

**PROPOSED REGULATION OF THE BOARD OF TRUSTEES
FOR THE NEVADA HIGHER EDUCATION TUITION TRUST
FUND**

LCB File No. R009-99

May 5, 1999

EXPLANATION – Matter in *italics* is new; matter in brackets [] is material to be omitted.

AUTHORITY: NRS 353B.090.

Section 1. Chapter 353B of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 31, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 31, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in NRS 353B.020 to 353B.070, inclusive, and sections 3 to 10, inclusive, of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Contract” means a prepaid tuition contract, consisting of the provisions of an application for enrollment in the program and a master agreement and schedule for participation and payment provided by the board.*

Sec. 4. *“Contractual option” means an option set forth in section 11 of this regulation.*

Sec. 5. *“Date of matriculation” means the year that a qualified beneficiary commences his attendance at a postsecondary educational institution.*

Sec. 6. *“Eligible school” means a school described in paragraph (g) of subsection 3 of NRS 353B.100. For the purposes of that paragraph, the board will construe the term*

“accredited” to mean that a school has been accredited as a postsecondary educational institution by an accrediting body recognized by the United States Department of Education.

Sec. 7. *“Program” means the program for the prepayment of tuition established pursuant to chapter 353B of NRS and this chapter.*

Sec. 8. *“State community college” means:*

- 1. The Community College of Southern Nevada;*
- 2. The Western Nevada Community College;*
- 3. The Truckee Meadows Community College; or*
- 4. The Great Basin College.*

Sec. 9. *“State university” means:*

- 1. The University of Nevada, Reno; or*
- 2. The University of Nevada, Las Vegas.*

Sec. 10. *“Tuition” means all fees required for the enrollment of a full-time student into an eligible school, except for any amounts charged:*

- 1. To nonresident students only;*
- 2. As fines, application fees, entrance fees, parking fees, athletic fees or studio fees, laboratory fees or other fees imposed for specific courses, whether or not charged to all students; and*
- 3. For books, supplies, room or board, whether or not charged to all students.*

Sec. 11. *A contract may provide for payment from the trust fund of the amount of tuition required for the enrollment of a qualified beneficiary into:*

- 1. A state community college for four semesters;*
- 2. A state:*

(a) Community college for four semesters; and

(b) University for four semesters; or

3. A state university for eight semesters,

in classes pursuant to which the qualified beneficiary may earn 15 credits per semester of study, and an associate's degree in 2 years of study or a bachelor's degree in 4 years of study.

Sec. 12. *No contract may authorize the payment of:*

1. Tuition for:

(a) More than one qualified beneficiary; or

(b) A person who is designated as a qualified beneficiary for another contract; or

2. Except for the amount of tuition authorized pursuant to section 11 of this regulation,

any other amounts charged for the enrollment of a qualified beneficiary into an eligible school.

Sec. 13. *A contract may provide for payment by the purchaser:*

1. By:

(a) Remittance in a lump sum; or

(b) Remittances on a monthly basis:

(1) For 60 months; or

(2) From the time of enrollment in the program until the qualified beneficiary

graduates from high school; and

2. Pursuant to:

(a) An invoice;

(b) Monthly coupons;

(c) Payroll deductions;

(d) Automatic deductions from a specified account at a financial institution; or

(e) Any other method approved by the board.

Sec. 14. *1. The purchaser of a contract may be any person or legal entity other than the qualified beneficiary designated for the contract.*

2. At the time of enrollment in the program, a qualified beneficiary must not yet have:

(a) Completed the ninth grade of school; or

(b) Attained the age of 19 years.

Sec. 15. *1. A person who desires to enter into a contract must submit to the board an application for enrollment in the program, on a form provided by the board, and a fee of \$60 for processing the application. The application must include:*

(a) The expected date of matriculation of the qualified beneficiary;

(b) The desired contractual option; and

(c) Any other relevant information requested by the board.

2. Except as otherwise authorized by the board, the board will reject any applications for enrollment in the program which are not received on the dates established pursuant to section 17 of this regulation.

3. Upon its approval of an application for enrollment in the program, the board will mail a copy of the contract to the purchaser.

Sec. 16. *An applicant for enrollment in the program or a purchaser may submit to the board a written designation of a person to serve as his legal successor for the purposes of the contract in the event that he dies before the contract is discharged. A person so designated:*

1. Must not be the qualified beneficiary for the contract; and

2. May request and receive from the board any information regarding the contract, but may exercise no other rights regarding the contract during the lifetime of the purchaser.

Sec. 17. *The board will annually:*

1. Establish:

(a) Guaranteed rates for the prepayment of tuition pursuant to a contract;

(b) Specific dates for enrollment in the program; and

(c) A rate of interest for the provision of any refunds pursuant to this chapter of payments received during the immediately preceding year, which must be based upon the net return on the investment of money in the trust fund during that year; and

2. Publish those rates and dates, either separately or together, pursuant to NRS 238.010 to 238.080, inclusive, at least once each week for 2 consecutive weeks in a newspaper of general circulation published in each of the three counties in this state with the largest population.

Sec. 18. *1. A purchaser must remit payments pursuant to a contract on the dates and in the amounts set forth in the schedule for participation and payment provided to the purchaser by the board.*

2. If a purchaser fails to remit:

(a) A payment required pursuant to a contract within 30 days after the date the payment is due, the purchaser shall be deemed to be in default.

(b) All past due payments required pursuant to a contract within 180 days after the date the purchaser is deemed to be in default pursuant to subsection 1, the board will terminate the contract and provide to the purchaser, after deducting the total amount of any fees and penalties imposed pursuant to the contract and any payments from the trust fund made on

behalf of the qualified beneficiary, a refund of the balance of the amount paid by the purchaser pursuant to the contract, with interest on that balance in accordance with the applicable rates established pursuant to section 17 of this regulation.

Sec. 19. If a purchaser fails to provide any information relating to a contract within a reasonable period after receiving a request from the board for the provision of that information, the board may terminate the contract and provide to the purchaser, after deducting the total amount of any fees and penalties imposed pursuant to the contract and any payments from the trust fund made on behalf of the qualified beneficiary, a refund of the balance of the amount paid by the purchaser pursuant to the contract, with interest on that balance in accordance with the applicable rates established pursuant to section 17 of this regulation.

Sec. 20. If the board determines that a purchaser has fraudulently misrepresented or omitted any information relating to a contract requested by the board or otherwise required pursuant to this chapter, the board will terminate the contract and provide to the purchaser, after deducting the total amount of any fees and penalties imposed pursuant to the contract and any payments from the trust fund made on behalf of the qualified beneficiary, a refund of the balance of the amount paid by the purchaser pursuant to the contract, with interest on that balance in accordance with the applicable rates established pursuant to section 17 of this regulation.

Sec. 21. Upon the death of a purchaser and the receipt of a written request signed by a person designated pursuant to section 16 of this regulation or, in the absence of such a designation, by the representative of the estate of the purchaser, the board will:

1. Terminate the contract and provide to the requester, after deducting the total amount of any fees and penalties imposed pursuant to the contract and any payments from the trust fund made on behalf of the qualified beneficiary, a refund of the balance of the amount paid by the purchaser pursuant to the contract, with interest on that balance in accordance with the applicable rates established pursuant to section 17 of this regulation; or

2. If the requester submits the required fee, amend the contract to change the identity of the purchaser.

Sec. 22. *Upon the receipt of a written request signed by a purchaser and such documentation as the board deems adequate to prove that the qualified beneficiary has died or become totally disabled, the board will terminate the contract and provide to the purchaser, after deducting the total amount of any fees and penalties imposed pursuant to the contract and any payments from the trust fund made on behalf of the qualified beneficiary, a refund of the balance of the amount paid by the purchaser pursuant to the contract, with interest on that balance in accordance with the applicable rates established pursuant to section 17 of this regulation.*

Sec. 23. *1. Upon the receipt of a written request signed by a purchaser and such documentation as the board deems adequate to prove that the qualified beneficiary has been awarded a scholarship to attend an eligible school which:*

(a) Duplicates all the benefits to be provided pursuant to the contract, the board will:

(1) Amend the contract to change the identity of the qualified beneficiary and waive the required fee for the change; or

(2) Terminate the contract and provide to the purchaser, after deducting the total amount of any fees and penalties imposed pursuant to the contract and any payments from the

trust fund made on behalf of the qualified beneficiary, a refund of the balance of the amount paid by the purchaser pursuant to the contract, with interest on that balance in accordance with the applicable rates established pursuant to section 17 of this regulation; or

(b) Duplicates a portion of the benefits to be provided pursuant to the contract, the board will:

(1) Provide the benefits pursuant to the contract that are not duplicated by the scholarship and pay to the purchaser the amount of the benefits that are duplicated by the scholarship; or

(2) Terminate the contract and provide to the purchaser, after deducting the total amount of any fees and penalties imposed pursuant to the contract and any payments from the trust fund made on behalf of the qualified beneficiary, a refund of the balance of the amount paid by the purchaser pursuant to the contract, with interest on that balance in accordance with the applicable rates established pursuant to section 17 of this regulation.

2. As used in this section, “scholarship” does not include a loan.

Sec. 24. Upon the receipt of a written request signed by a purchaser to terminate the contract for any reason other than as provided in sections 22 and 23 of this regulation, the board will terminate the contract and provide to the purchaser, after deducting the total amount of any fees and penalties imposed pursuant to the contract and any payments from the trust fund made on behalf of the qualified beneficiary, a refund of the balance of the amount paid by the purchaser pursuant to the contract, with interest on that balance in accordance with the applicable rates established pursuant to section 17 of this regulation.

Sec. 25. Upon the receipt of a written request signed by a purchaser, the board will provide to the purchaser:

1. *A refund of any amount received for a contract which:*
 - (a) *Was paid before the date the amount was due pursuant to the contract; or*
 - (b) *Exceeds the amount due pursuant to the contract, including any overpayments resulting from an amendment of the terms of the contract pursuant to this chapter; and*
2. *Interest on that amount in accordance with the applicable rates established pursuant to section 17 of this regulation,*
unless the purchaser is in default pursuant to section 18 of this regulation or payment of the refund will cause the purchaser to become in default.

Sec. 26. *Upon the request of a purchaser and receipt of the required fee, the board will allow the purchaser to pay in a lump sum the remaining balance, if any, of the total amount due pursuant to a contract that provides for the remittance of payments on a monthly basis, unless:*

1. *The purchaser is in default pursuant to section 18 of this regulation; or*
2. *The contract has been terminated.*

Sec. 27. *The board will amend a contract to change the designation of the qualified beneficiary to a person within the immediate family of the existing qualified beneficiary if:*

1. *The purchaser requests the change and submits to the board:*
 - (a) *The required fee;*
 - (b) *The name and date of birth of the proposed qualified beneficiary;*
 - (c) *The expected date of matriculation of the proposed qualified beneficiary; and*
 - (d) *Any other relevant information requested by the board;*
2. *Either:*

(a) The age of the proposed qualified beneficiary is less than the age of the existing qualified beneficiary plus 4 years; or

(b) The purchaser pays any additional sum the board determines to be necessary, as a result of the change, to ensure the actuarial soundness of the trust fund;

3. No benefits have been paid pursuant to the contract;

4. The purchaser is not in default pursuant to section 18 of this regulation; and

5. The contract has not been terminated.

Sec. 28. *The board will amend a contract to change the contractual option if:*

1. The purchaser, on or after September 1 of the year the qualified beneficiary commences the 12th grade of school, requests the change, submits the required fee and pays any additional sum the board determines to be necessary, as a result of the change, to ensure the actuarial soundness of the trust fund;

2. No benefits have been paid pursuant to the contract;

3. The purchaser is not in default pursuant to section 18 of this regulation; and

4. The contract has not been terminated.

Sec. 29. *The board will not provide any benefits pursuant to a contract:*

1. Until:

(a) The purchaser has:

(1) Been enrolled in the program for at least 2 years; and

(2) Paid the entire amount due pursuant to the contract; and

(b) The board has received:

(1) The social security number of the qualified beneficiary;

(2) At least 60 days' notice of enrollment of the qualified beneficiary into an eligible school; and

(3) Any other information relating to the contract requested by the board.

2. Earlier than the expected date of matriculation of the qualified beneficiary, as specified pursuant to section 15 or 27 of this regulation, except that the board may allow the commencement of those benefits not more than 2 years before that date if the qualified beneficiary graduates from high school and enrolls into an eligible school before that date.

3. Later than 10 years, excluding any period during which the qualified beneficiary is on active duty in the Armed Services of the United States, after:

(a) The expected date of matriculation of the qualified beneficiary, as specified pursuant to section 15 or 27 of this regulation; or

(b) The year the qualified beneficiary first attends classes at a postsecondary educational institution,

whichever occurs later.

4. If the provision of benefits does not commence before the qualified beneficiary attains the age of 30 years plus any period during which the qualified beneficiary was on active duty in the Armed Services of the United States.

Sec. 30. *A contract may require the purchaser to pay:*

1. For a change in:

(a) The amount, time or method of payment;

(b) The contractual option;

(c) The identity of the purchaser;

(d) The identity of a person designated pursuant to section 16 of this regulation; or

- (e) The designation of the qualified beneficiary,
a fee of \$20.*
- 2. For the replacement of any lost or destroyed documents, a fee of \$7.*
 - 3. For the payment of tuition to an eligible school other than a state community college or state university, a fee of \$25 for each quarter or semester for which tuition is paid.*

Sec. 31. *A contract may require the purchaser to pay:*

- 1. If a check is returned for insufficient funds, a penalty of \$15.*
- 2. If a monthly remittance is not received within 15 days after the date due, a penalty of \$15.*
- 3. If a remittance by a lump sum is not received within:*
 - (a) Fifteen days after the date due, a penalty of \$15;*
 - (b) Thirty days after the date due, a penalty of \$15; and*
 - (c) Sixty days after the date due, a penalty of 1 percent of the total amount due, including the amount of all outstanding fees and penalties imposed pursuant to the contract, for each period of 30 days or portion thereof that passes after the period described in paragraph (b) until:*
 - (1) The total amount due is paid; or*
 - (2) The contract is terminated,**whichever occurs earlier.*
- 4. If a contract is terminated pursuant to section 20 of this regulation, a penalty of \$250 or the total amount paid by the purchaser pursuant to the contract, excluding the amount of any fees and other penalties paid pursuant to the contract, whichever is less.*

5. If a contract is terminated pursuant to section 18, 19 or 24 of this regulation, a penalty of \$150 or 50 percent of the total amount paid by the purchaser pursuant to the contract, excluding the amount of any fees and other penalties paid pursuant to the contract, whichever is less.

6. In addition to any penalties imposed in accordance with subsection 4 or 5, for the termination of a contract pursuant to which the purchaser was required to pay by:

(a) Remittances on a monthly basis, a penalty of \$3 for each calendar month or portion thereof during which the purchaser was enrolled in the program.

(b) Remittance in a lump sum, a penalty of \$20.