

SLGFA E-Updates

May 2, 2008

Volume 10 No. 11

E-UPDATES is an electronic newsletter sponsored and operated by the Student Loan Guarantee Foundation of Arkansas (SLGFA) to provide program information to schools and lenders participating in the Federal Family Education Loan Program (FFELP).

IN THIS ISSUE:

1. **Legislative Update: Ensuring Continuing Access to Student Loans Act of 2008 on the Way to the President for Signature**

On April 17, 2008, the House passed H.R. 5715, Ensuring Continuing Access to Student Loans Act of 2008. Under a unanimous consent agreement, the Senate passed Senate Amendments to H.R. 5715 on April 30, 2008. The amended bill was sent back to the House for a vote, and the House passed the amended version on May 1, 2008. The bill is expected to be signed by the President.

The highlights of the bill include:

- **Increased Loan Limits — effective for loans first disbursed on or after July 1, 2008**
 - The annual loan limit for unsubsidized Stafford loans for dependent undergraduate students, or students whose parents are unable to obtain a PLUS loan, was increased by \$2,000.
 - The bill also increases the aggregate unsubsidized Stafford loan limit for undergraduate dependent students to \$31,000.
 - The annual loan limit for unsubsidized Stafford loans for independent undergraduate students who are in their first or second year of study or dependent students whose parents are unable to obtain a PLUS loan will increase by \$2,000. Additionally, the bill increases the annual loan limit for undergraduate independent students who have completed two years of study by \$2,000.
 - The aggregate amount of unsubsidized Stafford loans for undergraduate independent students is increased to \$57,000.
- **PLUS Loans**
 - The bill provides for extenuating circumstances for parent PLUS applicants who are having difficulty with mortgage or medical bill payments. Lenders would be able to consider a parent applicant eligible for a PLUS loan if during the period of January 1, 2007, through December 31, 2009, the parents were no more than 180 days delinquent on a mortgage or medical bill payment. In addition, the parent could not be more than 89 days delinquent on the repayment of “any other debt.”
 - Beginning July 1, 2008, parent borrowers would have more time to begin repaying a PLUS loan. Parents would be able to defer repayment until six months after the child for whom they borrowed ceases to be enrolled at least half-time.
- **Lender of Last Resort**
 - The bill gives the U.S. Secretary of Education (the Secretary) the authority to designate schools as eligible for lender of last resort loans with the designation expiring June 30, 2009. In addition, guaranty agencies serving as a lender of last resort may not engage in improper inducements to expand their loan volume under the lender of last resort program. Lenders and guaranty agencies serving as lenders of last resort shall not advertise, market, or otherwise promote lender of last resort loans.
 - The bill would also allow the Secretary to designate the school as eligible for the lender of last program on an institution-wide basis, rather than on a student basis. The legislation also clarifies that in addition to subsidized loans, unsubsidized and PLUS loans will be included in the lender of last resort program.

- **Purchase of Loans by the Secretary**

- The bill, as amended by the Senate, would give the Secretary the authority to purchase and to enter into forward purchase commitments to purchase FFELP loans (excluding Consolidation). This provision applies to loans made on or after October 1, 2003 and before July 1, 2009. Furthermore, the Secretary would have the authority to contract with the lender for continued servicing, provided that the cost does not exceed the cost the Federal Government would otherwise incur.

2. Compliance Corner: Certifying Additional Stafford Loans

If a borrower received his or her annual Stafford loan limit during the academic year, when may a school, which designates summer as a trailer, certify additional Stafford loans for the borrower's summer enrollment? Click on the following link for the response to this question:

<http://www.slgfa.org/slgfa/pubs/updates/compliancecorner/CC050208.asp>

3. Common Manual Revisions

The *Common Manual* Governing Board approved the most recent revisions, fourteen proposals from Batch 149, to the *Common Manual* on April 17, 2008. Each is currently available. More information about these revisions to the *Common Manual* can be found by clicking the following link:

<http://www.slgfa.org/slgfa/pubs/cm-revisions/Aprilrevisions/April2008/Batch149.asp>

4. Deactivated Lenders Spreadsheet

To assist schools in keeping abreast of the current activities surrounding the student loan industry, SLGFA has updated the list of lenders that have requested to be deactivated from the SLGFA guarantor system. The spreadsheet lists the lender name, lender code, and the date they were deactivated from our guarantor system. The Excel spreadsheet can be sorted as desired and is available at the following link:

<http://www.slgfa.org/slgfa/schools/DeactivatedLenders.xls>

5. SLGFA's Participating Lender List

The Participating Lender List has been updated and is available on SLGFA's website. Click on the provided link to access the list: <http://www.slgfa.org/slgfa/students/PLL.pdf>

Disclaimers: <http://www.slgfa.org/slgfa/e-updates/f-print.asp>.

E-UPDATES is a service mark of SLGFA, Inc.

