

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.