

CHAPTER 10
FEDERAL FAMILY EDUCATION
LOAN PROGRAMS

[Prior to 8/10/88, College Aid Commission, 245—Ch 10]
[Prior to 9/15/93, see 283—Ch 10, “Iowa Stafford Loan Program”]

283—10.1(261) Authority and scope. The following sets forth the rules and procedures through which the college student aid commission (the commission) administers the Federal Family Education Loan Programs (FFELP).

10.1(1) Federal law and regulations. The Higher Education Act of 1965 (Public Law 89-329) and the federal regulations in Title 34 of the Code of Federal Regulations (34 CFR) promulgated by the U.S. Department of Education pursuant to the Higher Education Act are incorporated by reference as rules of the commission, with noted exceptions.

10.1(2) Administration of program. The commission shall distribute to lender and school personnel the “Common Manual—Unified Student Loan Policy” detailing the processes necessary to administer the program on an institutional level.

283—10.2(261) Exceptions. The following are additions to the federal regulations and clarifications to the Iowa Code:

10.2(1) Eligibility.

a. Borrower. To be eligible for a Federal Family Education Loan, a borrower must be free of the obligation to repay overpayments on Iowa education grants.

b. Lender—secondary markets. The Iowa Student Loan Liquidity Corporation is considered a lender for the purpose of originating federal PLUS loans for borrowers who have obtained prior federal PLUS loans which are held by the Iowa Student Loan Liquidity Corporation.

(1) **Agreements.** A lender may participate in the FFELP administered by the commission by executing the Agreement to Guarantee Loans which establishes the rights and duties of the lender and the Iowa college student aid commission. (This form is available from the commission office.) Both the lender and the commission retain original copies of this document.

(2) **Limitation, suspension, termination.** The commission reserves the right to limit, suspend, or terminate the participation of a lender under terms consistent with the Agreement to Guarantee Loans and applicable state and federal law and regulations.

(3) Prior to making a federal consolidation loan under the commission’s guarantee, a lender shall ascertain that none of the underlying loans are in default status. The commission will guarantee a consolidation loan for an applicant who has not previously obtained a loan guaranteed by the commission.

(4) Each consolidation Agreement to Guarantee Loans executed with a consolidating lender shall include a certificate of comprehensive insurance coverage, which limits the amount of consolidation loans that the lender may originate under the commission’s guarantee without prior approval.

c. School. The commission reserves the right to limit, suspend, or terminate the participation of a school under terms consistent with applicable state and federal law and regulations.

10.2(2) Federal default fee. The source of payment of the federally mandated default fee is determined by the commission based on an annual analysis of the commission’s operating fund and other factors.

10.2(3) Due diligence in collection. While performing collection due diligence, a lender is not required to send the borrower an Iowa notice to cure. However, lenders are encouraged to use this collection device.

These rules are intended to implement Iowa Code section 261.37.

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⁰ Two or more ARCs

¹ Three ARCs.