

Student Access Loan Programs

Regulations – 5100.

2022 - 2023 Award Year



Effective Date – July 1, 2022

GSFA | Georgia Student
Finance Authority

2082 East Exchange Place
Tucker, Georgia 30084

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5102. Program Overview.

The Student Access Loan (SAL) Program is a need-based, low interest loan program. The purpose of the program is to assist with the affordability of a college education and encourage timely achievement of postsecondary credentials. Eligible students may pursue a Certificate, Diploma, or Associate, Baccalaureate, or First Professional Degree at an Eligible Postsecondary Institution.

The SAL Program is administered by the Georgia Student Finance Authority (GSFA) in accordance with the Official Code of Georgia Annotated (O.C.G.A.) §20-3-310, et seq. The program may be funded by state general funds, proceeds from the Georgia Lottery for Education, or public and/or private donations.

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5103. Definitions. (Electronic Link)

5104. General Eligibility Requirements.

5104.1. Citizenship.

1. A student must be a United States Citizen, born or naturalized, or an Eligible Non-Citizen, according to the Federal Title IV Regulations, as of the first day of classes of the school term for which SAL is sought.

5104.2. Georgia Residency.

1. A student attending a USG or TCSG institution who meets the Georgia Residency requirements of the Board of Regents (BOR) or TCSG at the time of his or her high school graduation, Home Study program completion or earned a High School Equivalency diploma, must also meet such Georgia Residency requirements for 12 consecutive months immediately prior to the first day of classes of the school term for which the SAL is sought.
 - a. A student who does not meet the Georgia Residency requirements of the BOR or TCSG at the time of high school graduation, Home Study program completion or earned a High School Equivalency diploma must meet such Georgia Residency requirements for 24 consecutive months immediately prior to the first day of classes of the school term for which the SAL is sought.
2. A student attending a private Eligible Postsecondary Institution who meets the Georgia Residency requirements of the *Georgia Residency Requirements for State Programs at Private Institutions Regulations* at the time of his or her high school graduation, Home Study program completion or earned a High School Equivalency diploma, must also meet such Georgia Residency requirements for 12 consecutive months immediately prior to the first day of classes of the school term for which the SAL is sought.
 - a. A student who does not meet the Georgia Residency requirements of the *Georgia Residency Requirements for State Programs at Private Institutions Regulations* at the time of high school graduation, Home Study program completion or earned a High School Equivalency diploma, must meet such Georgia Residency requirements for 24 consecutive months immediately prior to the first day of classes of the school term for which the SAL is sought.
3. Military Personnel, Military Spouses, or Dependent Child shall be treated as a Georgia Resident for purposes of SAL eligibility, if the Military Personnel is stationed in Georgia on Active Duty or lists Georgia as his or her home of record.

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5104.3. Certification.

1. An Applicant chosen through the selection process must be certified by the Eligible Postsecondary Institution. The school certification process includes the institution approving or declining the application or reducing the loan amount based on the institution's policies as set forth in the SAL Program regulations.

5104.4. Enrollment Status.

1. An Applicant must be enrolled at a USG or Private Eligible Postsecondary Institution in an undergraduate Associate or Baccalaureate Degree program or First Professional Degree Program, or at a TCSG institution in a Certificate, Diploma, or Associate Degree program. Second Baccalaureate degree coursework is allowed.
2. An Applicant must maintain at least Half-Time enrollment status through the last day of the Eligible Postsecondary Institution's drop/add period in order to be eligible for SAL funds.
3. If the Eligible Postsecondary Institution is unable to document the Applicant's class attendance, the Applicant is considered to have unofficially withdrawn and is ineligible to receive funding from the SAL Program.
4. An Applicant is ineligible to receive payment from the SAL Program if classified by his or her Eligible Postsecondary Institution as a Graduate or Transient student.
5. An Applicant is ineligible to receive payment from the SAL Program for Continuing Education, Post Baccalaureate coursework other than for a First Professional Degree Program, Audit, Transient or Cooperative Learning Coursework.

5104.5. Satisfactory Academic Progress.

1. An Applicant must maintain Satisfactory Academic Progress, as defined and certified by his or her Eligible Postsecondary Institution.
 - a. For state aid programs, Eligible Postsecondary Institutions may establish an appeal process for students with dual-enrollment credit hours that fail to meet the quantitative standard (pace) for degree completion, generally identified as 150 percent of the published length of the program.
 - b. The appeal should consider attempted hours toward the program in which the student is enrolled, satisfactory qualitative (grade-based) standards, and the student's satisfactory pace in pursuit of completing the program with and without the dual enrollment credits. Eligible Postsecondary Institutions have sole discretion and responsibility for evaluation and approval of any such appeals.

5104.6. Selective Service Registration.

1. A student must be in compliance with Georgia state law requirements of having registered with the United States Selective Service System requirements, in accordance with O.C.G.A. § 20-3-519.1(b).
2. Selective Service registration, by required males, should be completed prior to the program application deadline in order to be eligible for payment for such school term.
 - a. A late disbursement is permitted if the student meets Selective Service requirements any time during the fiscal year.
3. GSFC will maintain Selective Service registration or exemption status information for state aid program applicants/recipients. The registration status will be available to the postsecondary institution in which the student is enrolled in order for the institution to determine program eligibility.
 - a. The Institution may collect documentation supporting a student's registration status and submit to GSFC for consideration.
4. Male applicants required to register with the Selective Service System must have a registered or exemption status on file with GSFC to be eligible for state aid programs and for a disbursement invoice to be paid.

5104.7. Defaulted Loan or Refund Due.

1. A student must not be in default on a Federal Title IV or State of Georgia educational loan or owe a refund due to an over-award on a Federal Title IV or State of Georgia student financial aid program, or in any other way be in violation of Federal Title IV Programs Regulations or State of Georgia student financial aid program regulations. A student must meet the requirements of this section at the time funds are disbursed by GSFA on behalf of the student.
2. A student's federal default status can be resolved in one of five ways:
 - a. Completing an acceptable rehabilitation plan;
 - b. Having the loan repurchased by the original lender and the default status reversed;
 - c. Consolidating the loan out of a default status;
 - d. Receiving an approved Title IV debt settlement, to include a compromised settlement; or

- e. Making monthly payments over a specified period agreed-upon with the lender of the student's federal loan; each payment must be on time and voluntary to be in a satisfactory repayment plan.
3. A student's State of Georgia refund due status can be resolved by:
 - a. Paying the refund due to the Eligible Postsecondary Institution at which the over-award occurred. The Eligible Postsecondary Institution will then forward the payment to GSFA.
 4. A student's default status on a State of Georgia loan can be resolved in one of two ways:
 - a. Paying off the defaulted loan in full; or
 - b. Complete an acceptable rehabilitation plan by making voluntary on time payments over a specified period agreed upon with GSFA.
 5. If such student has repaid the defaulted loan or refund due in full, or resolved the default status, then he or she may be eligible to receive state scholarship, grant or loan funds beginning with the school term in which repayment was made in full but not retroactively for previous school terms.

5104.8. Georgia Drug-Free Act.

1. An Applicant convicted of committing certain felony offenses involving marijuana, controlled substances, or dangerous drugs, may be ineligible for SAL payment from the date of conviction to the completion of the following school term, in accordance with the Georgia Drug-Free Postsecondary Education Act of 1990, O.C.G.A. §20-1-20, et seq.

5104.9. Incarceration.

1. An Applicant is ineligible to receive SAL funding while incarcerated.

5105. Application Process.

5105.1. FAFSA Application.

1. An Applicant is required to complete the Free Application for Federal Student Aid (FAFSA), for each academic year he or she intends to borrow, in order to apply for the SAL Program.
 - a. The FAFSA must be completed with a calculated Expected Family Contribution (EFC) to determine the Applicant's unmet need and available aid.

5105.2. Program Application.

1. Applications for the SAL will be made available online and shall be submitted electronically to GSFA.
 - a. An Applicant may only submit one (1) application for the SAL Program per award year.
 - b. GSFA shall designate an open application cycle period for the state fiscal year and only collect applications during such period. Application cycle periods are subject to available funding and application volume.
2. An Applicant must complete his or her portion of the application and submit it to GSFA. By submission of the online application, the Applicant authorizes GSFA to review the information provided, share the information with the chosen Eligible Postsecondary Institution for the purpose of validating the data provided and ensure that the Applicant's Eligible Postsecondary Institution can certify student eligibility.
3. Supplemental documentation requested by the Eligible Postsecondary Institution or GSFA, to support or verify an Applicant's eligibility or application information, may be submitted after the application cycle ends.
4. The applications submitted by current HOPE and Zell Miller Scholars and Scholarship recipients and prior year Student Access Loan recipients in good standing will be given priority consideration during the first selection process. Remaining applications will be processed on a first come first served basis as funds are available.

5105.3. Loan Documents

1. Should an Applicant be deemed eligible and certified by an Eligible Postsecondary Institution, the Applicant must complete a Promissory Note and any other required documents for each loan awarded annually.

a. The Applicant must return the Promissory Note and other required documents to GSFA. The Promissory Note must be signed and initialed by the Applicant, in a manner deemed acceptable by GSFA.

2. No disbursements will be made until the completed and executed Promissory Note and other required documents are received by GSFA and expiration of the three business day cancellation period pursuant to Regulation Z.

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5106. Award Requirements – Specific to Eligible USG and Private Institutions.

5106.1. Award Requirements – Eligible USG and Private Institutions

1. The following award limits apply at Eligible USG and Private Institutions:
 - a. A maximum annual loan award amount of \$8,000.
 - b. A maximum semester or quarter loan award of \$4,000.
 - c. A minimum annual loan award amount of \$500.
 - d. The Aggregate Loan Limit per Borrower may not exceed \$36,000.
2. An Applicant shall not decline, when available, the following in lieu of a SAL at an Eligible USG or Private Institution:
 - a. A federal subsidized and unsubsidized loan nor federal and state scholarships or grants; or
 - b. Institutional or private scholarships or grants; or
 - c. veterans' educational benefits.
3. SAL awards are non-transferable.
4. The loan amount cannot be increased after the application is processed.
5. An Applicant may, in writing, provided to the Eligible Postsecondary Institution, decline or reduce the following in lieu of a SAL:
 - a. Federal or institutional work-study awards.
6. SAL funds may be awarded for a full or partial Award Year. The Applicant may choose to attend any semester or quarter during the Award Year.
7. The Eligible Postsecondary Institution shall set the disbursement dates for each term. GSFA may adjust such dates based on receipt of the required Promissory Note and loan documents and available funding.
 - a. One disbursement is allowed per term of eligibility and certification.
8. SAL funds may be used to cover the student's Cost of Attendance (COA) for the academic period for which the loan was requested.
 - a. SAL funds cannot be used for costs over and above the student's actual COA for the award period.

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- b. The annual amount that an Applicant may be awarded under the SAL Program at an Eligible USG or Private Postsecondary Institution is the lesser of \$8,000 or the student's COA for the award period, less the student's Expected Family Contribution (EFC) and less the student's Expected Financial Aid (EFA) for the award period.
 - i. A SAL cannot be used to offset a student's EFC.

5106.2. Award Requirements – Eligible TCSG Institutions

1. The following award limits apply at Eligible TCSG Institutions:
 - a. A maximum annual loan award amount of \$3,000.
 - b. A maximum semester or quarter loan award not to exceed \$1,500.
 - c. A minimum annual loan award amount of \$300.
 - d. The Aggregate Loan Limit per Borrower may not exceed \$12,000.
2. An Applicant shall not decline, when available, the following in lieu of a SAL at an Eligible TCSG Postsecondary Institution:
 - a. federal and state scholarships or grants; or
 - b. institutional or private scholarships or grants; or
 - c. veterans' educational benefits.
3. SAL awards are non-transferable.
4. The loan amount cannot be increased after the application is processed.
5. An Applicant may, in writing provided to the Eligible Postsecondary Institution, decline or reduce the following in lieu of a SAL:
 - a. Federal or institutional work-study awards.
6. SAL funds may be awarded for a full or partial Award Year. The Applicant may choose to attend any semester or quarter during the Award Year.
7. The Eligible Postsecondary Institution shall set the disbursement dates for each term. GSFA may adjust such dates based on available funding and receipt of the required Promissory Note and loan documents.
 - a. One disbursement is allowed per term of eligibility and certification.

8. SAL funds may be used to cover the student's COA for the academic period for which the loan was requested.
 - a. SAL funds cannot be used for costs over and above the student's actual COA for the award period.
 - b. The annual amount that an Applicant may be awarded under the SAL Program at an Eligible TCSG Postsecondary Institution is the lesser of \$3,000 or the student's COA for the award period, less the student's Expected Family Contribution (EFC) and less the student's Expected Financial Aid (EFA) for the award period.
 - i. A SAL cannot be used to offset a student's EFC.

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5107. School Certification.

1. Eligible Postsecondary Institutions shall be required to decline or certify the eligibility of a student for a SAL during a certification period determined by GSFA.
2. In addition to the eligibility criteria of the SAL Program, Eligible Postsecondary Institutions have the authority to implement institutional policies to decline eligibility of a student for a SAL, or reduce the requested loan amount, for one of the following, but not limited to:
 - a. Previous academic history including poor academic performance;
 - b. Unusual enrollment history (UEH);
 - c. Total amount of previous loan debt;
 - d. Direct costs such as tuition, fees, books, etc.
3. Certification by an Eligible Postsecondary Institution shall be completed through GSFA's online invoicing system, Scholarship Up-to-date Records for Electronic Reporting (SURFER) or its affiliates.
4. Eligible Postsecondary Institutions shall certify that all eligibility requirements have been met and will provide to GSFA the following data elements:
 - a. Eligible loan amount;
 - b. Requested disbursement dates;
 - c. Student's Anticipated Graduation Date;
 - d. COA for the award period; and
 - e. EFA for the award period.

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5108. Student Notification of Award.

1. An Applicant chosen through the selection process will receive an email notification from GSFA on the date of selection.
2. After a selected Applicant is certified by the Eligible Postsecondary Institution, the Applicant will receive an email notification that includes instructions regarding the completion of the Promissory Note and other required disclosures or supporting documentation.
 - a. Such documentation must be signed by the Applicant acknowledging his or her financial obligation, financial aid options, and potential Service Cancellation option.
 - b. Failure to return all loan documents as required in this section may result in the cancellation of the loan application at the discretion of GSFA.
3. The Eligible Postsecondary Institution must notify each SAL recipient of the amount of SAL funds he or she is awarded for the Award Year.
4. Any Applicant who does not qualify will receive an email from GSFA to notify the applicant of his or her denial.

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5109. Disbursement and Return of Funds.

5109.1. Disbursement.

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1. GSFA will disburse SAL funds to the certifying Eligible Postsecondary Institution as close as practical to the dates requested by such Eligible Postsecondary Institution and in accordance with requirements of Regulation Z.
2. Eligible Postsecondary Institutions may not make disbursements to the Borrower earlier than fourteen (14) calendar days before the first day of classes of each term.
 - a. GSFA will calculate the actual disbursement date(s) based on receipt of all applicable loan documents and the school certification information.
 - b. An Eligible Postsecondary Institution may request up to one disbursement date per term.
 - c. An Eligible Postsecondary Institution may designate the amount of each disbursement not to exceed the total certified loan amount.

5109.2. Loan Origination Fees.

1. Each loan shall be assessed an origination fee to be charged at the time of the first disbursement.
 - a. The origination fee shall be deducted from the first disbursement.
 - b. The origination fee will be five percent of the total loan amount but shall not exceed \$50.
 - c. The fee is not refundable unless the Eligible Postsecondary Institution cancels and returns all loan proceeds disbursed under the applicable loan.

5109.3. Award Adjustments.

1. During the certification process, an Eligible Postsecondary Institution may adjust the loan amount for each school term to reflect the Borrower's particular circumstances.
2. If the award amount needs to be adjusted to a lesser amount and the adjustment affects a pending disbursement, the Eligible Postsecondary Institution has the authority to reduce the award and must notify GSFA within a minimum of five business days prior to the disbursement date that the disbursement is to be changed.

3. Increases to the award amount must be requested by an Eligible Postsecondary Institution prior to the first disbursement. Increase requests are subject to available funding and at the discretion of GSFA.

5109.4. Return of Funds.

1. If an Eligible Postsecondary Institution delivers loan proceeds to or on behalf of a Borrower on or after the first day of the period of enrollment for which the loan was intended and the Eligible Postsecondary Institution is unable to document that the student attended classes on at least a Half-Time basis during the enrollment period, then the Borrower is ineligible for those funds and the Eligible Postsecondary Institution must promptly return the SAL funds to GSFA.

5109.5. Calculation of Refunds.

1. In the event the student is no longer eligible for the original certified loan amount, the Eligible Postsecondary Institution must return a portion of the SAL funds so that the student's total financial aid from all sources does not exceed the student's COA.
2. A refund calculation for the SAL is only required when a student's COA and/or financial aid package changes or is adjusted so that the student is no longer eligible for the amount as certified by the Eligible Postsecondary Institution.
3. If applicable, the Eligible Postsecondary Institution must first apply the Federal Title IV return of funds policy to any federal aid the student may have received.

5109.6. Report of Adjustments.

1. Monthly, or within 30 days of making an award adjustment, the Eligible Postsecondary Institution will remit the refund dollar amounts associated with full refunds or partial refunds to GSFA by check, Automated Clearing House (ACH), or Fedwire Funds Service.
 - a. The refunded amounts must also include Borrower-by-Borrower detail. Failure to comply with the return of funds may delay future SAL disbursements.

5109.7. Reconciliation.

1. The Eligible Postsecondary Institution must conduct a complete Borrower-by-Borrower Fiscal Year End Reconciliation with GSFA and submit a reconciliation certification form online through GSFA's online invoicing system, SURFER, by July 15 following the completion of the Fiscal Year.

2. Additionally, in accordance with the Fiscal Year End Reconciliation, the Eligible Postsecondary Institution must return any funds not utilized by August 15 following the completion of the Fiscal Year.
3. GSFA will not issue any state program funds for the Fall term until the previous Fiscal Year End Reconciliation process is complete.
4. The Eligible Postsecondary Institution must have a procedure in place to ensure that SAL funds do not go to an unintended third party (i.e., state, postsecondary institution).

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5110. Keep In Touch Payment Requirement While Enrolled in School.

1. Borrowers are required to make monthly Keep In Touch (KIT) payments while Enrolled at least Half-Time (six or more credit hours) and for each month during the Grace Period. Borrowers may pay more than the standard KIT payment due each month. The payment due date would be advanced based on the number of months satisfied by the borrower's payment.
2. Monthly KIT payments will be due each month, approximately sixty days after the first loan disbursement, and in accordance with the repayment schedule set by GSFA.
 - a. Borrowers will be notified of the monthly payment requirement by email.
 - b. The monthly KIT payment will be applied to the interest and principal of the loan.
3. Payments shall be made by preauthorized debit, ACH or check (no cash payments). Payments can be submitted online at www.Pathways2GSFA.org or by mail, phone, or through the Borrower's personal online banking system.
4. KIT payments are not eligible for economic hardship consideration.
5. Borrowers not enrolled at least Half-Time will be considered for Repayment.
6. Borrowers are required to make KIT payments while on an approved in-school deferment.
7. Borrowers are considered delinquent if monthly KIT payments are not made in sixty days. Borrowers are not eligible for consideration of a future SAL or other State of Georgia student loan program until KIT payments are in good standing or paid to date. Delinquent borrowers may be reported to consumer reporting companies.
8. Any scheduled disbursements for a current year loan will be canceled and forfeited if the Borrower is delinquent on KIT payments for the current or previous year SAL. If payments are made and in good standing, during the loan year, reinstatement will be based on available funds and timeframe of the disbursements and loan period.

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5111. Service Cancellation and Loan Discharge

5111.1. Service Cancellation – Eligible USG and Private Institutions Only.

1. In order to request Service Cancellation of a portion(s) of a loan or loans, the Borrower must work as an employee in Public Service as defined in these regulations or be employed as a teacher in a Georgia Public School System, in a STEM field, as certified by an authorized school official.
2. A Borrower may request Service Cancellation of up to one corresponding year of loans for:
 - a. Each Academic Year worked as a STEM teacher, as either a full-time or part-time employee, or
 - b. Each full year worked in Public Service in Georgia as a full-time employee.
3. The Borrower may request Service Cancellation at any time during the Repayment period, but the Borrower must request Service Cancellation within twelve (12) months of completing the Qualifying Term of Service.
4. The Borrower must provide any evidence of completion of the teaching obligation requested by GSFA.
5. Service Cancellation may be requested for part-time teaching in STEM fields but not for part-time Public Service. A Borrower may be eligible for Service Cancellation under either option, but not both.
6. In order to be eligible for any Service Cancellation, a Borrower must:
 - a. As a teacher, have worked a minimum of 90 days in a STEM field, in a Georgia Public School at the elementary, middle, or secondary level during the Academic Year for which he or she is seeking Service Cancellation.
 - i. If a teacher worked between 90-135 days in an Academic Year, the teacher shall be eligible for Service Cancellation in the amount of one-half Service Credit.
 - b. If a teacher worked more than 135 days in an Academic Year, the teacher shall be eligible for Service Cancellation in the amount of one year Service Credit (two one-half year Service Credits).
7. As a Public Service employee, have worked more than 275 days during a fiscal year. No partial year Service Credit shall be awarded.

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8. Upon approval by GSFA of the Borrower's certified Service Cancellation request, the Service Credit amount shall be applied to the then outstanding balance of the oldest SAL in the Borrower's account.
 - a. In no case can the actual Service Credit amount that is applied to the Borrower's SAL exceed the outstanding balance of that specific SAL at the time of approval of the Borrower's request.
9. No portion of any loan may be canceled for service the Borrower performed before the date the loan was disbursed, or during the same period in which the loan was received.
 - a. The benefit is cancellation of a portion, or all, of one or more outstanding loans made under the SAL Program in exchange for working in Georgia as outlined above.

5111.2. Loan Discharge – Eligible TCSG Institutions Only.

1. Borrowers may request a discharge of a portion of a loan or loans based on academic performance. If approved, the discharge would release the borrower from the obligation to repay the remaining balance of the loan.
2. In order to be eligible for a loan discharge, a Borrower must:
 - a. Graduate from the program of study for which the SAL was received; and
 - b. Have a minimum Postsecondary Cumulative Grade Point Average of 3.5 at the time of graduation; and
 - c. Submit proper documentation of graduation and Postsecondary Cumulative Grade Point Average, as specified in the SAL Promissory Note.

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5112. Repayment Options.

5112.1 General Repayment Details

1. Borrowers are placed in Repayment status and are required to make monthly payments of principal and interest on the loan if not Enrolled in school at least Half-Time.
2. The Repayment period, not inclusive of in-school Deferment and Forbearance periods, shall be a maximum of fifteen (15) years.
3. The Repayment amount, not inclusive of in-school Deferment and Forbearance periods, shall be at least fifty dollars (\$50) per month or more, if necessary to repay the loan within the required time period.
4. Payments shall be made by preauthorized debit, ACH or check (no cash payments).
5. Interest that accrues during the six month grace period may be added to the principal balance when the Borrower enters Repayment of principal and interest.
6. Accrued interest may be capitalized at the beginning of the Repayment period and/or at the end of a Deferment or Forbearance.
7. There is no penalty for early Repayment.

5112.2. Delinquency.

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1. A Borrower in Repayment is delinquent when he or she fails to make a required payment within thirty (30) calendar days of the due date. In the event of delinquency, the Borrower may be charged late fees. If the delinquency is not resolved, then GSFA may, at its discretion, hold or cancel any or all subsequent scheduled disbursements. Delinquent borrowers may be reported to consumer reporting companies.

5112.3. Interest Rate.

The Interest Rate on any loan made under these regulations is one percent (1%) for the life of the loan and begins accruing at the time of the first disbursement. The Borrower must fulfill the loan obligation, including Repayment requirements, as specified in the Promissory Note to maintain the loan at a one percent (1%) interest rate. In the event of default, the Interest Rate will be irrevocably set to a five percent (5%) interest rate.

5112.4. Deferment of Repayment.

1. A Borrower may apply for a Deferment of Repayment of principal under certain conditions as listed below:
 - a. Unemployment
 - b. Economic Hardship
 - c. In School Status with at least half-time enrollment.
 - d. Active Duty in the United States Armed Forces
2. Unemployment and economic hardship deferments can be granted for a period not to exceed thirty-six (36) cumulative months for each specific deferment type.
3. Interest does not accrue during an approved Deferment period.
4. Entry into a deferment will not alter accurate credit reporting of borrower's account status existing prior to the commencement of a deferment.

5112.5. Forbearance of Repayment.

1. A Borrower may apply for a discretionary Forbearance of Repayment under certain conditions as determined by GSFA. Forbearance can be granted for a period not to exceed twenty-four (24) cumulative months.
2. Such conditions under which Forbearance can be granted include, but are not limited to, the following:
 - a. Economic Hardship - after the maximum allotment of time reached for a Deferment;
 - b. Unemployment - after the maximum allotment of time reached for a Deferment; or
 - c. Physician-documented poor health or a prolonged illness or disability that does not meet applicable disability cancellation criteria.
3. Interest is accrued during an approved Forbearance period. If the borrower chooses to not pay the interest, such interest will be capitalized.
4. Entry into a forbearance will not alter accurate credit reporting of borrower's account status existing prior to the commencement of a forbearance.

5112.6. Cancellation of Repayment.

1. GSFA shall cancel a Borrower's Repayment obligation if it determines:
 - a. On the basis of a death certificate, or other evidence acceptable to GSFA, that the Borrower is deceased; or
 - b. That the Borrower possesses a Total and Permanent Disability. In order to be relieved of a monetary or service obligation to GSFC/GSFA, a Borrower must affirm the presence of a Total and Permanent Disability in one of the following ways:
 - i. If the Borrower is a veteran, submit documentation from the U.S. Department of Veterans Affairs (VA) showing that the VA has determined that the Borrower is unemployable due to a service-connected disability; or
 - ii. If the Borrower is receiving Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits, the Borrower can submit a Social Security Administration (SSA) notice of award for SSDI or SSI benefits stating that the Borrower's next scheduled disability review will be within five to seven years from the date of the Borrower's most recent SSA disability determination; or
 - iii. The Borrower can submit certification from a physician under oath, satisfactory to GSFA that he or she is totally and permanently disabled. The physician must certify that the Borrower is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that:
 - (1) Can be expected to result in death; or
 - (2) Has lasted for a continuous period of not less than 60 months; or
 - (3) Can be expected to last for a continuous period of not less than 60 months.
 - iv. The Borrower's condition or illness must not have existed at the time the loans were made, unless a physician certifies under oath that the condition has substantially deteriorated so that the borrower is now Totally and Permanently Disabled.
2. A Borrower of a previous State Loan Program that receives a discharge due to Total and Permanent Disability is not eligible to receive future state loans unless:
 - a. The Borrower produces to GSFA an affidavit from a qualified physician which certifies that the Borrower is now able to engage in substantial gainful activity; and

- b. The Borrower signs a statement acknowledging that a new loan cannot be discharged in the future on the basis of any injury or illness present at the time the new loan is made unless the condition substantially deteriorates so that he is again totally and permanently disabled.

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5112.7. Default.

1. If the Borrower fails to meet the Repayment obligation outlined herein and in his or her Promissory Note, the Borrower will be considered to be in Default of his/her obligation.
2. Default occurs when the Borrower fails to make regularly scheduled payments for a period of 270 days in Repayment.
3. In the event of Default, the Interest Rate shall irrevocably convert to five percent (5%) per year for the life of the loan. The Borrower's account shall also be referred to a consumer reporting agency.
4. Any future applications or disbursements of a Borrower's SAL shall be canceled in the event of Default.
5. A Borrower in Default status will pay all reasonable collections fees, court costs and attorney fees not to exceed 15% of the unpaid principal balance and accrued interest after default.
6. A Borrower who is in default or owes a refund may be subject to garnishment of their pay, loss of a professional license, offset of lottery winnings, and/or offset of a state tax refund. GSFA will notify the Borrower of his or her default status and how GSFA intends to proceed with any of the remedies listed in this subsection. The Borrower will be given 30 days from the date of the notification to make the loan current or to put in place a satisfactory payment plan before GSFA will commence with the remedies prescribed in this subsection.
7. A borrower who is in default on a previous SAL or State Loan Program may submit a GSFA *Rehabilitation Agreement* form to apply for a rehabilitation plan. Upon meeting all requirements, including making nine voluntary on time payments, the SAL loan status will be reclassified as rehabilitated. A Borrower may only enter into a Rehabilitation Agreement one time.

5112.8. Promissory Note.

1. The complete requirements for repayment are provided in the SAL Promissory Note; for purposes of Repayment obligations, if any discrepancy exists between the content of these regulations and the SAL Promissory Note that the Borrower signed, the Promissory Note shall control.

5113. Record Retention.

5113.1. Length of Retention.

1. An Eligible Postsecondary Institution shall maintain accurate records, books, documents and other evidence concerning the loan, including, but not limited to individual student files for whichever is longer:
 - a. Three years after the Award Year in which the aid was awarded; or
 - b. For such other period as required by an applicable statute, rule or regulation; or
 - c. Such other time period as requested in writing by GSFA.

5113.2. Documentation.

1. Documentation contained within an individual student file or record, which supports the original determination of a Borrower's eligibility must be retained by the Eligible Postsecondary Institution and available for review by GSFA on the Eligible Postsecondary Institution's campus, located within the State of Georgia, for at least three calendar years after the most recent Award Year for which the Borrower received SAL funds.
2. Eligible Postsecondary Institutions are permitted to maintain these documents in an imaged media format. The imaged media format must be capable of reproducing an accurate, legible, and complete copy of the original document.
 - a. Such documentation may include, but is not limited to, copies of Permanent Resident Alien Cards, Georgia State Income Tax Returns, student financial aid applications and academic transcripts from previous institutions.
 - i. Documentation regarding a Borrower's eligibility is not limited to files, records, or other information received and maintained by the Eligible Postsecondary Institution's student financial aid office.
 - i. Documentation supporting a student's eligibility that is received and maintained by the Eligible Postsecondary Institution's admissions office, registrar's office, business office, or other administrative operations must be available to GSFA for review.
3. It is the Eligible Postsecondary Institution's responsibility to resolve any inconsistencies or conflicting information within a student's record prior to awarding or disbursing funds to the student.

5113.3. Extended Retention.

1. An Eligible Postsecondary Institution may be required to retain student records involved in a program review, audit, or investigation for more than the three-year retention period (refer to *Section 5113.1*). If the three-year retention period expires before the issue in question is resolved, the Eligible Postsecondary Institution must continue to retain all associated records until resolution is reached.

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5114. Compliance Reviews.

5114.1. Compliance Review Policy.

1. GSFA may conduct Compliance Reviews of Eligible Postsecondary Institutions in order to assess institutional administration of the program and compliance with the program's regulations. Compliance Reviews shall be conducted in accordance with GSFA's *Compliance Review Process and Procedures* document, which is available at gsfc.georgia.gov, under *Information for School Compliance*.

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5114.2. Compliance Review Process.

1. GSFA selects a sampling of the Eligible Postsecondary Institution's recipients for the Award Year under review, and the Eligible Postsecondary Institution's files and records for the sample are examined to assure compliance. Records which document and support a student's eligibility must be available for review at the Georgia campus of the Eligible Postsecondary Institution.

5114.3. Institutional Repayment.

1. If a recipient is determined to be ineligible for payment, the Eligible Postsecondary Institution may be required to repay to GSFA the funds awarded to the recipient.
2. If evidence, not available at the time of awarding, indicates that a student should not have received SAL funds, then all future SAL awards must be canceled.
 - a. The Eligible Postsecondary Institution is held harmless by GSFA, if the student's file is appropriately documented with available evidence and it is determined by GSFA that the Eligible Postsecondary Institution was not at fault.
 - b. Evidence is considered unavailable at the time of awarding if it is not available in the student's institutional files (i.e., financial aid, admissions, registrar, etc.).
3. The Eligible Postsecondary Institution must notify the student and GSFA of a refund due.
4. The student will be ineligible to receive additional state aid from GSFA until the refund is paid in full, in accordance with *Section 5104.6*.
5. If GSFA determines the student's file is not adequately documented, the Eligible Postsecondary Institution may be responsible for the Repayment.

5115. Cohort Default Rate Management.

5115.1. Cohort Default Rate Guide.

1. An Institution's eligibility for the Student Access Loan program can be affected by a high cohort default rate (CDR). The State Loan Cohort Default Rate Guide, found in SURFER in the User Information, serves as a reference for institutions in understanding cohort default rates (CDRs) for state loan programs and institutional requirements.

5115.2. Three-Year Cohort Default Rate Period, Tracking and Schedule.

1. The state fiscal year is from July 1 of a calendar year to June 30 of the following calendar year. A cohort fiscal year is from July 1 to June 30. The three (3) year period begins July 1 of the cohort fiscal year when the borrower enters repayment and ends on June 30 three (3) years later.
2. GSFA will calculate cohort default rates for the SAL Program twice a year. A Preliminary CDR Report will be provided to institutions by September 1 each year. Once the Preliminary CDR Report is provided annually, the institutions will have until October 31 to review the report and request any status corrections. The Official CDR Report is provided annually in December. Additionally, institutions with unacceptable Cohort Default Rates will be notified by mail.

5115.3. Cohort Default Rate Requirement and Formula.

1. For an institution to be eligible to participate in the SAL program, the institution must maintain an acceptable Cohort Default Rate:
 - a. If the cohort population has 30 or more borrowers entering repayment during the cohort fiscal year, maintain a cohort default rate of 30 percent or less.
 - b. If the cohort population has 29 or fewer borrowers entering repayment during the cohort fiscal year, maintain a cohort default rate of 50 percent or less.
2. The Cohort Default Rate is calculated by dividing the number of borrowers who enter repayment in the cohort fiscal year and default within the cohort year and the two subsequent years (Numerator) by the number of borrowers who enter repayment in the cohort fiscal year (Denominator).
3. The three-year cohort default rate is based on the number of borrowers who enter repayment, not the number of loans that enter repayment. A borrower with multiple loans from the same institution whose loans enter repayment during the same cohort fiscal year will be included in the formula once for that cohort fiscal year.

5115.4. Default Management Plan Requirement.

1. Institutions with an Official Cohort Default Rate above the allowed rate based on the number of borrowers entering repayment are required to submit a Default Management Plan by March 31 following the notification of the Official Cohort Default Rate in December.
 - a. The Institution must implement their Default Management Plan no later than the upcoming fiscal year following the December notification of the requirement.
 - b. The institution may continue to participate in the SAL Program, subject to the terms and requirements set forth herein.

5115.5. Probationary Period due to Unacceptable Official Cohort Default Rate.

1. If, within two years of the Default Management Plan implementation, the Official CDR is unacceptable (based upon benchmarks established by GSFA), the Institution will be placed on a two-year probationary period.
 - a. The institution may continue to participate in the SAL Program, subject to the terms and requirements set forth herein.
2. If, during either year of the two-year probationary period, the Institution does not have an acceptable Official CDR, the probationary period may be extended for two additional years, at the sole discretion of GSFA.
3. If the Official CDR is unacceptable during both years of the probationary period, the Institution is subject to suspension or loss of eligibility to participate in the SAL Program, as determined by GSFA in its sole discretion.

5115.6. Loss of Participation.

1. An Institution becomes ineligible to participate in the SAL Program, should the Institution have two consecutive years of an unacceptable Official CDR during a probationary period.

5115.7. Regain Participation.

1. An Institution may regain eligibility to participate in the SAL Program, if the Institution continues to actively manage and utilize reasonable efforts to reduce the institutional Official CDR (as determined by GSFA in its sole discretion) and meets the following requirements:
 - a. Proceeding loss of participation, earn three consecutive years of an acceptable Official CDR; and

- b. Submit a revised Default Management Plan from the original Plan submitted and implemented; and
 - c. Submit a written request for regaining participation eligibility and provide documents and information requested by GSFA.
2. Institutions which chose to voluntarily not participate in the SAL Program before a loss of eligibility, may resume SAL Program participation, subject to GSFA approval, if the Institution's Official SAL CDR for the most recent three consecutive years is acceptable.

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