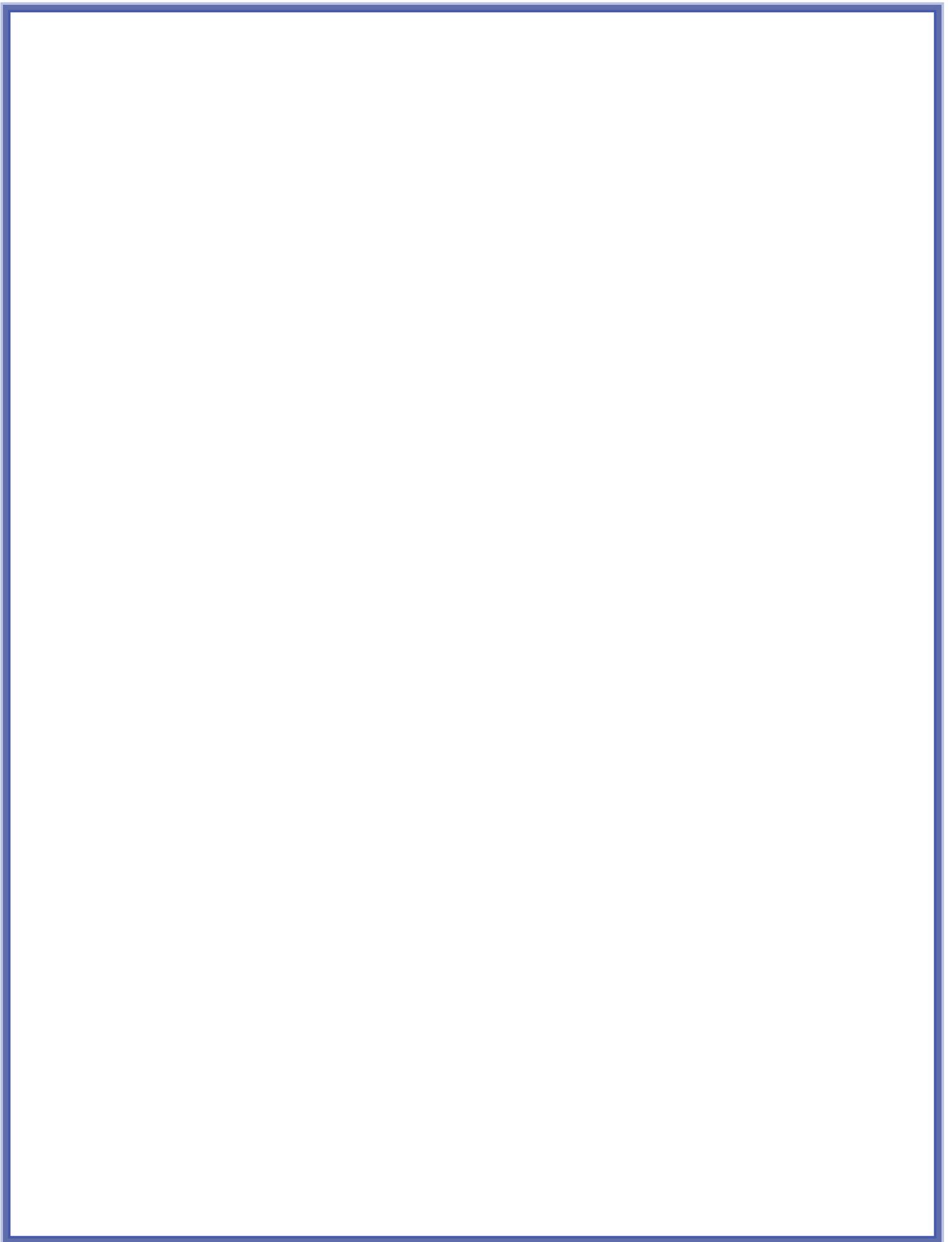


Higher Education Opportunity Act Training

By Rick Edington,
Laura Weiss, Mary Heid,
and Kim Elston





Higher Education Opportunity Act Overview

- P.L. 110-315 Signed by President on August 14, 2008
- Unless otherwise noted in law, most provisions effective August 14, 2008
- Dear Colleague Letter is expected soon
- Negotiated Rulemaking
- OGSLP staff working with industry groups to gather more information! Look for future training and learning opportunities from OGSLP.

HEOA Updates: Required Disclosures, NSLDS Information, Military Issues Presented by Mary Heid, Director for Policy, Compliance & Training

Lender Disclosures

- Before Disbursement
- Rights and Responsibilities
 - Separate Notification
- Before Repayment
- During Repayment
 - Income sensitive repayment exclusive disclosure no longer required
- Deferment
- Forbearance
- Borrower Having Difficulty Making Payments
- Delinquency
- Loan Sale
- Special Disclosure Rules on PLUS loans and Unsubsidized Loans
- Consolidation Loans
- Cost of Disclosures

In-School Deferment based on NSLDS Information

- May grant in-school deferment based on NSLDS information if requested by the school

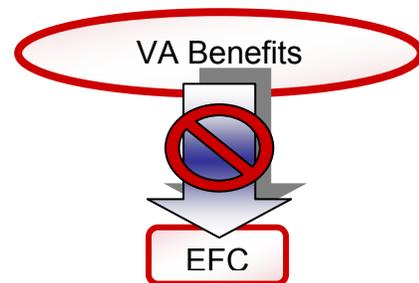
Military Benefits

- Servicemembers Civil Relief Act Reduction in Interest
 - Eligible service members, upon request, will have the interest rate on their Title IV loans reduced to 6%
- Reconsolidation to DL at 0% interest accrual
- Cost of attendance - permits students living in military housing or receiving a basic allowance for housing to receive an allowance for board, but not for room, when determining the cost of attendance (7/1/2010)
- Military or basic housing allowance excluded from taxable income in EFC calculation
- Readmission requirements
 - Prohibits discrimination with respect to readmission against students who serve in the uniformed services



Military Benefits - VA Benefits

- Exclusion from income or assets in EFC
- Removed from the definition of "other financial assistance" in need analysis



Military Benefits - In-State Tuition

- Requires states to provide active duty armed forces and family in-state tuition at public institutions

***HEOA Updates: Prohibited Inducements, Income Based Repayment, PLUS Loans, and Loan Forgiveness
Presented by Laura Weiss, Policy Specialist***

Prohibited Inducements

- HEOA adds new prohibited inducements and actions to the November 1, 2007 final regulations
- A loss of eligibility for engaging in prohibited activities takes effect after notice and opportunity for a hearing with ED
- Payments include payments for referrals and processing or finder fees
- Adds the following to the inducements list:
 - Prizes
 - Stock or other securities
 - Travel
 - Entertainment expenses
 - Tuition payment or reimbursement
 - The provision of information technology equipment at below-market value
 - Additional financial aid funds

Prohibited Inducements - Clarification Regarding Unsolicited Mailings

- Are specified as postal or electronic means
- Cannot be mailed to students, or family members of students, in secondary or postsecondary schools
- Still can be mailed to students or borrowers who have previously received FFELP loans from the lender

Prohibited Inducements - Additions

- Adds consulting arrangements:
 - May not enter into any type of consulting arrangement or other contract to provide services to a lender, with an employee who is employed in the financial aid office of a school, or who otherwise has responsibilities with respect to student loans or other financial aid of the school
- Adds compensation:
 - May not compensate an employee who works in the financial aid office or person with responsibilities with respect to student loans or other financial aid, at a school and is serving on an advisory board, commission, or a group established by a lender or a group of lenders
 - Exception for reimbursement of reasonable expenses incurred in providing such service
- Adds school functions:
 - Lender cannot perform or pay another person to perform for a school any function that such school is required to perform
 - Exception that lenders can perform exit counseling functions in accordance with 485(b)
- Adds payment to student:
 - Cannot provide payments or other benefits to a student at a school to act as the lender's representative to secure applications from individual prospective borrowers, unless:
 - Is also employed by the lender for other purposes; and
 - Made all appropriate disclosures regarding such employment
- Revises permitted activities:
 - Not a violation for a lender to provide technical assistance to institutions of higher education comparable to the kinds of technical assistance provided to institutions of higher education by ED

Preferred Lender Lists

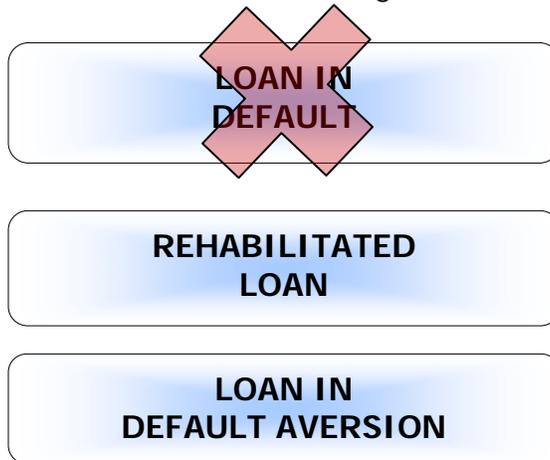
- Institutions with preferred lender arrangements must annually compile, maintain, and make available to students (and families) attending the school, a list of lenders offering Title IV or private loans that the school promotes, recommends, or endorses in accordance with the arrangement
- The school must disclose the method and criteria for selecting lenders with the most beneficial terms to the borrowers including:
 - Payment of loan fees for borrower;
 - Competitive interest rates or terms;
 - Quality servicing; or
 - Additional benefits beyond the standard terms
- The school shall exercise care in preparing the list without prejudice and with the sole benefit of the borrowers in mind
- The list for Federal Loans must include at least three unaffiliated lenders
- The list for private education loans must include at least two unaffiliated lenders
- Each list must disclose the details of any “affiliations” between any of the lenders on the list
- See “affiliate” in definitions handout
- Schools shall not deny borrower’s right to choose a lender not included on list
- Schools shall not delay certification because of borrower’s choice of lender

Preferred Lender List Disclosure Requirements

- Schools participating in Preferred Lender Arrangements must disclose on Website and informational materials that describe educational loans:
 - The maximum amount of Title IV grant and loan aid available
 - Statement that school must process a FFELP loan from any lender student selects
 - Other information to be provided by Secretary within 18 months of enactment

Income Based Repayment Plan

- Background
 - College Cost Reduction and Access Act (CCRAA)
 - Public Law 110-84 signed on September 27, 2007 with a July 1, 2009, effective date
- HEOA changes:
 - Adds Income Based Repayment (IBR) plan to the list of repayment plans that a lender must offer to a FFELP borrower
 - Adds exception to the \$600 annual payment requirement for IBR plan
 - Revises the statute giving ED the authority to require defaulted FFELP borrowers whose loans are assigned to ED the ability to repay their loans under IBR plan in addition to ICR plan
 - Technical amendment correction to exclude borrowers with loans in default from being eligible for IBR plan
 - Borrowers that have loans that are in default aversion or have been rehabilitated are eligible for IBR plan



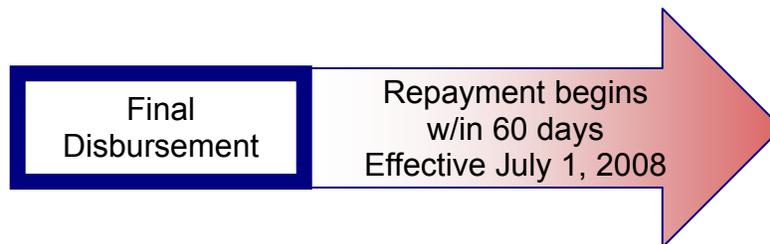
PLUS Loans

- Extenuating circumstances for credit:
 - Corrects specific criteria for extenuating circumstances as stipulated in the Ensuring Continued Access to Student Loans Act of 2008 (ECASLA)
 - Effective July 1, 2008
 - For debts other than a mortgage loan or medical bill, adverse credit reverts back to the regulatory requirements that were in place prior to ECASLA

- For mortgage loans and medical bills, the 180 days extenuating circumstance is still in place for the period January 1, 2007 to December 31, 2009

PLUS Loans – Repayment Start Date

- Repayment start date:
 - Removes the optional “deferred repayment start date” on Parent PLUS loans established by ECASLA
 - Effective July 1, 2008



- Repayment of principal begins within 60 days of the final disbursement date

PLUS Loans – Deferments

- Deferment eligibility:
 - Parent PLUS and Graduate PLUS loan **borrowers** with loans first disbursed on or after July 1, 2008
 - Can defer loan repayment based on:
 - At least half-time enrollment at an eligible school
 - Can defer loan repayment based on the borrower's:
 - Enrollment in an eligible graduate fellowship program
 - Enrollment in a rehabilitation training program for disabled individuals
 - Active duty or qualifying National Guard duty status during a war, national emergency, or other military operation
 - Unemployment for up to three years
 - Economic hardship status for up to three years
 - Change is loan specific and not borrower specific
- Parent PLUS loan deferment eligibility based on **student's circumstances**:
 - New deferment eligibility for Parent PLUS loans

- Upon parent request, can defer while student for whom the parent acquired the loan is enrolled at an eligible school at least half-time
- Parent borrower needs to initiate – “opt in”
- Parent PLUS loan post-enrollment deferment eligibility based on **borrower’s circumstances**:
 - New post-deferment deferment period for Parent PLUS loans
 - Upon borrower request, can defer loan for the six-month period immediately following the date on which the borrower ceased to be enrolled at an eligible school at least half-time
 - Can receive more than once
- Parent PLUS loan post-enrollment deferment eligibility based on **student’s circumstances**:
 - New post-deferment deferment period for Parent PLUS loans
 - Upon parent request, can defer loan for the six-month period immediately following the date on which the student for whom the parent acquired the loan ceased to be enrolled at an eligible school at least half-time
 - Can receive more than once
- Graduate PLUS loan post-enrollment deferment eligibility:
 - New post-deferment deferment period for Graduate PLUS loans
 - Can defer loan for the six-month period immediately following the date on which the borrower ceased to be enrolled at an eligible school at least half-time
 - No language stipulating that it has to be requested separately
 - Can receive more than once

PLUS Loans - Capitalization of Interest

- Interest that accrues during any of the deferment periods listed above, upon agreement by the borrower and lender, must be paid monthly, quarterly, or capitalized by the lender no more frequently than quarterly
 - Back to the way it was prior to ECASLA

PLUS Loans – Repayment Period Start Date

- PLUS repayment period start date:
 - The repayment period on all federal PLUS loans begins on the disbursement date, or in the event of multiple disbursements, on the final disbursement date
 - Back to the way it was prior to ECASLA
 - Restores provision that any deferment or forbearance time is excluded from the repayment period

Loan Forgiveness Programs - Teacher Loan Forgiveness Program

- Teacher Loan Forgiveness Program amended to allow:
 - Forgiveness for teachers employed in a qualifying location as well as a school
 - Forgiveness for special education teachers qualify if they are employed by an educational service agency
 - No double benefits for service in areas of national need, DL public service loan forgiveness, or DL teacher loan forgiveness
- Effective August 14, 2008

Loan Forgiveness Programs - Loan Forgiveness for Service in Areas of National Need

- Child Care Provider Loan Forgiveness is replaced by the Loan Forgiveness for Service in Areas of National Need
 - New program for both FFEL and DL
 - Effective August 14, 2008
 - Stafford loans, Grad PLUS loans, and Consolidation loans
 - Borrowers employed full-time in specified areas of national need

- Loan Forgiveness for Service in Areas of National Need
 - Forgiveness up to \$2,000 per year not to exceed five years for a total of \$10,000
 - First come-first served basis, subject to the availability of funds
 - No refunds of payments
 - No double benefits for the same service under FFEL and DL Teacher Loan Forgiveness Programs, Loan Repayment for Civil Legal Assistance Attorneys, and DL Public Service Loan Forgiveness
 - Defaulted borrowers, parent PLUS loans, and Consolidation loans that paid off a parent PLUS loan are not eligible
 - Authorized for 2009 through 2014, contingent on the appropriation of funds by Congress
- New forgiveness program civil legal assistance attorneys – Loan Repayment for Civil Legal Assistance Attorneys
 - Effective August 14, 2008
 - Must be a civil legal assistance attorney continually licensed to practice law
 - Full-time employee of either a non-profit organization that provides free civil legal assistance to low-income individuals, or a protection and advocacy system or client assistance program funded by a qualified program
 - Loan forgiveness up to \$6,000 a year not to exceed \$40,000
 - First come-first served basis, subject to the availability of funds
 - FFEL and DL Stafford loans, Grad PLUS loans, Consolidation loans and Perkins loans
 - Defaulted loans, parent PLUS loans, and Consolidation loans that paid off parent PLUS loans are not eligible
 - Authorized for 2009 through 2014, contingent on the appropriation of funds by Congress
 - No double benefits for the same service under DL Teacher Loan Forgiveness Programs and Loan Forgiveness for Service in Areas of National Need
 - Priority given to those who:
 - Practiced law for first 5 years or less as an attorney where 90% spent as a legal assistance attorney
 - Received this benefit the previous year
 - Completed less than 3 years of their service
 - ED will make payments on behalf of the borrower to the loan holder

- Borrower must enter into a written agreement with ED
 - Agree to be employed for 3 years
 - If agreement is broken, borrower must repay the payments made by ED
 - ED may recover funds by any means allowed under law
 - ED may waive the right to recover the amount owed by the borrower

Total and Permanent Disability Discharge

- Adds a new condition for total and permanent disability discharge
 - All borrowers who are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death, has lasted for a continuous period of not less than 60 months, or can be expected to last for a continuous period of not less than 60 months will be eligible for discharge
- Effective July 1, 2010
- Allows ED to develop safeguards in the administration of new discharge condition to prevent fraud and abuse
- Authorizes ED to establish regulations requiring the reinstatement of, and resumption of collection activities, on any loan discharged under new discharge condition, if the borrower receives a new Title IV loan or earns income in excess of the poverty line
- Allows reinstatement for any reason ED deems appropriate

HEOA Student and School Eligibility Issues

Presented by Kim Elston, Senior Regulatory Compliance Specialist

Ability to Benefit

- Pre-HEOA requirements for providing Title IV assistance to a student without a high school diploma or equivalent:
 - Student completed their secondary education in a homeschool that state law treats as a home or private school
 - Student meets the requirements of an ED-approved process prescribed by the state
 - Student has passed an ability to benefit test approved by ED.
- Effective 8/14/08, HEOA expands the ability to benefit provisions to include a student who has successfully completed 6 credit hours or the equivalent applicable to a degree or certificate offered by the school

Students With Intellectual Disabilities

- Effective 8/14/08, students with intellectual disabilities who are enrolled and making satisfactory progress in a comprehensive transition and post-secondary program for students with intellectual disabilities are eligible for Pell grants, FSEOG, and FWS
 - Students in such programs are *not* eligible for Title IV loans

Independent Student Definition

- HEOA amends the dependency status changes enacted by CCRAA to clarify that when an orphan, individual in foster care, or emancipated minor attains the age of majority, such a student is still considered an independent student

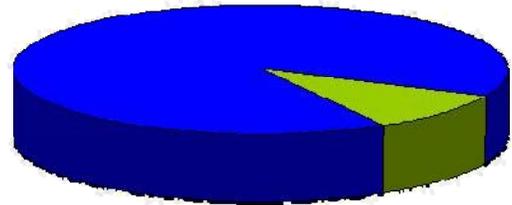
Professional Judgment

- Effective 8/14/08, HEOA expands the circumstances that may warrant the exercise of professional judgment to include nursing home expenses, dependent care costs, and the dislocated worker status of the student

- Effective 8/14/08, HEOA permits a school to offer an unsubsidized Stafford loan to a dependent student without parental completion of the FAFSA if the school verifies that the parent(s) does not provide financial support and refuses to file the FAFSA
 - This does not change the student's status from dependent to independent; the student cannot get need-based aid in the absence of a valid FAFSA

90/10 Rule Changes

- HEOA changes the 90/10 rule from an institutional eligibility requirement for proprietary schools to a Program Participation Agreement requirement for proprietary schools
- The school must derive at least 10% of its revenues from sources other than Title IV funds. Revenues may include funds paid for licensed, accredited non-Title IV-eligible programs that provide an industry-recognized credential or certification



90/10 Rule Changes – Institutional Aid

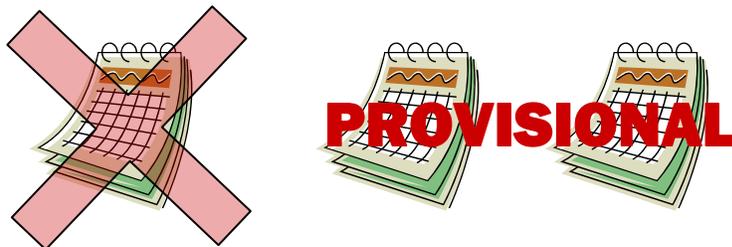
- For institutional loans made between 7/1/08 and 6/30/12, the school must use the net present value of the loan during the applicable fiscal year, accounted for on an accrual basis. Loans must be:
 - Evidenced by enforceable promissory notes
 - Issued at intervals related to the school's enrollment periods
 - Subject to regular loan repayments and collections
- Institutional loans made on or after 7/1/12 will again be accounted for on a cash basis, excluding payments received on loans made during the 7/1/08 – 6/30/12 period
- For institutional scholarships, only those *in the form of monetary aid or tuition discounts based on academic achievement or financial need* disbursed during each fiscal year from an established restricted account containing funds from an outside source may be included as revenue

90/10 Rule Changes – Additional Unsubsidized Loans

- From 7/1/08 to 7/1/11, allows the school to treat the increased unsubsidized loan funds received under ECASLA as revenue from non-Title IV sources

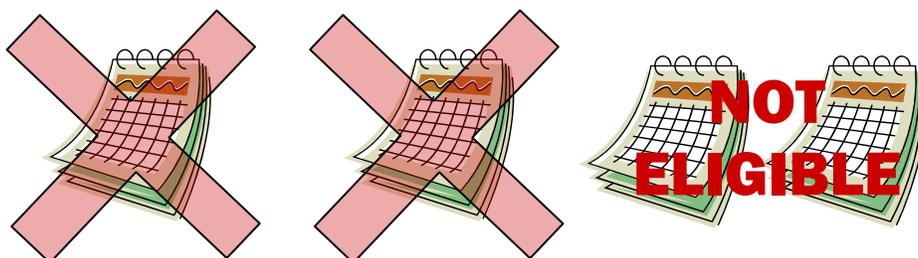
90/10 Rule Changes - Sanctions

- If a school fails to meet the 90/10 requirement in one institutional fiscal year, the school's Title IV eligibility becomes provisional for the following two institutional fiscal years



90/10 Rule Changes - Sanctions

- If a school fails to meet the 90/10 requirement in two consecutive institutional fiscal years, the school will lose Title IV eligibility for at least the two following institutional fiscal years



HEOA Updates:

PLUS Loan Auction Pilot, Cohort Default Rates, FAFSA Simplification & Model Offer Form, School Disclosures Entrance and Exit Counseling, Code of Conduct & Preferred Lender Lists, Private Loan Changes, Pell Grants and Consumer Education

Presented by Rick Edington, Director for School/Lender Services, Default Prevention & Outreach

Competitive Loan Auction Pilot Program - PLUS Loans

- Part of the College Cost Reduction and Access Act (CCRAA)
- Effective July 1, 2009
- HEOA adds:
 - Requirement for prequalification process in order for lenders to participate including lender commitment agreement
 - Sanctions for the lender that wins the bid and fails to enter into an agreement or to comply with the agreement

Competitive Loan Auction Pilot Program - Sanctions

- Penalty in the amount of additional costs to ED in obtaining another PLUS lender (includes the increase in special allowance payments)
 - Reducing payments otherwise due from ED; or
 - Reducing payments due that lender from any other federal agency, pursuant to section 3716 of Title 31
- Sanctions:
 - Prohibiting the lender from bidding in other auctions
 - Limitation, suspension, or termination of the lender's participation in the FFEL Program
 - Any other enforcement action ED is authorized to take under the FFEL Program

Competitive Loan Auction Pilot Program - Guarantees

- Federal PLUS loans guaranteed by a FFEL Program guarantor
- Insurance on loans is 99% except for
- Exempt claims (100%)
- Lender of Last Resort (100%)

Competitive Loan Auction Pilot Program - Evaluation

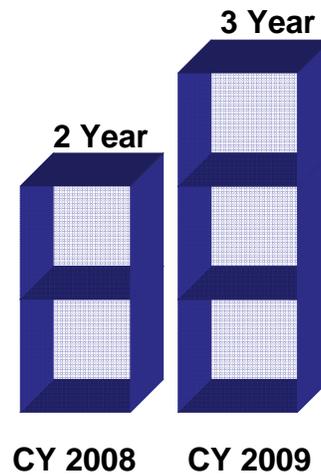
- Requires ED and the Secretary of Treasury to jointly conduct an evaluation of the pilot program to determine:
 - Extent of savings generated
 - Number of lenders that participated and extent of generated competition
 - Number and volume of loans made under the pilot in each state
 - Effect of the transition to and operation of the pilot in the ability of lenders and schools to originate loans
 - Differential impact of the auction among the states, including between rural and non-rural
 - Feasibility of using this to operate other Title IV Part B loan programs

Competitive Loan Auction Pilot Program - Timelines

- ED and Secretary of Treasury must submit to the authorizing committee not later than:
 - 9/1/2010 – preliminary report of initial evaluation findings
 - 9/1/2012 - an interim report of findings
 - 9/1/2013 – a final report of findings
- Reports will include ED's recommendations for improving the operation and administration of the auction program and of other Title IV Part B loan programs

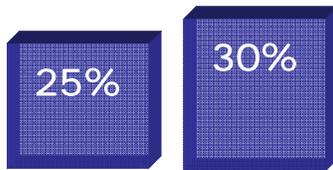
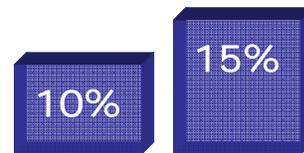
Cohort Rate Calculation Change

- Change from 2 to 3 year calculation methodology in cohort year (CY) 2009
- Now includes students who default before the end of the SECOND fiscal year following the fiscal year they entered repayment



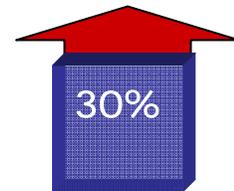
Cohort Rates - Benefits & Sanctions

- Threshold rate changed from 10 percent to 15 percent for delayed delivery and multiple disbursement beginning Oct. 1, 2011



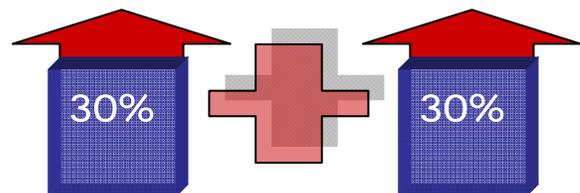
- Loss of eligibility threshold rate raised from 25 percent to 30 percent beginning on or after fiscal year 2012

- Schools with rates of 30 percent or higher must create a task force to develop and submit plan to reduce rate



Cohort Rates - Benefits & Sanctions

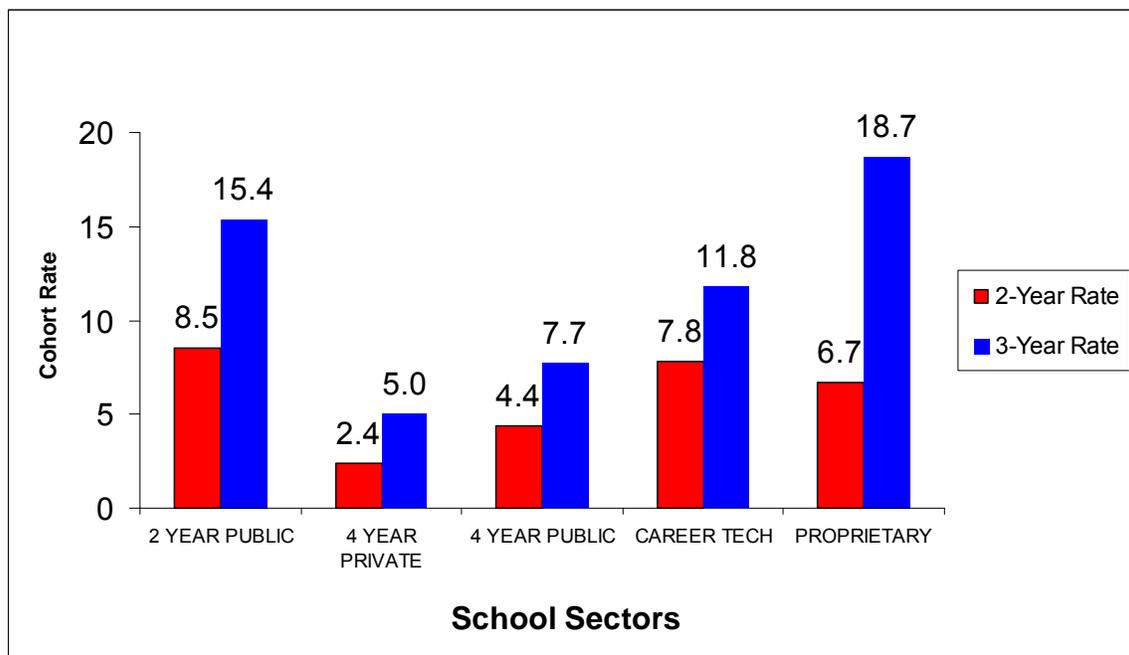
- If an institution's rate is equal to or greater than 30 percent for 2 consecutive years, the task force must re-evaluate the plan
- These schools may also file an exceptional mitigating circumstances appeal
 - ED will issue decision within 45 days
 - If the institution is found to have exceptional mitigating circumstances, ED may not subject the institution to provisional certification solely based on the cohort default rate



Cohort Rates - Participation Rate

- Participation Rate
 - Increases the participation rate index threshold from 0.0375 to 0.0625
 - Institutions with a participation rate index equal to or less than 0.0625 for the 3 most recent years are not subject to ineligibility due to high default rates
- Fiscal years beginning on or after October 1, 2011

2006 Cohort Rate Comparison

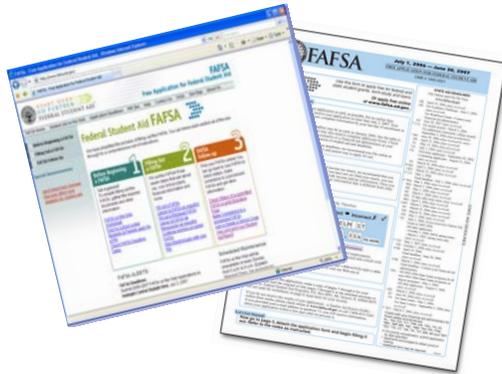


Cohort Rates - Lifetime Rates

- Annually, ED must publish list of current and "lifetime" cohort default rates by school type
- Must include percentage of loan-receiving students (former and current) who enter repayment during that fiscal year and who defaulted before the end of the succeeding fiscal year
- For cohort rates calculated for Fiscal Year 2009 and beyond

FAFSA

- ED will work with agencies and organizations involved in student financial assistance to produce, distribute, and process free forms to be used for application and reapplication for student financial assistance



- FAFSA forms will still be available in both paper and electronic formats
- An EZ-FAFSA will also be developed

FAFSA - Early Application Demonstration Program

- By August 14, 2010, ED shall implement an early application “demonstration” program enabling dependent students who wish to participate:
 - To complete an application two years prior to the year the student plans to enroll
 - By no later than one year prior to planned enrollment, receive information on eligibility for Pell Grants, Federal student loans, and State and institutional financial aid
 - Information to include estimates of the student’s EFC and Federal Pell Grant Award for the first year (based on the maximum Federal Pell Grant award at the time of application)
 - Students will be reminded of the need to update information during the calendar year of enrollment using the expedited reapplication process
 - States may apply to participate in this “demonstration” program
- ED shall continue to examine:
 - How the IRS can provide ED with income and other data needed to compute an EFC
 - When in the application cycle the information can be made available
 - Whether IRS-provided data can be used to pre-populate the electronic version of the FAFSA with student and parent taxpayer

- Whether FAFSA data elements needed to determine eligibility, but not expected EFC, can be reduced without adverse effect
 - Examples: Citizenship status, driver's license

Model Institution Financial Aid Offer Form

- ED shall convene a group tasked to make recommendations to improve financial aid offer forms. Group shall consist of:
 - Students
 - Families of students
 - Secondary school guidance counselors
 - Representatives of institutions of higher education
 - Nonprofit consumer groups
- ED must include in their report to the Congressional Education Committees a model form that includes:
 - Cost of attendance
 - Amount of aid that does not have to be repaid
 - Types/Amounts of loans for which student is eligible
 - Net amount the student will have to pay for the year
 - Where additional information on the financial aid offered may be found
 - Any other information determined necessary by ED

School Disclosures

- ED is required to provide schools with a list of all reports and disclosures the school is required to complete or submit under the Act
- ED must publish this list prior to the beginning of each award year including:
 - Date the report or disclosure is due
 - Required recipients
 - Method of transmittal or dissemination
 - Description of the contents of each report

- References to the statutory, regulatory or guidance that authorizes the report of disclosure, and any other information that is pertinent to the content or distribution of the report or disclosure
- New disclosure requirements for prospective or enrolled students:
 - Any plans to improve academic programs
 - The terms and conditions of loans the students receive, including Perkins loans
 - Policies and sanctions related to copyright infringement
 - The student body diversity at the institution
 - Types of four-year programs in which graduates are enrolled
 - Placement and employment information for students
 - Fire safety reports
 - Retention rates
 - Vaccination policies
 - Law enforcement authority of campus security personnel and their working relationship with other law enforcement agencies
 - Policies that encourage accurate and prompt reporting of crimes
 - Additional reporting of four crimes
 - Emergency response policies and annual tests
 - Transfer of credit policies
 - Missing person procedures
 - Notices concerning penalties for drug violations
 - Upon request of the victim, or next of kin, must provide results of any disciplinary proceedings against the perpetrator
- For students entering the institution:
 - The completion or graduation rates of full-time, undergraduate students who are seeking a certificate or degree, segmented by various statistically significant subgroups
 - Two-year schools will be aided by ED in fulfilling this requirement
- Date of enactment for most schools, Academic year 2011-2012 for two-year, degree granting institutions

School Disclosures - Transfer of Credit Policies

- New provision for schools to publish policies on acceptance of credits from other institutions, and shall include, at a minimum:

- Criteria used by the institution
- A list of institutions with which the reporting institution has an articulation agreement

Schools - Private Loan Disclosures

- Schools are required, upon request of a student for a private education loan, to provide the new Truth in Lending disclosure form and the information required to complete the form, to the extent they have the information
- Specifies “private education loan” has the meaning given in section 140 of Truth in Lending Act (TILA)
- Trigger Date: Subject to regulation by the Federal Reserve Board in consultation with the Secretary of Education

Entrance Counseling - New Requirements

- Each institution shall provide to first-time borrowers, at or prior to first disbursement:
 - Comprehensive, easy-to-read information on the terms and conditions of the loan

Entrance Counseling - Delivery

- Counseling information may be provided:
 - During an in person counseling session
 - On a separate written form that is signed by the borrower and returned
 - Online with borrower acknowledgement of receipt

Entrance Counseling - New Required Information

- Effect of accepting the loan on eligibility for other forms of financial aid
- Explanation of how interest accrues and is capitalized if not paid
- Option to pay interest rather than allowing it to capitalize

- School's definition of half-time enrollment during regular and summer terms
- Consequences of not maintaining at least half-time enrollment
- Importance of contacting appropriate school offices if borrower withdraws
- Obligation to repay full loan amount even if borrower doesn't complete program within regular completion time
- Likely consequences of default, including debt collection procedures
- Information on NSLDS and how borrowers can access loan records
- Name and contact information for person to contact with questions about rights and responsibilities or loan terms and conditions
- Revises sample repayment info to provide such information based upon:
 - A range of levels of indebtedness of borrowers of subsidized or unsubsidized Stafford loans and as appropriate, graduate borrowers of unsubsidized Stafford loans or Grad PLUS loans; or
 - The average cumulative indebtedness of other borrowers in the same program as the borrower, at the same school

Exit Counseling

- Mandates exit counseling for Grad PLUS borrowers
- Establishes a single counseling standard for both Stafford and Grad PLUS borrowers
- Encourages use of interactive counseling, including tests and quizzes

Exit Counseling - New Information Requirements

- Available repayment plans and description of different plan features
- Sample information showing anticipated monthly payments
- Differences in interest paid and total payments for each plan
- General description about loan forgiveness
- Copy of ED provided information- 485(d)
- Explanation that borrowers may prepay loans, pay each loan on a shorter schedule, and change repayment plans
- Deferment and forbearance information
- Impact of loan consolidation

- General description of tax benefits that may be available
- NSLDS and how to access loan data
- Information on federal delinquent debt collection practices
- Interactive counseling with tests encouraged

Schools - Code of Conduct

- Required by schools participating in Title IV loan programs and applies to the institution's officers, employees, and agents
 - Prohibits conflict of interest with the responsibility of the officer, employee, or agent
 - Includes provisions already mentioned in the HEA
 - Must be published prominently on the school's website
 - All officers, employees and agents must be informed of the code on an annual basis
- Prohibits the following:
 - Revenue sharing agreements
 - Receipt of gifts above a nominal value
 - Pre-packaging of first-time borrowers with a specific lender
 - Opportunity pool loans
 - Lenders providing staffing assistance

- Contracting arrangements with lenders and guarantors prohibited with the following exceptions:
 - Officer or employee not employed in financial aid (or with no financial aid responsibility) can be paid for board service of guarantor, lender or servicer
 - School employees not employed in financial aid, but with responsibilities including educational loans, can serve on boards if they recuse themselves from decisions affecting loans at the institution
 - Staffing services on a short-term, non-recurring basis during an emergency, if approved by the Secretary
- Exceptions to Gift ban include:
 - Standard materials and programs that are loan related
 - Professional development training/materials
 - Favorable loan terms, if provided to all students
 - Entrance and exit counseling services, if school controls the process and counseling does not promote products or services of lender
 - Philanthropic gifts, if not given to secure loan volume
 - State grants or scholarships
- Schools may serve on lender or guarantor advisory boards
 - No compensation allowed
 - Reimbursement of reasonable expenses
 - Boards must disclose reimbursement of expenses on annual basis to Secretary

Prohibited Inducements - New Provisions

- Prohibits the offering of stock or other securities and tuition payment or reimbursement in return for loan volume
- Codifies that technical assistance comparable to that provided by ED is acceptable
- Allows guarantors to perform exit counseling

Early Awareness of Financial Aid Eligibility Campaign

- Provides for implementation of a system to provide students and families with early awareness of financial aid availability
- Secretary is to coordinate with states, institutions of higher education, secondary schools, early intervention and outreach programs and other agencies involved in student financial assistance and college access
- ED required to develop a public awareness campaign designed to increase national awareness of Title IV aid availability
- Must use a variety of media, including print, television, radio, and the Internet
- Campaign must be designed and implemented based on independent research and strategies found most effective in implementing early awareness programs
- No later than 2 years after date of enactment (August 14, 2010)

Additional School Requirements - Private Loans

- Schools must inform prospective borrowers that they may qualify for loans or other Title IV assistance and that the terms and conditions of Title IV loans may be more favorable than private loans
- Information regarding private loans must be presented in a manner that distinguishes them from Title IV loans
- Private loan applicants are required to complete and sign a self-certification form
- Schools must provide borrowers with the following information:
 - Cost of attendance, estimated financial assistance and expected family contribution

College Navigator Website

- ED will provide data on site for most recent academic year, including:
 - Numbers of applicants admitted and enrolled
 - Number of full/part-time students
 - Cohort default rate
 - Cost of attendance figures
 - Average amounts of aid awarded by program type
 - Average annual tuition and fees for first-time, full-time undergraduates
 - And MUCH more!



Pell Grants - Maximum Awards

- Maximum Annual Limits

\$6.000 for AY 2009-2010

\$6.400 for AY 2010-2011

\$6.800 for AY 2011-2012

\$7.200 for AY 2012-2013

\$7.600 for AY 2013-2014

\$8.000 for AY 2014-2015

Resources

- OGSLP Policy, Compliance, and Training (PCT) Department
 - 405-234-4432 or pct@ogslp.org
- OGSLP Legislation Web page - <http://www.ogslp.org/Schools-Lenders/Legislation.shtml>
- U.S. Department of Education - Higher Education Opportunity Act Website - <http://www.ed.gov/policy/highered/leg/hea08/index.html>
- Servicemembers Civil Relief Act - Military Orders Tracking Website - <https://www.dmdc.osd.mil/scra/owa/home>
- Oklahoma Money Matters (OKMM)
 - Melissa Ryburn, Outreach Coordinator
 - 405-234-4253 or mryburn@ogslp.org
 - OKMM Web page - <http://www.oklahomamoneymatters.org>

