

ZipLine

Simplifying the process.

Volume 1 Issue 3 April 2010



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You can also find us on
Twitter and Facebook!



If you have a question you would like to see addressed in a public forum such as *ZipLine*, please send the question or topic suggestion to Meredith Robinson at mrobinson@kheslc.com. ■

In This Issue

CAP & KTG Updates	2
FFELP or Direct Loan?	2
FFELP Loan Processing and KHEAA	
Closing Dates	3
Holiday Closing	3
Compliance Corner	4
Private Loan Preferred Lender Lists	5



2010-2011 CAP & KTG Updates

The state grant maximum award amounts for the 2010-2011 academic year have been set.

For the College Access Program (CAP), the maximum award amount remains at \$1,900 for full-time students.

Hourly rates for less than full-time students will remain at \$79 for semester-based institutions and \$53 for quarter-hour institutions.

The expected family contribution (EFC) for CAP Grant consideration remains at \$4,617.

For Kentucky Tuition Grant (KTG), the maximum award amount remains at \$2,964.

Unfortunately, funding for both the CAP and KTG has been exhausted. The last transaction date to result in a CAP award was March 7, 2010. The first CAP denials also occurred on March 7. The last transaction date to result in a KTG award was April 2, 2010. The first KTG denials also occurred on April 2.

Schools and students may access their 2010-2011 grant award and/or denial information via ZipAccess at www.kheaa.com. ■

WILL THIS LOAN BE FFELP OR DIRECT?

With the change over to Direct Lending on July 1, 2010, there could be a lot of confusion as to when to switch a borrower from Federal Family Education Loan Program (FFELP) to Direct Lending. Below you will find some general guidelines in determining which loan type to process for your Spring or Summer students. KHEAA will be publishing additional, more detailed processing and regulatory guidelines in future KHEAAPartners notices.

- If there is at least one disbursement of a FFELP loan prior to 7/1/10, then the entire loan can be disbursed even if second or subsequent disbursements occur on or after 7/1/10. (Check with the lender to ensure funding will be available after July 1.)
- If a FFELP loan is certified prior to 7/1/10 but no disbursements were made prior to 7/1/10, the FFELP loan will not be valid and the loan will have to be canceled and put through as a Direct Loan.
- If a student received a FFELP loan for a summer crossover period and then on or after 7/1/10 wanted a new loan for the same period (remaining eligibility), the school would now have to originate a Direct Loan. The rule that a student cannot receive a FFELP and Direct Loan for the same award period will not apply since FFELP is being terminated and this process is part of the transition to Direct Lending.

Unemployment Compensation and Untaxed Income

If an individual is receiving unemployment compensation for the 2009 tax year, the first \$2,400 is not taxable income and does not need to be included on the tax return. This amount is considered untaxed income and should be listed on the FAFSA form as other untaxed income. ■

FFELP LOAN PROCESSING AND CLOSING DATES

Throughout the last four decades, KHEAA and KHESLC have been honored and privileged to work with our school and lender partners in the administration of the Federal Family Education Loan Program (FFELP). With your support and by working together, we have improved the lives of countless students by helping them pursue higher education.

As you know, the Health Care and Education Affordability Reconciliation Act of 2010 ends FFELP beginning July 1, 2010. To help ensure a smooth transition and uninterrupted federal loan access to students, we are providing the following closing dates for schools who use our loan origination, disbursement and guarantee services.

KHEAA Funding

- Schools and lenders may continue to process new FFELP loan requests for students as long as the first disbursement is made on or before June 30, 2010, and the loan is fully disbursed by September 30, 2010.
- KHEAA will cease loan guarantees on Friday, June 25, 2010. (Individual lenders may cease processing at an earlier date.)
- KHEAA will cease Parent and Grad PLUS pre-approvals on Friday, June 25, 2010.

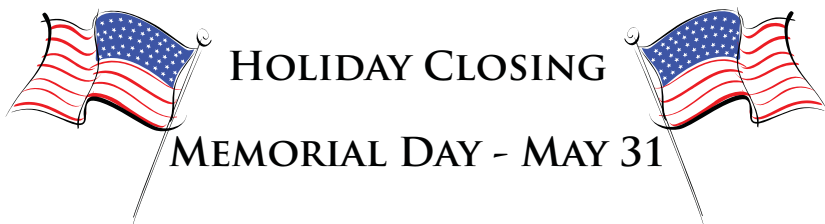
KHESLC and Alabama College Loan Program (ACLP) Funding

- For FFELP loans that are first disbursed by April 19, 2010, KHESLC and ACLP will fund subsequent disbursements regardless of the date of the final scheduled disbursement.
- For FFELP loans that are first disbursed between April 20, 2010 and June 30, 2010, KHESLC and ACLP will fund subsequent disbursements made no later than September 30, 2010.

More detailed and individualized information will soon be provided to our school and lender partners. If you have additional questions in the meantime, please contact the School and Lender Hotline at 800.617.2699.

As we enter a new era in the administration of federal student loan programs, our role will be changing but our dedication to students will not. We will continue providing local, high quality service for our borrowers, student aid and outreach programs. We look forward to providing federal loan servicing and expansion of our outreach programs through the College Access Grant. We will also continue exploring other opportunities to serve students and postsecondary schools, such as KHEAA Marketplace, alternative loans, electronic certification and disbursement processes for alternative loans, a net price calculator, and default prevention services.

Thank you again for your tremendous support. We look forward to working with you to serve students for many years to come. ■



**COLLEGE AID CALCULATOR
REMOVED**

**THE COLLEGE AID CALCULATOR ON
KHEAA'S WEBSITE IS NO LONGER
AVAILABLE. FAFSA4CASTER IS
KHEAA'S NEW EFC CALCULATOR.**

COMPLIANCE

O

Question: How does a Stafford Loan borrower reestablish Title IV eligibility after inadvertently exceeding the annual or aggregate loan limits and what constitutes a satisfactory repayment arrangement?

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Answer: A Stafford Loan borrower who has inadvertently exceeded the annual or aggregate loan limits may reestablish eligibility for Title IV aid in one of three ways:

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- By repaying in full the amount borrowed in excess of the applicable loan limit. Normally, the borrower makes this payment directly to the servicer of the loan.
- By requesting a reallocation of the amount borrowed in excess of the applicable loan limit. This option is frequently used when the borrower has exceeded the subsidized Stafford Loan limit but has remaining unsubsidized Stafford Loan eligibility.
- By entering into a satisfactory repayment arrangement to repay the loan or loans that caused the borrower to exceed the applicable loan limit.

R



A satisfactory repayment arrangement is an agreement between the borrower and the holder/servicer of the loan or loans that caused the borrower to exceed the annual or aggregate loan limit. A satisfactory repayment arrangement may take one of several forms. The borrower may sign a letter or agreement with the holder or servicer to repay the amount borrowed in excess of the applicable loan limit. Usually this agreement requires the borrower to acknowledge the excess loan amount and to agree to repay it through the normal repayment process, although nothing precludes the holder or servicer from requiring the borrower to immediately make monthly payments on the amount borrowed in excess of the loan limit. Consolidation may also serve as a satisfactory repayment arrangement because in signing a new promissory note the borrower agrees to repay the amount consolidated according to terms of the consolidation application and promissory note. For consolidation to function as a satisfactory repayment arrangement, the loan or loans that caused the borrower to exceed the applicable loan limit must be included in the consolidation.

Keep in mind that borrowers are subject to the annual and aggregate loan limits that are in existence at the time a loan is first disbursed. For instance, an independent undergraduate Stafford Loan borrower who exceeded the combined aggregate loan limit of \$46,000 on loans first disbursed prior to July 1, 2008, would be required to reestablish eligibility in one of the ways described above, even though the borrower had borrowed less than the new combined aggregate loan limit of \$57,500 that became effective for loans first disbursed on or after July 1, 2008.

Schools should always maintain documentation that supports a borrower's renewed Title IV eligibility. Examples of documentation include a copy of a borrower's satisfactory repayment arrangement, proof of payment of the excess loan amount (such as a receipt or statement from the holder or servicer), and confirmation through NSLDS that the loans in question were consolidated.

As always, schools and students may contact KHEAA for assistance. For years KHEAA has worked with schools and students to facilitate the process of reestablishing the eligibility of students for Title IV aid. ■

STUDENT LOAN MARKETPLACE

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PRIVATE LOAN PREFERRED LENDER LISTS

Under HEOA Section 601, you have limited options to help students with private loans and comply with onerous Preferred Lender Arrangement regulations.

To help you decipher and comply with the new private loan requirements, the Marketplace provides meaningful information for your students and an easy path to HEOA compliance.

The first option under HEOA Section 601 involves the RFP process and extensive Section 601 disclosures. You must keep up-to-date with the changing lending landscape as well as have a list of all lenders serving the school in the past 3 - 5 years. This option presents students with an overwhelming list of lenders and it is likely that students will choose their lender based on brand recognition without comparing

loans and benefits. Students may waste thousands of dollars in interest payments.

The other option you have is to offer no guidance on private loans. Without help from you, students are left to find their own funding from search engines and direct-to-customer marketing which can be misleading.

The final option is to have a third-party lender list such as Marketplace. Setting up the Marketplace as your Preferred Lender Arrangement is simple:

- Add the suggested link to your website directing your students to the Marketplace.
- Provide Overture with your Code of Conduct.
- Once a year your school's Annual Report is prepared for you to mail to the Department of Education (instructions provided).

In addition to serving as your private loan preferred lender list, the Marketplace also provides:

- Meaningful information that students need to make an informed decision.
- A straightforward path towards compliance with Section 601 regulations.
- Required disclosures and Code of Conduct.
- Standardized lender selection criteria.
- One click to download and print annual report
- Virtually no increase in school burden.
- Obtained opinion from outside legal counsel that schools using Marketplace are compliant.
- Opinion that school is exercising Duty of Care.

For more information about Marketplace, please contact MeredithRobinson@mrobinson@kheaa.com or call 502.329.7100. ■



KNOW.



COMPARE.



DECIDE.