

## **11 KAR 17:050. Prepaid tuition contract prices, payments, and default.**

RELATES TO: KRS 164A.704, 164A.705, 164A.707

STATUTORY AUTHORITY: KRS 164A.704(1), (6), 2003 Ky. Acts ch. 156, Part IX, Sec. 46, EO 2003-652

NECESSITY, FUNCTION, AND CONFORMITY: KRS 164A.704(1) requires the board to promulgate administrative regulations to implement KRS 164A.700 to 164A.709. KRS 164A.704(6) provides that the board shall develop requirements, procedures, and guidelines regarding prepaid tuition contracts. 2003 Ky. Acts ch. 156, Part IX, Section 46, and EO 2003-652 transferred the governance and administration of the Prepaid Tuition Program from the Department of Treasury to the Kentucky Higher Education Assistance Authority. This administrative regulation establishes the requirements for prepaid tuition contract prices, payments, and default.

Section 1. Prepaid Tuition Contract Prices. (1) The board shall determine all tuition plans available for the purchase of prepaid tuition under a prepaid tuition contract.

(2) The prices for all tuition plans available for the purchase under a prepaid tuition contract shall be determined for each application period by the board.

(3) The purchase price determined by the board shall be expressed in installments in accordance with the payment schedule set by the office or in a lump sum, one (1) time payment representing the full purchase price of the prepaid tuition contract.

Section 2. Prepaid Tuition Contract Payments. (1) All payments due under a prepaid tuition contract shall be paid in cash in one (1) of the following forms:

- (a) Automatic clearinghouse checks;
- (b) Payroll deduction, if the payroll deduction plan has been approved by the office;
- (c) Coupon books;
- (d) Credit card approved by the office;
- (e) Personal check; or
- (f) Electronic internet debit.

(2) A purchaser may request a change in the payment schedule by written request to the office. The request shall be accompanied by a change in payment schedule fee as required by 11 KAR 17:100. The request shall be subject to approval by the office based on the type of plan selected and its corresponding payment schedule.

(3) A purchaser may prepay any remaining payments due under his payment schedule at any time without penalty.

(4) A purchaser shall receive an annual statement showing a record of payments to the fund, the amount still due from the purchaser under the payment schedule, and any amounts paid by the fund under the prepaid tuition contract.

(5) Subject to proper payment in accordance with subsection (1) of this section, a purchaser may purchase a prepaid tuition contract with funds representing custodial property under the Kentucky Uniform Transfer to Minors Act, KRS 385.012 to 385.252, or another equivalent uniform transfer of gifts to minors act of another state.

Section 3. Default. (1) Failure to make timely payments in accordance with the payment schedule shall constitute default by the purchaser and assessment of a late payment fee as required by 11 KAR 17:100. A purchaser shall be notified in writing of the default and the assessment of the late payment fee.

(2) If the payment of the late payment fee and all delinquent amounts due under the pay-

ment schedule is not received by the office by the date set in the notice of default, the office shall accordingly reduce the value of the prepaid tuition account.

(3) If a prepaid tuition contract continues in default for more than 210 days, the board shall terminate the prepaid tuition contract and refund the contributions, subject to 11 KAR 17:090, Section 1(3) and (4). (30 Ky.R. 759; 1194; eff. 12-1-2003; Crt eff. 9-28-2018.)