

This rule was filed as NMEAF 95-2.

**TITLE 5            POST SECONDARY EDUCATION**  
**CHAPTER 7        TUITION AND FINANCIAL AID**  
**PART 28           NEW MEXICO EDUCATIONAL ASSISTANCE FOUNDATION ALTERNATIVE LOAN**  
**PROGRAM REGULATIONS OF THE SELF-INSURANCE PROGRAM**

**5.7.28.1           ISSUING AGENCY:** New Mexico Educational Assistance Foundation.  
[Recompiled 10/31/01]

**5.7.28.2           SCOPE:** [RESERVED]  
[Recompiled 10/31/01]

**5.7.28.3           STATUTORY AUTHORITY:** [RESERVED]  
[Recompiled 10/31/01]

**5.7.28.4           DURATION:** [Permanent]  
[Recompiled 10/31/01]

**5.7.28.5           EFFECTIVE DATE:** [Filed October 4, 1995]  
[Recompiled 10/31/01]

**5.7.28.6           OBJECTIVE:** The New Mexico educational assistance foundation ("NMEAF") has adopted program regulations ("program regulations") governing its alternative loan fund program ("program"). A requirement of the New Mexico Educational Assistance Act, Sections 21-21A-1 et seq. NMSA 1978 ("Act") is that student loans acquired with the proceeds of NMEAF revenue bonds be "insured," and the program regulations require that student loans made under the program be insured privately or through self-insurance. The purpose of these self-insurance regulations is to establish rules and regulations governing the NMEAF's self-insurance for the program.  
[Recompiled 10/31/01]

**5.7.28.7           DEFINITIONS:** [RESERVED]  
[Recompiled 10/31/01]

**5.7.28.8           PROGRAM REGULATIONS:** The program regulations set forth definitions, credit criteria, due diligence criteria in servicing and collecting the student loans made under the program and other provisions relating to the program, all of which are incorporated in these self-insurance regulations by reference.  
[Recompiled 10/31/01]

**5.7.28.9           THE SELF-INSURANCE PROGRAM:**

A.        Loan Insurance Fund: The NMEAF shall establish, under the trust indenture and any supplemental trust indenture relating to the issuance of bonds under the act to finance the program (the "indenture") a loan insurance fund into which shall be deposited, at the election of the NMEAF or as required by the terms of any indenture, NMEAF funds (which may be derived from bond proceeds if permitted by the indenture) and insurance premiums collected from the borrower or netted from the proceeds of the student loan made to a borrower under the program. The loan insurance fund, to the extent of moneys available therein, shall be used to pay the unpaid principal balance and accrued and unpaid interest thereon (the "claim amount") with respect to any student loan made under the program upon the happening of any of the following events:

- (1)        if after 18 months in litigation against the borrower and any co-signer, the borrower has not resumed making regularly scheduled payments;
- (2)        if the NMEAF determines that litigation is inappropriate with regard to a specific student loan, after the student loan has been delinquent for a period of 150 days;
- (3)        the debt is discharged as a result of the bankruptcy of the borrower and/or the co-signer.

B. Insurance Premium: A nonrefundable premium equal to five percent of the principal amount of any student loan made under the program will be paid into the loan insurance fund at the time of origination of the student loan.

C. Certificate of Insurance. A certificate of insurance, in the form attached as Appendix A [now 5.7.28.11 NMAC], will be delivered to the trustee acting under any indenture at the time of initial disbursement of any student loan under the program.  
[Recompiled 10/31/01]

**5.7.28.10 AMENDMENTS:** These self-insurance regulations may be amended or revised by the NMEAF from time to time.  
[Recompiled 10/31/01]

**5.7.28.11 APPENDIX A:**

**CERTIFICATE OF INSURANCE:**

The undersigned officer of the New Mexico Educational Assistance Foundation (the "Foundation") hereby certifies that the Foundation has insured the following student loan under the Foundation's Self-Insurance Program:

Borrower: \_\_\_\_\_

Borrower Address: \_\_\_\_\_

Loan No.: \_\_\_\_\_

Date: \_\_\_\_\_

Amount: \_\_\_\_\_

The undersigned further certifies that the requisite insurance premium relating to the student loan has been ordered to be deposited into the Insurance Loan Fund.

This Certificate is being delivered to Sunwest Bank of Albuquerque, National Association, as trustee, under the Foundation's Trust Indenture dated as of \_\_\_\_\_, 1995.

DATED: \_\_\_\_\_

NEW MEXICO EDUCATIONAL ASSISTANCE FOUNDATION

By: \_\_\_\_\_

Its: \_\_\_\_\_

[Recompiled 10/31/01]

**HISTORY OF 5.7.28 NMAC:**

Pre-NMAC History: The material in this Part was derived from that previously filed with the State Records Center and Archives:

NMEAF 95-2, New Mexico Educational Assistance Foundation Alternative Loan Program Regulations of the Self-Insurance Program, 10/4/95.

History of Repealed Material: [RESERVED]