Regulations regarding interest on and repayment of educational loans and loss of rights 2007

Section one: Interest on and repayment of educational loans and loss of rights

Chapter 1 Interest accrual on the educational loan and repayment plan

§ 1-1 Interest on the educational loan

The educational loan will start accruing interest from the start of the first month following completion or interruption of the borrower's education, or when the borrower is not entitled to support in accordance with Sections one and four of the regulations regarding the granting of educational support. Interest is also charged when the borrower studies without receiving financial support; cf Chapter 11.

Debt from previous education is interest-bearing when the borrower is in part-time education.

§ 1-2 Repayment plan

A repayment plan will be issued when the loan becomes interest-bearing.

A borrower who has received a repayment plan and who has subsequently been granted support for other education will have a new repayment plan established for the total debt.

Chapter 2 Interest terms

§ 2-1 Calculation of variable interest

Interest on the loan is payable at the interest rate on government certificates which have redemption periods from zero to three months. An additional one per cent per annum is charged to partially cover administrative costs and losses.

The interest rate is set for each quarter by Lånekassen. One quarter elapses between the observation period and the date on which the interest becomes due. Interest is charged in arrears on the last day of each month.

Interest on the whole loan is charged at one per cent above the ordinary rate from the date the debt was called in due to default.

§ 2-2 Fixing of the interest

The borrower may sign an agreement to fix the interest for a period of three or five years.

The interest rate is set in accordance with the interest on government bonds with a redemption period of three or five years. An additional one per cent per annum is charged to partially cover administrative costs and losses.

The interest rate is set for each quarter by Lånekassen. One month elapses between the observation period and the date on which the interest becomes due. Interest is charged in arrears on the last day of each month.

Interest on the whole loan is charged at one per cent above the ordinary rate from the date the debt was called in due to default.

Borrowers who have signed a fixed-interest agreement must pay in accordance with the agreement.

It is not possible to fix the interest on only part of the loan.

An application to fix the interest must be received by Lånekassen no later than the 10th day of the month from which the interest offer applies.

In case of extra payments or redemption of the debt during the term of the agreement, an early redemption penalty at a premium or discount rate will be charged or set against the debt in Lånekassen. The fixed interest agreement is terminated if the borrower
1) begins a full- or part time education and receives a loan and/or grant from Lånekassen, or
2) redeems the whole debt within the period of the agreement

If there is no new fixed interest agreement at the time when the agreement expires, interest is set according to §2-1.

§ 2-3 Limitations on permission to sign a fixed-interest agreement

The following borrowers are not permitted to sign a fixed-interest agreement:
a) a borrower under 18 years of age
b) a borrower who has a shorter repayment term than the term of the agreement
c) a borrower with a non-interest-bearing loan
d) a borrower with a called-in loan
e) a borrower with a debt settlement
f) a borrower in part-time education with support from Lånekassen and who has an interest-bearing loan from previous education.

§ 2-4 Compound interest

Compound interest will be charged at the current interest rate. All unpaid interest becomes interest-bearing on 15 May and 15 November. For borrowers with loans dating from before 1 July 1985, no interest will be charged on unpaid interest accumulated before 1 January 1990.

Chapter 3 Instalments

§ 3-1 Determining the instalments

Instalments are determined in accordance with the annuity principle, so that the debt is repaid over the fixed repayment term. The smallest instalment is NOK 2,820.

§ 3-2 Exceptions in special cases

In special cases Lånekassen may make exceptions to regulations for determining instalments.

§ 3-3 Adjustment of instalments

Instalments are adjusted when the interest rate changes.

Chapter 4 Repayment term

§ 4-1 Normal repayment term

The longest repayment term is 20 years from the date the loan becomes interest-bearing. A loan of more than NOK 200,000 will normally have a repayment term of 20 years.

§ 4-2 Extended repayment term

When a repayment deferral is granted, the repayment term will normally be extended. The repayment term cannot be extended to more than 30 years.

§ 4-3 Shorter repayment term

The loan must be repaid by the time the borrower reaches the age of 65. For borrowers over 45 years of age, the instalment amounts are increased so that the longest repayment term is shorter than 20 years.

Chapter 5 Extra repayments and redemption

§ 5-1 Extra repayments for loans with variable interest

A borrower with a loan repayable in accordance with § 2-1 (variable interest) may redeem or repay the debt quicker and by larger amounts than set out in the repayment plan, without additional costs.

§ 5-2 Extra repayments for loans with fixed interest

For a borrower who has signed a fixed-interest agreement in accordance with § 2-2, extra repayments or redemption of the debt within the term of the agreement will incur a redemption penalty at a premium or discount rate.

§ 5-3 Reimbursement of extra repayments

Extra repayments will be reimbursable only in special cases.

Chapter 6 Due dates, payment reminders and fees

§ 6-1 Due date and repayment break

The first due date is set at around seven months after the education has either been completed or interrupted, or when the borrower no longer receives support from Lånekassen (repayment break). This also applies to a new repayment plan in accordance with § 1-2.

A borrower who receives support for part-time education and has a loan for which a repayment plan has previously been issued cannot be granted a new repayment break.

Due dates are 15 February, 15 May, 15 August and 15 November.

§ 6-2 The borrower's repayment obligations in spite of non-receipt of a payment reminder

The instalment must be paid even if the borrower has not received a payment reminder; see § 16-2.

§ 6-3 Fee on first payment reminder

A fee of NOK 35 is incurred for a reminder of an instalment falling due. Borrowers using e-invoices do not incur this fee.

§ 6-4 Fee on second payment reminder (first demand)

On the second payment reminder, a fee of NOK 280 is incurred.

§ 6-5 Fee on third payment reminder (calling in notice)

On the third payment reminder, a fee of NOK 490 is incurred.

§ 6-6 Order of priority for payments

A payment is applied in the following order: any debt collection costs, charges, interest, and loan capital.

§ 6-7 Transaction costs

The borrower is responsible for transaction costs incurred in repaying the debt. Lånekassen adds the costs to the borrower's account.

Chapter 7 Consequences of default on payment obligations or breach of duty of disclosure

§ 7-1 Consequences of non-payment after third payment reminder

Lånekassen may require that the entire debt be redeemed before the due date if the borrower materially defaults on the loan agreement. If the borrower does not pay within the deadline given in the third reminder, Lånekassen comes to a decision on calling in the entire

debt and the Norwegian National Collection Agency takes over recovery of the unpaid debt. The calling in is cancelled if the borrower pays or is granted a deferral for the overdue, unpaid instalment. Please refer to the conditions governing repayments in Section two. In cancelling the calling in, Lånekassen retrieves the case from the Norwegian National Collection Agency.

Interest on the whole loan is charged at one per cent above the ordinary rate from the date the debt was called in cf. Act relating to Interest on Overdue Payments, etc.17 December 1976.

By debt is meant the loan, interest, charges and costs.

§ 7-2 Recovery of the unpaid debt

If the borrower does not pay the entire overdue, unpaid instalment, the Norwegian National Collection Agency may enter into a voluntary repayment agreement for the overdue amount.

A claim for repayment of an overdue part of an educational loan may be recovered through attachment of salary and other similar disbursements in accordance with the Satisfaction of Claims Act § 2-7.

§ 7-3 Enforced recovery

A claim for repayment of educational debt may be enforced by distraint. In case of material default, the Norwegian National Collection Agency, as the special enforcing authority, arranges attachment proceedings for the entire debt in accordance with the regulations in the Enforcement Act. The Norwegian National Collection Agency may also forward the claim for repayment to a local enforcement officer.

If the overdue unpaid instalment is paid, the recovery may be halted.

§ 7-4 Borrowers abroad

If the borrower lives abroad, the Norwegian National Collection Agency may collect the debt where the borrower lives. The Norwegian National Collection Agency may use a collection agency, solicitor or the legal apparatus. The recovery may be halted if the overdue, unpaid instalment is paid, even if the case has been transferred to a collection agency or solicitor for borrowers resident abroad.

§ 7-5 Charges

A borrower may be liable for charges and costs relating to repayment and recovery of the debt.

§ 7-6 Persistent and gross default

On persistent and gross default on the repayment obligations, the borrower's debt may be permanently transferred to the Norwegian National Collection Agency. A permanent transfer to the debt to the Norwegian National Collection Agency entails a loss of entitlements accorded by or pursuant to the Act on Financial Support for Students.

The default will be considered persistent and gross once the debt has been called in for three years.

§ 7-7 Exemption from § 7-6

Exemption is made from § 7-6 if one of the following circumstances applies:

a) the borrower has a current voluntary repayment scheme,
b) the borrower has a current enforced repayment scheme,
c) the borrower has repaid a significant amount over the past 12 months,
d) the borrower documents that the present situation qualifies him/her for repayment relief in accordance with Section two, or
e) special circumstances make it reasonable for the debt not to be transferred.

A claim for exemption must be justified and filed within the deadline specified in the notice concerning permanent transfer of the debt to the Norwegian National Collection

Agency. Any claim for exemption after the debt has been permanently transferred will not be considered.

§ 7-8 Other consequences of a default on the repayment obligation

Default on the repayment obligation may result in rejection of an application for support for new education in accordance with the regulations regarding the granting of educational support and rejection of an application for repayment deferral, interest exemption and debt cancellation; see § 17-3 and the regulations regarding the granting of educational support.

§ 7-9 Consequences of breach of the duty of disclosure

If a borrower wilfully or negligently breaches the duty of disclosure in accordance with the regulations regarding the granting of educational support, and has thereby received or attempted to be paid or credited with support to which the regulations do not provide entitlement, Lånekassen may demand that the amount of support be repaid and may charge interest from the date on which the borrower was granted support. The entire debt may be called in and recovered in accordance with §§ 7-2 – 7-4. The borrower may lose the right to repayment relief and debt cancellation.

In assessing the default, particular consideration is given to how long the default has been in progress and the size of the unauthorised support received.

Chapter 8 Educational debt and debt settlement

§ 8-1 Extrajudicial debt settlement

Educational debt may be included in debt settlements extraneous to the Debt Settlement Act (extrajudicial debt settlement). An application for such a debt settlement must contain documented details of the borrower's income, assets, liabilities, number of dependents, living costs and other matters relevant to the case. The same information must be provided for a spouse or co-habitant to the extent that this is relevant to the case.

§ 8-2 Debt settlement in accordance with the Debt Settlement Act

When a borrower obtains a debt settlement in accordance with the Debt Settlement Act, the repayment terms will be determined in accordance with this.

A debt settlement will normally aim for an unsecured debt to be erased at the end of debt settlement period, which is normally five years; see Chapters 4 and 5 of the Debt Settlement Act.

If the debt settlement is not achieved, the borrower will be dealt with in accordance with the other clauses of these regulations.

§ 8-3 Eligibility for new educational support

As a main rule, the borrower may not take out a new loan and/or a grant during the debt negotiation period and the debt settlement period. If the education is agreed or confirmed in the debt settlement, new support may be assessed on the basis of the general criteria for awards, including previous defaults; see § 7-8.

Chapter 9 Debts that are considered non-recoverable

§ 9-1 Debt cancellation

Loan, interest and costs may be cancelled to the extent that the debt is considered to be non-recoverable. An application for cancellation must include documented details of the borrower's income, assets, liabilities, number of dependents and living costs. The application must also include equivalent details for a spouse or co-habitant and other matters relevant to the case.

When assessing the application, consideration shall be given to the borrower's financial circumstances, whether the ability to pay is permanently impaired and the duration of the default. Consideration shall also be given to the remedial measures that have been initiated during the case and to the measures that will be most appropriate for recovery in the future. The borrower may not be granted debt cancellation if this would appear unfair.

§ 9-2 Limited right to appeal

A borrower has no right to appeal in accordance with the provisions of the Public Administration Act for decisions made in cases of debt settlement outside the Debt Settlement Act and for debt cancellation that is considered to be non-recoverable.

Chapter 10 Personal debt

§ 10-1 Personal debt

An educational debt granted pursuant to the Act on Financial Support for Students is a personal debt and may not be transferred to another party.

§ 10-2 Cancellation in the event of death

The debt is cancelled in the event of the borrower's death.

Section two: Interest exemption, repayment deferral and debt cancellation

Chapter 11 Interest exemption while in education

§ 11-1 Conditions for entitlement to interest exemption following completed full-time education

A borrower who has completed full-time education and documents entitlement to financial support in accordance with Sections one and four of the regulations regarding the granting of educational support is entitled to interest exemption for as long a period as that in which support could have be granted.

A borrower who is studying without having applied for financial support must apply for interest exemption within the statutory limitation in § 13-2.

§ 11-2 Conditions for entitlement to interest exemption following completed part-time education

A borrower who has completed part-time education and documents entitlement to financial support in accordance with Section one of the regulations regarding the granting of educational support is entitled to interest exemption if the borrower has a gross monthly income of NOK 14,980 or less. This threshold is increased by NOK 1,500 for each child under 16 for whom the borrower provides.

The borrower must apply for interest exemption within the statutory limitation in § 13-2.

§ 11-3 Entitlement to interest exemption on the grounds of being a student representative

A borrower who is a full-time student representative in a national student organisation, or in connection with an educational establishment or student association, will be granted interest exemption if he or she is in office for at least three consecutive months and has an gross monthly income of NOK 14,980 or less. This threshold is increased by NOK 1,500 for each child under 16 for whom the borrower provides.

Interest exemption on the grounds of being a student representative may be granted for up to twelve months.

§ 11-4 Entitlement to interest exemption in case of leave of absence or through participation in the Leonardo or Socrates programmes

A borrower who has leave of absence from studying and receives a study grant, or a borrower who is participating in a Leonardo or Socrates programme for a period of at least three months, will be granted interest exemption if gross monthly income is NOK 14,980 or less. This threshold is increased by NOK 1,500 for each child under 16 for whom the borrower provides.

Chapter 12 Interest exemption on social and financial grounds

§ 12-1 Entitlement to interest exemption on social and financial grounds

A borrower who satisfies one of the requirements under letter a-d below and who also has a gross monthly income of NOK 14,980 or less is entitled to interest exemption. The income threshold is increased by NOK 1,500 for each child under 16 for whom the borrower provides. The borrower must document the basis for the interest exemption application.

a) Circumstances related to sickness and unemployment

A borrower who documents

1) sickness,
2) medical rehabilitation,
3) occupational rehabilitation,
4) time-limited disability benefit or
5) registered unemployment.

It is a condition that the circumstances last at least three consecutive months.

b) Military service or pupil at a military school

A borrower who is doing military or civil service in Norway, a borrower who is a trainee at a military academy and citizens of EEA states who are doing military service in their home country.

It is a condition that the circumstances last at least three consecutive months.

c) Birth or adoption

A borrower who documents the birth of a child and postnatal parental leave. The parent caring for the child receives interest exemption for up to twelve months from the birth of the child. Under the same rules, on adoption of a child of under ten years of age, interest exemption is granted for up to twelve months from the date of adoption. The interest exemption may be shared between the parents during periods when they share the childcare.

d) Care work

A borrower who provides care for someone for at least three consecutive months. Care work includes caring for children under ten years of age or caring for a disabled or functionally impaired person or an elderly person in the immediate family who needs constant care and attention. See also § 12-5.

§ 12-2 Entitlement to interest exemption based on receipt of financial benefits under the Social Services Act

A borrower who documents that he or she has not received for at least three months consecutively any income other than financial benefits under § 5-1 of the Social Services Act is entitled to interest exemption. Interest exemption pursuant to this item may be granted for up to three years in total.

§ 12-3 Entitlement to interest exemption based on full-time employment and low gross income

A borrower who documents having worked full time for a period of twelve or more consecutive months is entitled to interest exemption if his/her gross average monthly income is NOK 10,655 or less during this period. The amount is increased by NOK 1,500 for each child under 16 for whom the borrower provides. See also § 12-5. Interest exemption pursuant to this item may be granted for up to three years in total.

§ 12-4 Entitlement to interest exemption through imprisonment and low gross income

A borrower who documents having served a prison sentence or having been in preventive detention for twelve or more consecutive months is entitled to interest exemption if his/her average gross monthly income is NOK 10,655 or less during that period. The amount is increased by NOK 1,500 for each child under 16 for whom the borrower provides. See also § 12-5.

§ 12-5 Means testing of interest exemption against spouse's, partner's or co-habitant's income

Interest exemption in accordance with § 12-1 d, § 12-3 and § 12-4 is means-tested against the income of the borrower's spouse, partner or co-habitant with whom the borrower has a child.

Interest exemption is only granted to those whose own income falls below the threshold. It is a condition that the total gross monthly income is less than NOK 29,960. This threshold is increased by NOK 3,000 for each child under 16 for whom the borrower provides.

§ 12-6 Requirement for documentation

Both the grounds and the income must be documented for the period for which an interest exemption is applied for.

Chapter 13 General matters concerning interest exemption

§ 13-1 Interest exemption is granted in arrears

Interest exemption is granted in arrears and for whole months.

§ 13-2 Barring of interest exemption

A claim for interest exemption applying to circumstances prior to 1 January 2004 is barred. An exception from this statutory limitation may be granted if specific circumstances prevent the application deadline from being met.

Chapter 14 Payment deferral

§ 14-1 Deferral of instalments

A deferral of payment of the entire instalment may be granted for up to three years, or up to six years for deferral of half the instalment; see also Chapters 17 and 4.
A payment deferral cannot be granted if this would result in future instalments becoming 1.5 times larger than the original instalment; see chapter 4.

§ 14-2 Deferral of one instalment date

Exceptionally, a payment deferral may be granted for one instalment, such that two instalments are paid on the next due date.

§ 14-3 Entitlement to deferral of instalments in the case of interest exemption

A borrower who satisfies the requirements for interest exemption is entitled to defer payment of the instalments during the same period; see also chapter 4.

Chapter 15 Debt cancellation

§ 15-1 *Entitlement to cancellation in the case of permanent disability*

If the borrower becomes at least 50 per cent disabled and receives a permanent disability pension from the National Insurance Fund or a similar pension scheme abroad, the borrower is entitled to full cancellation of the debt if his/her gross monthly income is NOK 14,980 or less. If the gross income is between NOK 14,980 and NOK 22,600, the borrower is entitled to a partial cancellation of the debt and a reduction of the instalment. These thresholds are raised by NOK 1,500 for each child under 16 for whom the borrower provides.

If the borrower has a gross monthly income of NOK 14,981 or more, the debt is cancelled in accordance with the following scale:

Gross monthly income	New debt	New instalment
NOK 14,981 - 16,880	NOK 41,800	NOK 1,340
NOK 16,881 - 18,720	NOK 48,800	NOK 1,610
NOK 18,721 - 20,660	NOK 55,800	NOK 1,900
NOK 20,661 - 22,600	NOK 62,800	NOK 2,160

All income and pension receipts must be documented, and a birth certificate must be provided for all children under 16 for whom the borrower provides.

§ 15-2 Cancellation in the case of long-term incapacity for work

If the borrower has been completely unfit for work for at least six years due to sickness, cancellation and reduction of the debt may be granted in accordance with the same income thresholds as in § 15-1. It is a condition that the borrower has not undergone medical or occupational rehabilitation throughout the period.

§ 15-3 Revocation of a debt cancellation decision in the case of new support from Lånekassen

If the borrower receives new support from Lånekassen in accordance with the regulations regarding the granting of educational support, the debt cancellation decision will be revoked. Cancelled interest will not be reactivated. If the decision was made more than ten years ago, it will not be revoked.

§ 15-4 Rejection of an application for debt cancellation

Lånekassen may reject an application for cancellation of support which the borrower has obtained without entitlement.

§ 15-5 Cancellation on the basis of receipt of old-age pension

If the borrower is awarded an old-age pension from the Norwegian National Insurance Fund or from a similar scheme abroad, the debt may in special circumstances be completely or partially cancelled.

The fact that the borrower has reached the age of 65 or has been paying for 20 years is not in itself a basis for cancellation of the debt.

Chapter 16 Duty of disclosure

§ 16-1 The borrower's duty of disclosure

The borrower is obliged to provide accurate and complete information to Lånekassen and notify changes in relation to that provided in the application.

§ 16-2 Change of address must be notified

The borrower is obliged to report any change of address to Lånekassen or to the Population Registry. Borrowers living abroad must notify Lånekassen directly of any change of address.

Chapter 17 Default on payment obligations and breach of duty of disclosure

§ 17-1 Loss of entitlement to interest exemption, payment deferral and debt cancellation through breach of duty of disclosure

If a borrower has wilfully or negligently breached the duty of disclosure and thereby received or attempted to be paid or credited with support to which the regulations regarding the granting of educational support do not provide entitlement, the borrower may lose the right to interest exemption, payment deferral and debt cancellation.
If a borrower has wilfully or negligently breached the duty of disclosure and thereby received interest exemption or debt cancellation to which the regulations do not provide entitlement, the borrower may lose the right to interest exemption, payment deferral and debt cancellation.

§ 17-2 Loss of entitlement to interest exemption, payment deferral and debt cancellation through default of payment obligations

If a borrower defaults in his or her payment obligations, the borrower may lose the right to interest exemption, payment deferral and debt cancellation.

§ 17-3 Rejection of an application for new education through default on payment obligations

If a borrower has defaulted on his or her payment obligations, Lånekassen may reject an application for support of new education in accordance with the regulations regarding the granting of educational support.

Appealing a decision

If you believe that the application has been incorrectly decided on in relation to the regulations, you may send a written appeal to Lånekassen's Complaints Board. The deadline for an appeal is three weeks from receipt of the letter of notification of the decision. The appeal must:

- be signed by you or your proxy
- cite the decision you are appealing
- explain how you would like the decision to be changed

There is no right of appeal against the regulations themselves, only against their application.