

NOTICE OF INTENT

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LEO Adverse Credit

The Student Financial Assistance Commission (LASFAC), advertises its intention to change the adverse credit provisions of the Louisiana Employment Opportunity Loan Program. Section 2.5.E.2.a and b will be amended to read as follows:

2.5 The Louisiana Student Financial Assistance Commission (LASFAC, the Guarantor) shall:

A. - E.2. ...

Note: Adverse credit is defined as a credit report that contains any of the following:

a. information reflecting that the borrower, within the four years preceding the date of the credit report, was the subject of a default determination, foreclosure, repossession, tax lien, wage garnishment, write-off or any federal or state government action to collect a debt; or

b. an established pattern of delinquency in the payment of debt as evidenced by:

- (1). two accounts more than 90 days past due; or
- (2). any account more than 180 days past due.

Interested persons may submit written comments on the proposed rule until 4:30 p.m., September 20, 1996, to: Jack L. Guinn, Executive Director, Office of Student Financial Assistance, Box 91202, Baton Rouge, LA 70821-9202.

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FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES RULE TITLE: LEO Adverse Credit

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The rule change will provide 110 more loans annually, amounting to \$220,000 in loans annually. Estimated cost for administration and payment of these higher risk loans upon default is \$23,759 for 1996-97; \$24,509 for 1997-98; and \$25,169 for 1998-99. The costs will be met by the revenue generated by the increased loan volume and the reserve fund.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The estimated revenue increase is \$15,180 for 1996-97; \$15,635 for 1997-98; and \$16,104 for 1998-99. The cumulative revenue balance will be placed in the restricted Louisiana Employment Opportunity loan account until needed.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)

Liberalizing the definition of adverse credit will result in the acceptance of potential trainees that the employer would like to recruit into this program.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

Additional borrowers who are enabled to procure a Louisiana Employment Opportunity loan due to this rule change will have the opportunity to receive training and begin employment.