

Higher Education Reconciliation Act (HERA) Checklist

SCHOOLS

Date	Topic	Impact *	Possible Actions
February 8, 2006			
?	Disbursement Rules- Low Cohort Schools- Multiple Disbursement Waiver (30)	S,C	Check system edits/disbursement calendar
?	Disbursement Rules- Low Cohort Schools- Delayed Delivery Waiver (32)	S,C	Check system edits/disbursement calendar
July 1, 2006			
?	Academic Year Definition (55)	P,C	Update your program requirements for new academic year definitions
?	Student Eligibility - Drug Related Offenses (59)	P	Check procedure manual - offense must happen during period of enrollment
?	Institutional Refunds (64)	P	"Scheduled hours" now used to determine the percentage of the period completed
?	Leave of Absence (65)	P,C	Multiple leave of absences allowed during a twelve month period
?	Institutional Refunds (61)	S,C	Must contact borrower to see if loan funds are still needed
?	Institutional Refunds (62)	S,C	Return of funds required within 45 days of determination of withdrawal
?	Institutional Refunds (63)	S,C	Students only required to pay grant overpayments of \$50.00 or more

LENDERS

Date	Topic	Impact *	Possible Actions
February 8, 2006			
?	Teacher Loan Forgiveness (36)	C	Borrower eligible for up to \$17,500 retroactive to 10-1-05 Use best faith effort until new form is finalized
April 1, 2006			
?	Recapture of Excess Interest (15-16)	S	Review DCL FP-06-04 for new special allowance categories and calculations
July 1, 2006			
?	Rehabilitation - Default Reduction Program (52)	C	Change from twelve to nine payments
?	Reduction of Insurance (39)	S	Insurance rate drop. Changes from 98% to 97%
?	Exempt Claims (43)	S	Ineligible claims qualify for 100% insurance
?	Disbursement Rules- Foreign School (31)	S,C	Disbursements now subject to multiple disbursement and delayed delivery requirements
?	Exceptional Performer Insurance (44)	S	Insurance rate drops to 99%
?	Escrow Agent- Transfer of Funds (47)	S,P	Earliest date to transfer to escrow agent now ten days
?	Interest Subsidy- Escrow Agents (48)	S,P	Interest benefits limited to 3 days before first disbursement
?	Forbearance (49)	P,C	New borrower notice required for verbal forbearances
?	Teacher Loan Forgiveness - Private school teachers eligible (36)	C	Eligibility expanded to include non-profit private school teachers - use best faith effort until new form is finalized
?	False Certification (35)	C	Identity Theft- New Forbearance option until final regs issued

* S=System P=Procedures C=Consumer Information/Customer Service

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ALL

Date	Topic	Impact *	Possible Actions
July 1, 2006			
?	FFELP PLUS Loan for Graduate and Professional Students (12-13)	S,P,C	Define processes in your office - Consider packaging decisions
?	Stafford and PLUS Loan Interest Rates - Fixed Interest Rate (14)	S,C	Revise disclosures. Variable rates will still exist on prior loans.
?	Disbursement- Study Abroad (21)	P,C	Students right to request direct disbursement School Action - Notify lender of all Study Abroad students. Lender Action - Notify OGSLP on the Study Abroad/Foreign School Authorization Form
?	FFELP Origination Fees (23)	S,C	Reduces Stafford origination fees over time
?	Federal Default Fee- Subsidized and Unsubsidized Loans (41)	S,P,C	Implementing default fee. Lender Action - check with guarantor regarding billing options. School Action - check OLAC spreadsheet
?	Repeal of In-school Consolidation (29)	P,C	Modify Publications/Websites
?	Fraud - "nolo contendere" - no contest (50 & 58)	S,P,C	No additional Title IV funds until funds in question have been paid
?	Military Deferment (18-20)	S,P,C	New deferment for active duty military operation service. Best faith effort until form is finalized - Note: New NSLDS code = MO

Future

Date	Topic	Impact *	Possible Actions
July 1, 2007			
?	Annual Undergraduate Stafford Loan Limits (10)	S,P,C	1st year students from \$2,625 to \$3,500 2nd year students from \$3,500 to \$4,500
?	Unsubsidized Stafford Loan Limits for Graduate and Professional Students (11)	S,P,C	Undergrad student in degree granting program or professional certification is \$7,000

() = Item number on OGSLP DRA/HERA Impact Summary
This document is intended for informational purposes only

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