

**BEFORE THE ALASKA OFFICE OF ADMINISTRATIVE HEARINGS ON REFERRAL
BY THE ALASKA COMMISSION ON POSTSECONDARY EDUCATION**

In the Matter of:)
)
 M T) OAH No. 18-0928-PFE
) Agency No.
_____)

DECISION

I. Introduction

The Alaska Commission on Postsecondary Education (ACPE) executed a claim on M T’s 2018 Permanent Fund Dividend (PFD). Ms. T appealed, claiming ACPE did not send her notice that the student loan in question was in default.

A hearing was set for October 25, 2018. Ms. T did not appear. A Notice for Failure to Appear was sent and the hearing was rescheduled to November 13, 2018. Ms. T again did not appear. On that date, ACPE Financial Aid Manager Joann Reiselbach presented evidence on behalf of the ACPE.

Based on the evidence presented, ACPE’s action is affirmed.

II. Facts

Ms. T cosigned an educational loan (Note) for her daughter, B Z, in the amount of \$8,500, plus interest.¹ The Note states ACPE may garnish the cosigner’s PFD when the loan enters default status.² Ms. Z failed to make payments as required and the loan became more than 180 days past due, putting the loan in default status; notice of the same was sent to Ms. T on May 15, 2017.³

ACPE previously garnished Ms. T’s 2017 PFD; no appeal was received from Ms. T regarding that action.⁴

¹ Appendix 1a.
² Appendix 1a.
³ Appendix 2b.
⁴ Appendix 3.

III. Discussion

ACPE has legal authority to execute on a student loan borrower's PFD when the loan is in default.⁵ Because Ms. T co-signed for the loan, she agreed to be as responsible for the debt as Ms. Z.⁶

Prior to default, ACPE sends the borrowers and their cosigners a series of letters outlining consequences of delinquency and default.⁷ "Letters are sent to valid addresses when the loan(s) becomes more than ten days past due, then again at 30 days past due, and every thirty days thereafter through default when payment becomes more than 180 days past due. The letters urge borrowers and cosigners to contact ACPE to discuss options to avoid the consequences of serious delinquency and default."⁸ ACPE mailed these notifications as required by AS 14.43.145 (b).

ACPE presented evidence that it notified Ms. T of the default. No evidence to the contrary was presented. Under the terms of her loans, once Ms. T defaulted, the entire amount borrowed, including interest, became due. The law allows ACPE to claim Ms. T's PFD to partially satisfy the debt for the loan she cosigned.⁹

IV. Conclusion

Because ACPE met its burden of establishing that it sent notice of default to Ms. T as required, its action to claim her 2018 PFD is affirmed.

DATED November 16, 2018

Signed

Hanna Sebold
Administrative Law Judge

⁵ AS 14.43.145(a); AS 43.23.067.

⁶ Appendix 1a.

⁷ Affidavit of Joann Rieselbach.

⁸ Id.

⁹ AS14.43.145 (a)(1).

Adoption

I, on behalf of the Alaska Commission on Postsecondary Education and in accordance with AS 44.64.060, adopt this Decision and Order as the final administrative determination in this matter.

Judicial review of this decision may be obtained by filing an appeal in the Alaska Superior Court in accordance with Alaska R. App. P. 602(a)(2) within 30 days after the date of this decision.

DATED this 20th day of December, 2018.

By: Signed
Signature
Stephanie Butler
Name
Executive Director
Title

[This document has been modified to conform to the technical standards for publication. Names may have been changed to protect privacy.]