

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 2253

(SENATE AUTHORS: NELSON and Senjem)

DATE	D-PG	OFFICIAL STATUS
03/08/2016		Introduction and first reading Referred to Finance

1.1 A bill for an act
 1.2 relating to higher education; expanding student loan refinancing; permitting
 1.3 refinancing in emergency circumstances; amending Minnesota Statutes 2014,
 1.4 section 136A.1704.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2014, section 136A.1704, is amended to read:

1.7 **136A.1704 STUDENT LOAN REFINANCING.**

1.8 Subdivision 1. Refinancing authorized. The office may refinance student and
 1.9 parent loans as provided by this section and on other terms and conditions the office
 1.10 prescribes. The office may establish credit requirements for borrowers and determine
 1.11 what types of student and parent loans will be eligible for refinancing, but the office
 1.12 must refinance the loans of a borrower facing emergency circumstances in accordance
 1.13 with subdivision 2. The refinanced loan need not have been made through a loan program
 1.14 administered by the office. Loans shall be made with available funds in the loan capital
 1.15 fund under section 136A.1785. The maximum amount of outstanding loans refinanced
 1.16 under this section may not exceed ~~\$100,000,000~~ \$150,000,000. The maximum loan under
 1.17 this section may not exceed \$70,000.

1.18 Subd. 2. Emergency circumstances. (a) The commissioner must refinance the
 1.19 student or parent loans of a borrower who is unable to repay the loans due to emergency
 1.20 circumstances. Emergency circumstances may include but are not limited to the death,
 1.21 long-term disability, or permanent disability of:

1.22 (1) the borrower;

1.23 (2) the borrower's spouse; or

2.1 (3) the child of a parent who was issued a parent loan to pay for the child's higher
2.2 education costs.

2.3 (b) The commissioner may offer a borrower who refinances under this subdivision
2.4 the option of selecting an alternative payment plan. Alternative payment plan options may
2.5 include but are not limited to the temporary cessation of payments, income contingent
2.6 repayments, or repaying loans over a longer term.

2.7 (c) The commissioner may, for good cause, cancel part or all of the loan balance of a
2.8 borrower who refinances under this subdivision.