filed through November 6, 2026

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ADMINISTRATIVE HISTORY

The **Administrative History** following each Rule gives the date on which the Rule was originally filed and its effective date, as well as the date on which any amendment or repeal was filed and its effective date. Principal abbreviations used in the Administrative History are as follows:

f. - filed

eff. - effective

R. - Rule (Abbreviated only at the beginning of the control number)

Ch. - Chapter (Abbreviated only at the beginning of the control number)

ER. - Emergency Rule

Rev. - Revised

Emergency Rules 268-10-1-0.1 entitled "Establishing School Eligibility", 268-10-2-0.2 entitled "School Eligibility Documentation Requirements", 268-10-3-0.3 entitled "Limitation, Suspension, and Termination Procedures", 268-11-2-0.4 entitled "Lender of Last Resort Program Rule", 268-11-2-0.5 entitled "School Eligibility Standards for Participation in the Assured Access Lending Program" were filed on August 31, 1992, having become effective on August 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of permanent Chapters covering the same subject matter superseding said Emergency Rule, as specified by the Agency. Said Rules were adopted to clarify the Student Loan Program. (Said Emergency Rules will not be published; copies may be obtained from the Agency.)

Emergency Rule 268-10-1-0.1 has been repealed and Chapter 268-10-1 entitled "Establishing School Eligibility", containing Rules 268-10-1-.01 to .03 adopted. Filed November 20, 1992; effective December 10, 1992.

Emergency Rule 268-10-2-0.2 has been repealed and Chapter 268-10-2 entitled "School Eligibility Documentation Requirements", containing Rules 268-10-1-.01 to .03 adopted. Filed November 20, 1992; effective December 10, 1992.

Emergency Rule 268-10-3-0.3 has been repealed and Chapter 268-10-3 entitled "Limitation, Suspension, and Termination Procedures", containing Rules 268-10-3-.01 to .10 adopted. Filed November 20, 1992; effective December 10, 1992.

Emergency Rule 268-11-1-0.4 has been repealed and Chapter 268-11-1 entitled "Lender of Last Resort Program Rule", containing Rules 268-11-1-.01 to .08 adopted. Filed November 20, 1992; effective December 10, 1992.

Emergency Rule 268-11-2-0.5 has been repealed and Chapter 268-11-2 entitled "School Eligibility Standards for Participation in the Assured Access Leading Program", containing Rules 261-11-.01 to .05 adopted. Filed November 20, 1992; effective December 10, 1992.

Cite as Ga. Comp. R. & Regs. R. dept. 268, ADMINISTRATIVE HISTORY

Chapter 268-10. .

Subject 268-10-1. ESTABLISHING SCHOOL ELIGIBILITY.

Rule 268-10-1-.01. Purpose.

The purpose of these rules is to establish the procedures required of an institution desiring to participate in the guaranteed student loan program administered by the Georgia Higher Education Assistance Corporation (GHEAC).

Cite as Ga. Comp. R. & Regs. R. 268-10-1-.01
Authority: Ga. L. 1987 p.556 (Ga. Code Ann. 20-3-261).
History. ER 268-10-1-0.1-.01 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Purpose" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-10-1-.02. Definitions.

For the purpose of these rules and regulations, the term:

(a) "Cohort Default Rate" means the percentage of current and former student borrowers who enter the repayment period in a given Federal Fiscal Year that default before the end of the following Federal Fiscal Year.

(b) Eligible Institution" means any educational institution located within or outside the state which:

1. Is approved by GHEAC pursuant to this part for purposes of the program; and

2. Has in force and effect with GHEAC, if required by the Corporation, a school agreement as prescribed by GHEAC.

(c) "Federal Act" means all provisions of the federal Higher Education Act of 1965 (P.L. 89-329), as amended, relative to state programs of low interest, guaranteed educational loans to students and parents, including rules and regulations prescribed by the secretary pursuant thereto.

(d) "Guaranty Agency" means the Georgia Higher Education Assistance Corporation (GHEAC).

(e) "Institutional Questionnaire" means a list of questions and data requirements developed by GHEAC for the purpose of obtaining information from an institution that is pertinent to evaluating the institution's administrative capabilities.

(f) "Loan" or "Educational Loan" means an obligation representing advances of money by a lender to an eligible student or eligible parent evidenced by one or more promissory notes, on note form prescribed by GHEAC, as to which the payment of principal and interest is fully guaranteed by GHEAC as evidenced by one or more loan guarantees issued by GHEAC and reinsured by the secretary to the maximum extent permitted under the federal act but in any event so reinsured for not less than 80 percent of principal and interest. In the event of the purchase and sale or the pledge or assignment of such loans or a participating interest in such loans, the term shall include contingent interests, security interests, pledges, commitments, chooses in action, or other property interest in such loans.

(g) "Loan Guaranty" means the document or endorsement issued by GHEAC as evidence of the guaranty by GHEAC of an educational loan to be made by a lender to an eligible student of eligible parent. The term guaranty shall have the same meaning as "insurance," as such term is used in the federal act, and be synonymous therewith.

(h) "Parent" or "Eligible Parent" means a parent of an eligible student who qualifies for an educational loan under the federal act and regulations prescribed by GHEAC.

(i) "Program" means the Georgia Higher Education Loan Program as provided for in the federal act.

(j) "Secretary" means the United States secretary of education or any other official succeeding to the powers of such secretary under the federal act.

(k) "Student" or "Eligible Student" means a student who:

1. Qualifies for an educational loan; and

2. Is a resident of the state or, if not a resident of the state, is enrolled in or accepted for enrollment in a school located within the state.

Cite as Ga. Comp. R. & Regs. R. 268-10-1-.02
Authority: Ga. L. 1987 p. 556 (Ga. Code Ann. 20-3-261).
History. ER 268-10-1-0.1-.02 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Definitions" adopted. Filed Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-10-1-.03. Establishing School Eligibility.

(1) A school must establish eligibility te participate in the Georgia Program before the Georgia Higher Education Assistance Corporation (GHEAC) will guarantee loans for its students or their parents (borrowers). A school is required to establish eligibility if:

(a) The school has never participated in the GHEAC program; or

(b) The school has previously participated, but no loans have been guaranteed to borrowers attending that school within the last twelve months.

(2) U.S. Department of Education (ED) approval to participate in Title IV Student Aid Programs does not automatically result in approval to participate in the Georgia Program.

(3) To establish eligibility to participate in the Georgia Program, a school must first provide GHEAC with a letter requesting approval to participate. GHEAC will respond by providing the school with an Institutional Questionnaire and a list of required documentation.

(4) Schools desiring to participate in the Georgia Program must demonstrate eligibility by completing the Institutional Questionnaire and submitting all required documentation.

(5) GHEAC may waive the letter requesting approval, the Questionnaire, and the documentation requirements if the applicant school:

(a) Has a cohort default rate of 15% or less;

(b) Is either a branch location of an institution which has been an active participant in the Georgia Program for at least three years or is a freestanding institution which has been an active participant in another guarantor's guaranteed student loan program during the past three years, or;

(c) GHEAC has not received any consumer complaints, program reviews by GHEAC or others indicating program administration problems, or other information indicating the institution may lack the skills or capacity to properly administer student aid programs as required under 34 CFR 668.14 and .15.

(6) GHEAC will review the application materials to determine whether the school satisfies the definition of an "eligible institution" as established in federal regulations at 34 CFR 600.2 and 34 CFR 668. Submission of a complete and accurate application (including all requested documentation) will assist with the review process. Financial statements for the current fiscal year are expected to be completed within four months of the end of the fiscal year. Eligibility will be denied should the school fail to provide GHEAC with any requested documentation.

(7) Specifically, GHEAC's eligibility review will emphasize whether the school demonstrates that it:

(a) Is currently certified by ED to participate in the Guaranteed Loan Programs;

(b) Is currently licensed, as required, to provide postsecondary education in the state in which it operates;

(c) Is currently accredited or pre-accredited with an ED approved national accreditation agency;

(d) Meets financial responsibility requirements described at 34 CFR 668.13;

(e) Meets the administrative capability requirements at 34 CFR 668.14 and 668.15;

(f) Secured independent biennial financial and compliance audits of its Title IV programs;

(7) Only schools which can demonstrate they meet federal eligibility requirements will be accepted for participation in the Georgia Program. GHEAC determines if the school meets federal eligibility requirements using the criteria specified in 34 CFR 668 .13-15.

However, the determination will be independent of any determination made by ED. Schools with weaknesses may be subject to denial of participation or, depending on the degree of weaknesses, to a volume limit.

(8) If GHEAC denies a request for participation or approves only limited participation in the Georgia Program by a school:

(a) The reason for the decision will be included in GHEAC's response to the request; and

(b) GHEAC will provide an opportunity for the school to meet with a designated GHEAC official to appeal that decision. GHEAC does not, however, grant an opportunity for appeal, or give reasons for denying the participation or approving only the limited participation of a school, if the school submits its request within six months of a previous denial or limited approval.

Cite as Ga. Comp. R. & Regs. R. 268-10-1-.03
Authority: Ga. L. 1987 p. 556 (Ga. Code Ann. 20-3-261).
History. ER 268-10-1-0.1-.03 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Establishing School Eligibility" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Subject 268-10-2. SCHOOL ELIGIBILITY DOCUMENTATION REQUIREMENTS.

Rule 268-10-2-.01. Purpose.

The purpose of this rule is to set forth the necessary information that an institution must provide the Georgia Higher Education Assistance Corporation (GHEAC) in order to be considered for eligibility to participate in the Guaranteed Student Loan Program.

Cite as Ga. Comp. R. & Regs. R. 268-10-2-.01
Authority: Ga. L. 1987 p. 564 (Ga. Code Ann. 20-3-261).
History. ER 268-10-2-0.2-.01 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Purpose" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-10-2-.02. Definitions.

For the purposes of these rules and regulations, the term:

(a) "Ability to Benefit Policies" means policies that an institution must have established in the event the institution admits, as a regular student, a person who does not have a high school diploma or its equivalent at the time of admission to determine whether that person has the ability to benefit from the education or training the institution offers.

(b) "Eligibility Letter" means a valid agreement with the United States Department of Education authorizing participation in the Guaranteed Student Loan Program.

(c) "Institutional Questionnaire" means a list of questions and data requirements developed by GHEAC for the purpose of obtaining information from an institution that is pertinent to evaluating the institution's administrative capabilities.

(d) "Program Participation Agreement" means a written agreement on a form approved by the Secretary which an eligible institution must enter into with the Secretary, in order to participate in any of the Title IV student assistance programs.

(e) "Refund Policy" means the establishment of a fair and equitable refund policy for making a refund of unused tuition, fees, and room and board charges to a student who receives a loan and does not enroll for the academic period for which the loan was intended; or who does not complete the academic period for which the loan was made.

(f) "Satisfactory Academic Progress" means a quantitative and qualitative evaluation of a student's grades, work projects completed, or comparable factors measured within a maximum time frame during which the student must complete his/her educational objectives.

Cite as Ga. Comp. R. & Regs. R. 268-10-2-.02
Authority: Ga. L. 1987 p. 564 (Ga. Code Ann. 20-3-261).
History. ER 268-10-2-0.2-.02 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Definitions" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-10-2-.03. School Eligibility Documentation Requirements.

To apply for eligibility to participate in the GHEAC Programs, an institution must complete the Institutional Questionnaire and provide the following documentation:

(a) Annual Report prepared by the institution or by the institution's accrediting agency, if the accrediting agency requires such a report;

(b) All the admission tests and, particularly those utilized for students who have not earned a high school diploma or GED;

(c) Most recent Eligibility Letter and Program Participation Agreement from the U.S. Department of Education;

(d) Copy of any student enrollment contracts; if applicable;

(e) Current school catalog (curriculum information, including courses offered and length of program);

(f) Letter(s) of accreditation application(s), and most recent certificate(s);

(g) All financial aid brochures available to students;

(h) Most recent Fiscal Operations Report;

(i) Refund Policy;

(j) Tropical financial aid packet given to students;

(k) Audited financial statements for the two most recent fiscal years, including Balance Sheet, Income Statement, Cash Flow Statement, and Notes to Financial Statements. Copies of same are also required of the institution's parent company, if any. Tax returns for the two most recent fiscal years must also be provided. If the school is a proprietary institution and newly incorporated, personal financial statements of the primary owner and all shareholders owning 10% or more of the common stock;

(l) Most recent program reviews and audits available from all of the following sources:

1. U.S. Department of Education;
2. Other guarantee agencies;
3. Accreditation agencies;
4. State licensing agencies;

(m) Most recent Auditor's Report as required under 34 CFR 668.23(d)(1), including Statement of Changes in Student Financial Aid (SFA) Program Fund Balances, and Auditor's Report on Internal Control used in Administering Student Financial Assistance Programs;

(n) Statement which declares that the owner (if proprietary institution) or chief executive officer (all other institutions) has not been convicted of a felony;

(o) Brief description of the institution's entrance and exit counseling and copies of all materials used in this counseling;

(p) Description of the advertising activities in which the institution has engaged during the past year. Also attach examples of any print advertising use during this period. If the

institution utilizes commissioned sales representatives in the recruitment of students, include a description of the involvement of such individuals in admissions decisions, in decisions to award student financial assistance, and in presenting financial aid information to prospective students;

(q) Any Student Consumer Information including the following (if not in the school catalog):

1. Satisfactory Progress Standards;
2. Leave of Absence Policy;
3. Admission's Policies;
4. Ability to Benefit Policies;
5. Attendance Policies

Cite as Ga. Comp. R. & Regs. R. 268-10-2-.03
Authority: Ga. L. 1987 p. 564 (Ga. Code Ann. 20-3-261).
History. ER 268-10-2-0.2-.03 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "School Eligibility Documentation Requirements" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Subject 268-10-3. LIMITATION, SUSPENSION, AND TERMINATION PROCEDURES.

Rule 268-10-3-.01. Purpose.

These procedures establish the standards for the administrative actions of Georgia Higher Education Assistance Corporation (GHEAC) in limitation, suspension, or termination of the eligibility of an otherwise eligible school or lender to participate in the GHEAC Stafford, PLUS, and Supplemental Loan for Students (SLS) Loan Programs.

Cite as Ga. Comp. R. & Regs. R. 268-10-3-.01
Authority: Ga. L. 1987 p. 564 (Ga. Code Ann. 20-3-266).
History. ER 268-10-3-0.3-.01 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Purpose" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-10-3-.02. Definitions.

The following definitions are used in these procedures:

(a) "Act" is The Higher Education Act of 1965, as amended, and the accompanying regulations.

(b) "Designated GHEAC Official" means an individual specifically named or designated by title or position to whom the responsibility for initiating and pursuing limitation, suspension, and termination procedures has been delegated.

(c) "Eligible Institution" means an eligible institution as defined in the Act.

(d) "Eligible Lender" means an eligible lender as defined in the Act.

(e) "GHEAC" means the Georgia Higher Education Assistance Corporation.

(f) "Limitation" means the imposition of specified conditions or special requirements for the continued participation of a school or lender in the GHEAC program.

(g) "PLUS Loans" means educational loans authorized by the federal and state governments to help parents of dependent undergraduate or graduate students pay the costs of education beyond high school.

(h) "Presiding Officer" means an impartial person who has no prior involvement with the facts giving rise to a limitation, suspension or termination proceeding and who is selected by the Executive Director of GHEAC to conduct a hearing.

(i) "SLS Loans" means supplemental loans for students authorized by the federal and state governments to help independent undergraduate, graduate and professional students pay the costs of education beyond high school.

(j) "Stafford Loans" means a low interest, educational loan, authorized by the federal and state governments to help students who demonstrate financial need pay the costs of education beyond high school.

(k) "Suspension" means the removal of a school or lender from participation in the GHEAC program for a specified period of time or until specified conditions are met.

(l) "Termination" means the removal of a school or lender from further participation in the GHEAC program for an indefinite period of time.

Cite as Ga. Comp. R. & Regs. R. 268-10-3-.02
Authority: Ga. L. 1987 p. 564 (Ga. Code Ann. 20-3-266).
History. ER 268-10-3-0.3-.02 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Definitions" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-10-3-.03. Grounds for Administrative Action.

Proceedings to limit, suspend, or terminate the eligibility for participation of a school or lender in the GHEAC program may be initiated on any of the following grounds: violation of any provision of the Act; violation of any rule, regulation, policy or procedure of GHEAC; violation of any special arrangement, agreement or limitation prescribed under the Act or GHEAC's rules, regulations, policies or procedures; failure to provide information reasonably required or requested by GHEAC to administer the program; or, failure to respond or adequately respond to a program review report issued by GHEAC.

Cite as Ga. Comp. R. & Regs. R. 268-10-3-.03
Authority: Ga. L. 1987 p. 564 (Ga. Code Ann. 20-3-266).
History. ER 268-10-3-0.3-.03 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Grounds for Administrative Action" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-10-3-.04. Informal Compliance Procedure.

At GHEAC's option, if GHEAC receives a complaint, or other information that GHEAC believes to be reliable, indicating that a school or lender may be violating applicable laws, regulations, special arrangements, agreements or limitations, GHEAC may give the school or lender an opportunity to either respond to the complaint, show that the matter has been corrected, or submit an acceptable plan to correct the violation and prevent its recurrence. Limitation, suspension, or termination procedures need not be delayed during the informal compliance procedure if GHEAC believes the delay would harm GHEAC's program or would not correct the alleged violation.

Cite as Ga. Comp. R. & Regs. R. 268-10-3-.04
Authority: Ga. L. 1987 p. 564 (Ga. Code Ann. 20-3-266).
History. ER 268-10-3-0.3-.04 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Informal Compliance Procedure" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-10-3-.05. Emergency Action.

Immediate suspension may be imposed by a designated GHEAC official on a school or lender when it is determined that the alleged violation is of a magnitude and/or severity to create a likelihood of substantial losses to GHEAC, the U.S. Department of Education, or borrowers. The designated GHEAC official making the determination shall notify the school or lender of the suspension by certified mail, with return receipt requested, of the action and the reasons for same. The effective date of suspension shall be the date the notice is mailed. Limitations on emergency suspension action are as follows:

(a) The emergency action may not exceed 30 days unless a limitation, suspension, or termination proceeding is begun before the emergency period expires. In that event, the action may be extended until the conclusion of the process, including any appeal that may be made to GHEAC.

(b) If a limitation, suspension, or termination proceeding is begun, GHEAC shall provide the school or lender, upon request, an opportunity to demonstrate that the emergency action is unwarranted.

Cite as Ga. Comp. R. & Regs. R. 268-10-3-.05
Authority: Ga. L. 1987 p. 564 (Ga. Code Ann. 20-3-266).
History. ER 268-10-3-0.3-.05 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Emergency Action" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-10-3-.06. Suspension.

This action is limited to a period of time not exceeding 60 days unless the school or lender and the designated GHEAC official agree to an extension or the designated GHEAC official commences limitation or termination proceedings before the suspension period expires. In that event, the suspension may be extended until such time as all steps in the limitation or termination procedures are exhausted. Procedures for suspension are as follows:

(a) The designated GHEAC official shall notify the school or lender by certified mail, with return receipt requested, of GHEAC's intent to suspend the school or lender, citing the consequences of that action and identifying the acts or circumstances on which the proposed action is based. The initially designated beginning date of a suspension shall not be less than 20 days from the date the letter of intent is mailed.

(b) The school or lender which has received a suspension notice may request a hearing before a presiding officer and/or submit written material for consideration by the designated GHEAC official. If the school or lender submits written material and/or requests a hearing within 15 days of the suspension notice being mailed, the designated suspension date will automatically be delayed until after a final decision is issued.

(c) If the school or lender does not request a hearing but submits written material, the designated GHEAC official considers that material and notifies the school or lender that either the proposed suspension is dismissed or the suspension is effective as of the specified date. If the suspension is upheld, the school or lender may still request a hearing and have the suspension deferred until hearing proceedings are completed, provided that the school or lender makes the request for a hearing within 10 days of receiving notice of the suspension being upheld.

(d) If, under any of the cited circumstances as set forth herein, the school or lender requests a hearing, the date of the hearing will be at least 15 days after the request is received. Procedures for the hearing are as follows:

1. A presiding officer will conduct the hearing. A taped or stenographic record of the hearing will be made. Any party requesting a transcription or copy of the record must pay any associated costs.

2. The presiding officer will consider any written material properly presented to the presiding officer prior to the hearing and all evidence presented at the hearing. If evidence is received by the presiding officer prior to the hearing, it shall become a part of the hearing record and shall be identified on the record before all parties at the commencement of the hearing.

3. The presiding officer will make a recommendation to the Executive Director of GHEAC to either uphold the suspension or to overturn it.

4. The Executive Director of GHEAC will review the recommendation and issue a final decision as supported by the presiding officer's recommendation and the evidence available.

5. If the final decision is to suspend the school or lender, GHEAC will promptly notify the school or lender by certified mail with return receipt requested, and the suspension takes effect on the date that was originally set by the designated GHEAC official or immediately upon the date of mailing of the final decision notice, whichever is later.

Cite as Ga. Comp. R. & Regs. R. 268-10-3-.06
Authority: Ga. L. 1987 p. 564 (Ga. Code Ann. 20-3-266).
History. ER 268-10-3-0.3-.06 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Suspension" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-10-3-.07. Limitation or Termination.

A termination removes the eligibility of the school or lender to participate in the GHEAC program for an indefinite period of time. A limitation may place a restriction on the amount or number of loans or any other reasonable restrictive requirements or conditions for an indefinite period of time. Procedures for limitation or termination are as follows:

(a) The designated GHEAC official notifies the school or lender by certified mail, with return receipt requested, of GHEAC's intent to impose limitations or terminate the school's or lender's participation in the GHEAC program, citing the consequences of the intended action and identifying the acts or circumstances on which the proposed action is based.

The initially designated beginning date of the limitation or termination shall not be less than 20 days from the date the letter of intent is mailed.

(b) The school or lender which has received a limitation or termination notice may request a hearing before a presiding officer and/or submit written material for consideration by the designated GHEAC official. If the school or lender submits written material and/or requests a hearing within 15 days of the limitation or termination notice being mailed, the designated limitation or termination date will automatically be delayed until alter a final decision is issued.

(c) If the school or lender does not request a hearing but submits written material, the designated GHEAC official considers that material and notifies the school or lender that either the proposed limitation or termination is dismissed or the limitation or termination is effective as of a specified date. If the limitation or termination is upheld, the school or lender may still request a hearing and have the limitation or termination deferred until hearing proceedings are completed, provided that the school or lender makes the request for a hearing within 10 days of receiving notice of the limitation or termination being upheld.

(d) If, under any of the cited conditions as set forth herein, the school or lender requests a hearing, the date of the hearing will be at least 15 days after the request is received. Procedures for the hearing are as follows:

1. A presiding officer will conduct the hearing. A taped or stenographic record of the hearing will be made. Any party requesting a transcription or copy of the record must pay any associated costs.

2. The presiding officer will consider any written material properly presented to the presiding officer prior to the hearing and all evidence presented at the hearing. If evidence is received by the presiding officer prior to the hearing, it shall become a part of the hearing record and shall be identified on the record before all parties at the commencement of the hearing.

3. The presiding officer will make a recommendation to the Executive Director of GHEAC to uphold the limitation or termination, overturn it, impose a different limitation or impose a suspension. The presiding officer may also make a recommendation of corrective action by the school or lender, but may not recommend compromise of any amount owed by the school or lender as reimbursement of funds improperly claimed, received, withheld, disbursed or caused to be disbursed.

4. The Executive Director of GHEAC will review the recommendation and issue a final decision, including required corrective action as appropriate, as supported by the presiding officer's recommendation and the evidence available.

5. If the final decision is to limit or terminate the school or lender, GHEAC will promptly notify the school or lender by certified mail with return receipt requested,

and the limitation or termination takes effect on the date that was originally set by the designated GHEAC official or immediately upon the date of mailing of the final decision notice, whichever is later.

(e) With the approval of the presiding officer and the consent of the designated GHEAC official and the school or lender, any time schedule specified in this Section may be shortened.

Cite as Ga. Comp. R. & Regs. R. 268-10-3-.07
Authority: Ga. L. 1987 p. 564 (Ga. Code Ann. 20-3-266).
History. ER 268-10-3-0.3-.07 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Limitation or Termination" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-10-3-.08. Appeals in a Limitation or Termination Proceeding.

A school or lender may appeal a final decision to limit or terminate its participation in the GHEAC program. GHEAC must be notified of the appeal within 20 days of the effective date of the limitation or termination action. Upon receipt of an appeal, the procedures are as follows:

(a) The presiding officer will set a time period for the appealing school or lender to submit additional written material, including exceptions to the initial decision, proposed findings and conclusions, and supporting briefs and statements.

(b) The presiding officer will review the materials and makes a recommendation to the Executive Director.

(c) The Executive Director issues a final decision, affirming, modifying or revising the initial decision, including a statement of the reasons for the decision.

(d) Any party submitting materials to GHEAC must provide copies to each party participating in the hearing.

(e) If the initial decision would limit or terminate the school's or lender's eligibility, it does not take effect pending the appeal, unless the Executive Director of GHEAC determines that a stay of the effective date would seriously and adversely affect the GHEAC program.

Cite as Ga. Comp. R. & Regs. R. 268-10-3-.08
Authority: Ga. L. 1987 p. 564 (Ga. Code Ann. 20-3-266).
History. ER 268-10-3-0.3-.08 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Appeals in a Limitation or Termination Proceeding" adopted. F. Nov. 20,

1992; eff. Dec. 10, 1992.

Rule 268-10-3-.09. Removal of Limitations.

If GHEAC does not set a time for the expiration of a limitation imposed on a school or lender, the school or lender may request removal of any limitation imposed under these procedures anytime more than 12 months after the effective date of the limitation. Procedures for such request are as follows:

(a) The request must be in writing and state what the school or lender has done to correct the deficiencies on which the limitation was based.

(b) Within 30 days of receiving such a request, GHEAC will grant the request, deny the request, or grant the request subject to other limitations.

(c) If GHEAC denies the request or establishes other limitations, the school or lender, if it so requests, will be given an opportunity to show why the limitations should be removed.

(d) Pending any request under this Section, the school or lender may continue to participate in the GHEAC programs, subject to the limitations.

Cite as Ga. Comp. R. & Regs. R. 268-10-3-.09
Authority: Ga. L. 1987, p. 564 (Ga. Code Ann. 20-3-266).
History. ER 268-10-3-0.3-.09 was F. Aug. 31, 1992; eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Removal of Limitations" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-10-3-.10. Reinstatement After Termination.

A school or lender whose eligibility for participation in the GHEAC program has been terminated may file, no sooner than 18 months after the effective date of its termination, a request for reinstatement of its eligibility. The procedures for such a request are as follows:

(a) The request must be in writing and:

1. State what the school or lender has done to correct the deficiencies on which the termination was based;

2. Substantiate that the school or lender meets all other qualifications for eligibility.

(b) Within 60 days of receiving a reinstatement request, GHEAC will grant the request, deny the request, or grant the request subject to limitations.

(c) If GHEAC denies the request or establishes other limitations, the school or lender, if it so requests, will be given an opportunity to show why the limitations should be removed.

(d) A school whose eligibility for participation has been terminated both as a school and as a lender may not be reinstated as a lender until it has been reinstated as a participating school. However, the school may request reinstatement as both a school and a lender at the same time.

(e) A school or lender whose eligibility to participate in the GHEAC program is reinstated subject to limitations may participate in the program, subject to the limitations, pending a decision by GHEAC on any request under this section.

Cite as Ga. Comp. R. & Regs. R. 268-10-3-.10
Authority: Ga. L. 1987 p.564 (Ga. Code Ann. 20-3-266).
History. ER 268-10.3 -0.3-.10 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Reinstatement After Termination" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Chapter 268-11. .

Subject 268-11-1. LENDER OF LAST RESORT PROGRAM RULE.

Rule 268-11-1-.01. Legislative Authority.

(1) The Federal laws and regulations governing the student loan programs require the Georgia Higher Education Assistance Corporation (GHEAC) to ensure that it, or an eligible lender under section 435(g)(1)(D) of the Act, serves as a lender of last resort (LLR) in its State. [Reference: Act 428(j) and 34 CFR 682.401(c)(1)]

(2) GHEAC has designated the Georgia Student Finance Authority (GSFA) as the LLR in the GHEAC service area. [Reference: 34 CFR 682.401(c)(3) and Bulletin 88-G-153 (LD)]

Cite as Ga. Comp. R. & Regs. R. 268-11-1-.01
Authority: Ga. L. 1987 p. 589 (Ga. Code Ann. 20-3-316).
History. ER 268-11-1-0.4-.01 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Legislative Authority" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-11-1-.02. Definitions.

(1) "Act" or "Federal Act" means Title IV, Part B, of the Higher Education Act of 1965, (P.L. 89-329) as amended, (20 U.S.C. 1071*et seq*).

(2) "Authority" means the Georgia Student Finance Authority created by Georgia Code Section 20-3-313.

(3) "Borrower" means an eligible student or eligible parent who has obtained an educational loan.

(4) "Certification" means the act of confirming formally by signing one's name certain information as true, accurate, or genuine.

(5) "Cohort Default Rate" means the percentage of current and former student borrowers who enter the repayment period in a given Federal Fiscal Year that default before the end of the following Federal Fiscal Year.

(6) "Corporation" means the Georgia Higher Education Assistance Corporation created by Georgia Code Section 20-3-263.

(7) "Credit Report" means a report of an applicant's consumer credit history obtained from a credit reporting agency.

(8) "Credit Worthy" means the condition of an applicant who has been deemed able to repay an educational loan based upon an evaluation of the applicant's credit history.

(9) "Default" means the term "default" as defined in 34 CFR 682.200(b).

(10) "Derogatory Credit" means an applicant's credit history that reflects a negative payment record in accordance with the GSFA credit policy.

(11) "Federal Interest Benefits" means quarterly interest payments made to the lender by the federal government on behalf of the Stafford borrower while the borrower is enrolled at least half-time in an eligible school, during the grace period, and during any authorized period of deferment.

(12) "Loan" or "Educational Loan" means an obligation representing advances of money by a lender to an eligible student or eligible parent evidenced by one or more promissory note, on note forms prescribed by the corporation, as to which the payment of principal and interest is fully guaranteed by the corporation as evidenced by one or more loan guarantees issued by the corporation and reinsured by the secretary to the maximum extent permitted under the federal act, but in any event so reinsured for not less than 80 percent of principal and interest. In the event of the purchase and sale or the pledge or assignment of such loans or a participating interest in such loans, the term shall include contingent interests, security interests, pledges, commitments, chooses in action, or other property interests in such loans.

(13) "Overaward" means any disbursement that exceeds the amount of assistance for which a student is eligible, taking into account other financial aid awarded to the student.

(14) "PLUS Loans" means educational loans authorized by the federal and state governments to help parents of dependent under-graduate or graduate students pay the costs of education beyond high school.

(15) "Refund" means that amount of tuition and fees paid by a student to a school for an attendance period that is due to be returned to the student because of his/her withdrawal from the school before the end of the attendance period. By applying for a Stafford loan, a borrower authorizes the school to pay directly to the lender that portion of a refund that is allocable to the loan.

(16) "Secretary" means the United States secretary of education or any official succeeding to the powers of such secretary under the federal act.

(17) "SLS Loans" means supplemental loans for students authorized by the federal and state governments to help independent undergraduate, graduate, and professional students pay the costs of education beyond high school.

(18) "Stafford Loans" means a low interest, educational loan, authorized by the federal and state governments to help dependent students who demonstrate financial need pay the costs of education beyond high school.

Cite as Ga. Comp. R. & Regs. R. 268-11-1-.02
Authority: Ga. L. 1987 p. 589 (Ga. Code Ann. 20-3-316).
History. ER 268-11-1-0.4-.02 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Definitions" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-11-1-.03. School Eligibility.

Georgia educational institutions that are deemed eligible institutions by GHEAC but that are deemed ineligible for student participation in the GSFA Assured Access Lending Program, may be eligible for participation under the LLR program.

Cite as Ga. Comp. R. & Regs. R. 268-11-1-.03
Authority: Ga. L. 1987 p. 589 (Ga. Code Ann. 20-3-316).
History. ER 268-11-1-0.4-.03 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "School Eligibility" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-11-1-.04. LLR Eligibility Requirements.

(1) The school/branch must first be approved as an eligible institution by GHEAC and subject to the GHEAC "School Eligibility Requirements Policy"; and

(2) The school does not meet the GSFA Assured Access Lending Program criteria; and

(3) The school is located in Georgia; and

(4) School eligibility decisions will be made at least twice annually when new cohort default rates are made available by GHEAC and when new cohort default rates are made available by the U.S. Department of Education.

Cite as Ga. Comp. R. & Regs. R. 268-11-1-.04
Authority: Ga. L. 1987 p. 589 (Ga. Code Ann. 20-3-316).
History. ER 268-11-10.4-.04 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "LLR Eligibility Requirements" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-11-1-.05. Loan Types.

(1) GSFA will make subsidized Stafford loans pursuant to this LLR policy to any eligible student who qualifies for Federal interest benefits for a loan amount of at least $200. [Reference: 34 CFR 682.401(c)(2)(A) and (B)]

(2) GSFA will NOT make PLUS or Supplemental Loans for Students (SLS) loans under the LLR policy.

Cite as Ga. Comp. R. & Regs. R. 268-11-1-.05
Authority: Ga. L. 1987 p. 589 (Ga. Code Ann. 20-3-316).
History. ER 268-11-1-0.4-.05 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Loan Types" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-11-1-.06. Borrower Eligibility.

(1) To qualify for a Stafford Loan and Federal interest benefits under the LLR Program, a student must meet all eligibility requirements prescribed by Federal and State laws and regulations and GHEAC policies and procedures governing the guaranteed student loan program and the additional eligibility requirements listed below.

(2) The applicant must submit a properly completed GHEAC Stafford Loan Application to GSFA.

(3) In accordance with [34 CFR 682.401(c)(2)(B)] the applicant must have made conscientious efforts to obtain a loan from another eligible lender for the same period of enrollment. This requirement will be met as follows:

(a) GSFA will require the applicant to complete and sign a "Student Certification and Request for Lender of last Resort Stafford Loan Processing" form. This must be an original form and must be fully completed and attached to the Stafford loan application when submitted to GSFA for processing. The student is required to certify that he/she is an eligible student, attending a school located in Georgia, and that he/she has contacted an eligible Georgia lender, has asked if that lender would make a student loan under the circumstances of his/her enrollment, and has been told the lender would not.

(4) The total financial situation of the applicant will be reviewed to ensure the applicant does not have derogatory credit. [Reference: Act 428(a)(6)]

(a) GSFA will obtain a credit report from a credit reporting agency.

(b) The applicant's credit report will be evaluated by a loan officer in accordance with the GSFA credit policy.

(c) Applicants who are deemed to have derogatory credit under the evaluation, will receive a denial notification letter in compliance with the Federal Fair Credit Opportunity Act.

(5) The applicant must receive a loan counseling interview as follows:

(a) A GSFA debt management/loan counselor will conduct an interview with the applicant by telephone in accordance with established counseling procedures, including but not limited to discussion of:

1. Acknowledgement by the applicant of the loan obligation and that it must be repaid;

2. The fees that will be deducted from the loan proceeds;

3. The estimate minimum monthly payment;

4. Student borrower responsibilities pertaining to name or address chances and withdrawal from school; and

5. The consequences of default.

(b) The applicant will provide references on the loan application and those references will be contacted by the GSFA loan counselor, who will verify the applicant's and references' addresses and the references' relationship to the applicant.

(c) If the counselor is unable, alter numerous attempts, to contact the applicant, GSFA will send a follow up letter advising the applicant that the loan will not be processed unless counseling is accomplished within or prior to five working days of the GHEAC loan application deadline.

Cite as Ga. Comp. R. & Regs. R. 268-11-1-.06
Authority: Ga. L. 1987 p. 589 (Ga. Code Ann. 20-3-316).
History. ER 268-11-1-0.4-.06 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Borrower Eligibility" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-11-1-.07. Loan Origination and Servicing.

(1) To obtain a loan guarantee commitment from GHEAC, applications will be processed as follows:

(a) Properly completed applications (including submission of a properly completed and signed by the student "Student Certification and Request for Lender of Last Resort Stafford Loan Processing" form) must be submitted by the student or the school.

(b) Applications must be received by GSFA by the 20th day of the month preceding the last month of the loan period.

(c) Applications will be processed in date-received order.

(d) Additional relevant documents may be required from the student.

(e) Financial evaluation and counseling will be performed prior to the GHEAC loan application deadline. [Reference: Act 428(a)(6)] GSFA may consider special circumstances leading to derogatory credit, i.e., the applicant's past attempts to repay other debts (if any), and any financial or personal hardship the applicant may have experienced, within the GHEAC guarantee deadline. [Reference: private letter guidance-Michael J. Farrell, April 26, 1991.]

(f) A GSFA loan officer will sign the application prior to submitting it to GHEAC for guarantee.

(g) GSFA will NOT approve/request a late disbursement on LLR loans.

(h) A student may be denied due to:

1. Derogatory credit;

2. Prior educational loan default;

3. Failure to complete corrections in a timely manner; or

4. Receipt of application after the deadline.

(i) Disbursements will be ma de in accordance with Federal and State laws and regulations governing the guaranteed student loan program and in accordance with GHEAC policies and procedures.

(j) Refunds and overawards shall be processed in accordance with GHEAC policies and procedures and Federal and State laws and regulations governing the student loan program.

(2) LLR loans will be serviced and due diligence performed in accordance with GSFA loan servicing procedures, the Federal and State laws and regulations, and GHEAC policies and procedures governing the guaranteed student loan program.

Cite as Ga. Comp. R. & Regs. R. 268-11-1-.07
Authority: Ga. L. 1987 p. 589 (Ga. Code Ann. 20-3-316).
History. ER 268-11-1-0.4-.07 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Loan Origination and Servicing" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-11-1-.08. Termination of School Eligibility in the LLR Program.

GSFA will have the authority to terminate any institution from the LLR program in accordance with the Act and its regulations, as amended.

Cite as Ga. Comp. R. & Regs. R. 268-11-1-.08
Authority: Ga. L. 1987 p. 589 (Ga. Code Ann. 20-3-316).
History. ER 268-11-1-0.4-.08 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Termination of School Eligibility in the LLR Program" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Subject 268-11-2. SCHOOL ELIGIBILITY STANDARDS FOR PARTICIPATION IN THE ASSURED ACCESS LENDING PROGRAM.

Rule 268-11-2-.01. Purpose.

The purpose of these rules is:

(a) to establish the procedures required of an institution desiring to participate in the Assured Access Lending Program; and

(b) to establish the standards required for an institution to maintain its continued participation in the Assured Access Lending Program.

Cite as Ga. Comp. R. & Regs. R. 268-11-2-.01
Authority: Ga. L. 1987 p.589 (Ga. Code Ann. 20-3-316).
History. ER 268-11-2-0.5-.01 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Purpose" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-11-2-.02. Legislative Authority.

(1) Under the federal Higher Education Act of 1965 (P.L. 89-329), as amended, the Georgia Student Finance Authority (GSFA) is an eligible lender in the guaranteed student loan programs. All loans are guaranteed by the Georgia Higher Education Assistance Corporation (GHEAC), the guaranty agency in the State of Georgia. [Reference: 435(g)(1)(D)]

(2) GHEAC has designated GSFA as the lender of last resort (LLR) in the GHEAC service area. [Reference: Act 428(j); 34 CFR 682.401(c)(3); and Bulletin 88-G-153 (LD)]

Cite as Ga. Comp. R. & Regs. R. 268-11-2-.02
Authority: Ga. L. 1987 p. 589 (Ga. Code Ann. 20-3-316).
History. ER 268-11-2-0.5-.02 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Legislative Authority" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-11-2-.03. Definitions.

(1) "Act" or "Federal Act" means Title IV, Part B of the Higher Education Act of 1965, (P. L. 89-329) as amended, (20 U.S.C. 1071*et seq*).

(2) "Assured Access" or "Assured Access Lending Program" means, subject to available funding and in accordance with federal and state rules and regulations governing the programs, GSFA will make Stafford, PLUS, and SLS loans to any eligible student (or to the parent on behalf of the eligible student) for attendance at a postsecondary institution that is eligible to participate in the guaranteed student loan programs.

(3) "Authority" means the Georgia Student Finance Authority created by Georgia Code Section 20-3-313.

(4) "Borrower" means an eligible student or eligible parent who has obtained an educational loan.

(5) "Cohort Default Rate" means the percentage of current and former student borrowers who enter the repayment period in a given Federal Fiscal Year that default before the end of the following Federal Fiscal Year.

(6) "Corporation" means the Georgia Higher Education Assistance Corporation created by Georgia Code Section 20-3-263.

(7) "Loan" or "Educational Loan" means an obligation representing advances of money by a lender to an eligible student or eligible parent evidenced by one or more promissory note, on note forms prescribed by the corporation, as to which the payment of principle and interest is fully guaranteed by the corporation as evidenced by one or more loan guarantees issued by the corporation and reinsured by the secretary to the maximum extent permitted under the federal act, but in any event so reinsured for not less than 80 percent of principal and interest. In the event of the purchase and sale or the pledge or assignment of such loans or a participating interest in such loans, the term shall include contingent interests, security interests, pledges, commitments, and chooses in action, or other property interest in such loans.

(8) "Loan Guaranty" means the document or endorsement issued by GHEAC as evidence of the guaranty by GHEAC of an educational loan to be made by an eligible lender to an eligible student or eligible parent. The term "guaranty" shall have the same meaning as "insurance," as such term is used in the Act, and be synonymous therewith.

(9) "PLUS Loans" means educational loans authorized by the federal and state governments to help parents of dependent under-graduate or graduate students pay the costs of education beyond high school.

(10) "Secretary" means the United States secretary of education or any official succeeding to the powers of such secretary under the federal act.

(11) "SLS Loans" means supplemental loans for students authorized by the federal and state governments to help independent undergraduate, graduate and professional students pay the costs of education beyond high school.

(12) "Stafford Loans" means a low interest, educational loan, authorized by the federal and state governments to help dependent students who demonstrate financial need pay the costs of education beyond high school.

Cite as Ga. Comp. R. & Regs. R. 268-11-2-.03
Authority: Ga. L. 1987 p. 589 (Ga. Code Ann. 20-3-316).
History. ER 268-11-2-0.5-.03 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for

a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Definitions" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-11-2-.04. School Eligibility.

(1) A school is eligible to participate in Assured Access if it meets the following criteria:

(a) The school is a Georgia located institution;

(b) The school has established and maintained eligibility with the U.S. Department of Education to participate in the guaranteed student loan programs for at least three (3) years prior to the completion of the last federal fiscal year; and

(c) The school has established and maintained eligibility to participate in the guaranteed student loan programs with GHEAC for at least three (3) years prior to the completion of the last state fiscal year.

(d) The school meets one of the following criteria:

1. both the school's most recently published U.S. Department of Education cohort default rate and its most recently published GHEAC cohort default rate are less than 20 percent; or

2. the school's most recently published U.S. Department of Education cohort default rate is 20 percent or greater and the most recently published GHEAC cohort default rate for that school is less than 20 percent and GSFA finds, after review of evidence and arguments submitted by the school that the GHEAC rate is of sufficient history to be a valid measure and is otherwise a better indicator of probable future default experience; or

3. the school is a part B institution within the meaning of section 322(2) of the Act.

(e) School eligibility decisions will be made at least twice annually when new cohort default rates are made available by GHEAC and when new cohort default rates are made available by the U.S. Department of Education.

(f) The school will be governed by the Act and its regulations, as amended, the GSFA LLR policy, and GHEAC policies and procedures of the guaranteed student loan program.

(g) To establish eligibility in the Assured Access Lending Program, a school must provide GSFA with a letter requesting approval to participate. GSFA will respond by providing the school with written approval, denial, or a request for further

information. GSFA will waive the request letter if the school meets the conditions of 268-11-2-.03(1)(d)(i) and (iii).

Cite as Ga. Comp. R. & Regs. R. 268-11-2-.04
Authority: Ga. L. 1987 p. 589 (Ga. code Ann. 20-3-316).
History. ER 268-11-2-0.5-.04 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "School Eligibility" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.

Rule 268-11-2-.05. Termination of School Eligibility.

(1) Upon approval of the Assured Access Lending Policy by the GSFA Board of Directors, institutions that are participants in the Assured Access Lending Program on that date will be reviewed within 30 days of such Board approval and may be terminated from Assured Access at the conclusion of the review. No institution currently participating in Assured Access at the time of Board approval shall be automatically approved for continuation in the program based solely upon Board approval of this policy.

(2) GSFA may terminate any institution from participation in the Assured Access Lending Program if:

(a) GSFA determines from a review of the institution's most recent preclaims or default claims experience for one or more quarters that the institution may develop an excessive, future default rate; or

(b) GHEAC and/or GSFA has received significant consumer complaints that substantially indicate areas of non-compliance at the institution; GHEAC has conducted a program review or received information from a program review report conducted by an entity other than GHEAC, indicating program administration problems; or if GHEAC or GSFA has received other information indicating that the institution may lack the skills or capacity to properly administer student aid programs as required under 34 CFR 668.14 and .15; or

(c) the school/branch has a most recent year's published U.S. Department of Education or GHEAC cohort default rate of 20% or more and the institution is not a part B institution within the meaning of section 322(2) of the Act, as amended.

(3) GSFA will provide a 30-day written notification to any institution that is to be terminated from the Assured Access Lending Program.

(4) If an institution is terminated from the Assured Access Lending Program, it shall be eligible, unless otherwise ineligible under the Act and its regulations, as amended, to participate in the Lender of Last Resort Program.

Cite as Ga. Comp. R. & Regs. R. 268-11-2-.05
Authority: Ga. L. 1987 p.589 (Ga. Code Ann. 20-3-316).
History. ER 268-11-2-0.5-.05 was F. Aug. 31, 1992, eff. Aug. 27, 1992, the date of adoption, to remain in effect for a period of 120 days or until the effective date of a permanent Rule covering the same subject matter superseding said ER, as specified by the Agency.
Amended: Permanent Rule entitled "Termination of School Eligibility" adopted. F. Nov. 20, 1992; eff. Dec. 10, 1992.