

Summary of the Higher Education Opportunity Act of 2008 (HEOA)

Notes:

- This document includes major provisions that impact the federal student loan programs in Title IV Parts B (FFELP), D (FDLP), G (General Provisions), and I (Competitive Loan Auction Pilot Program).
- The HEOA was signed into law by President Bush on August 14, 2008. In *Dear Colleague Letter* (DCL) GEN-08-12, published on December 31, 2008, ED provided summaries of the HEOA provisions and some clarifying information. **This document includes information from DCL GEN-08-12, including DCL page number references (see second column).**
- Unless otherwise indicated, the effective date of these provisions is the date of enactment (August 14, 2008).
- Integrated versions of HEA Title I, Title IV, Title VII, and Title X impacted by the HEOA are available for download from TG Online at www.tgslc.org/policy/hea.cfm.

Disclaimer: This information is subject to change as additional guidance is received from the Department of Education (ED) on some of the provisions. TG will provide more information as it becomes available.

Based on a resource developed by the NCHelp Program Regulations Committee

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
Title IV Part B—Federal Family Education Loan Program (FFELP)			
Definition of Estimated Financial Assistance calculations	HEA Sec. 428(a)(2) DCL GEN-08-12, pg. 118	Sec. 422(a). Redefines estimated financial assistance to exclude all Veterans' education benefits as defined in section 480(c) of the Higher Education Act. Specific benefits now excluded: United States Code, title 10, chapter 2: Reserve Officer Training Corps scholarship. United States Code, title 10, chapter 106: Selective Reserve. United States Code, title 10, chapter 107: Selective Reserve Educational Assistance Program. United States Code, title 37, chapter 2: Reserve Officer Training Corps Program. United States Code, title 38, chapter 30: Montgomery GI Bill—active duty. United States Code, title 38, chapter 31: vocational rehabilitation. United States Code, title 38, chapter 32: Post-Vietnam Era Veterans' Educational Assistance Program. United States Code, title 38, chapter 35: Dependents Educational Assistance Program. Public Law 97–376, section 156: Restored Entitlement Program for Survivors (or Quayle benefits). Public Law 96–342, section 903: Educational Assistance Pilot Program.	July 1, 2010 Trigger Date: Needs Analysis done on or after July 1, 2010
In-School Deferment Confirmation through NSLDS	HEA Sec. 428(b)(1)(Y)(i)	Sec. 422(c)(1). Along with the three conditions (documentation from the borrower, new loan certification that determines eligibility and student status information) that currently allow a lender to determine the borrower's eligibility for an in-school deferment, adds a new condition that, if requested by the school, the lender shall determine a borrower's eligibility for an in-school	Deferments granted on or after August 14, 2008,

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	DCL GEN-08-12, pg. 133	deferment based on confirmation of the borrower's half-time enrollment status through NSLDS.	
Deferment-Disclosure on Capitalization	HEA Sec. 428(b)(1) (Y) (iii) DCL GEN-08-12, pg. 133	Sec. 422(c)(1). A lender shall provide, at the time it grants an in-school, graduate fellowship, unemployment, military or economic hardship deferment (deferments to new borrowers on or after 7/1/93) on an unsubsidized Stafford loan, with information to help a borrower understand the impact of interest capitalization both on the principal amount and with regard to interest paid over the life of the loan.	Trigger Date: Deferments granted on or after August 14, 2008
Transfer Notification Notice	HEA Sec. 428(b)(2)(F) (i) DCL GEN-08-12, pg. 133	Sec. 422(c)(2). In cases where a loan sale or loan transfer (transfer of title or transfer to different servicing system) changes the identity of the party with whom the borrower needs to communicate or send payments, both the transferor and transferee (notification can be joint) must now, in addition to current requirements, notify the borrower of the effective date of the transfer, the date the current servicer will stop accepting payments (as known on the date of such notice), and the date the new servicer will begin accepting payments.	Trigger Date: August 14, 2008 <u>for any required notification to a borrower on or after that date</u>
Restrictions on Inducements, Payments, Mailings, and Advertising	HEA Sec. 428(b)(3) DCL GEN-08-12, pg. 134	<p>Sec. 422(d). In addition to the current restrictions on premiums, payments and other inducements, new prohibited inducement provisions applicable to guarantors are added. Additionally guarantors are prohibited from: offering directly or indirectly, stock or other securities, prizes, travel, entertainment expenses, and tuition payment or reimbursement to any school or school employee in order to secure FFELP loan applications or to any lender, or an agent or employee of the lender, in order to secure the designation of the guarantor as the insurer of a FFELP loan. It also removes the exception for inducements to lenders for Unsubsidized Stafford loans, leaving only an exception for LLR loans.</p> <p>Revises the prohibition against unsolicited mailings of loan applications by guarantors to also include by electronic means.</p> <p>Adds new prohibitions against the guarantor performing any function, or paying another person to perform any function, that a school is required to perform (other than required exit counseling).</p> <p>Adds additional prohibitions regarding a guarantor conducting fraudulent or misleading advertising concerning loan availability, terms or conditions. The prohibition was expanded to include "terms or conditions".</p> <p>Revised the assistance guarantors may provide to schools by adding the word "technical" to assistance comparable to the kinds of "technical" assistance provided to schools by the Department.</p> <p>Current regulations prohibit:</p>	

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		<ul style="list-style-type: none"> • Payments or offerings of other benefits • including prizes or additional financial aid funds to 1) a prospective borrower in exchange for processing a loan using the agency's loan guarantee or 2) a school or school-affiliated organization based on the school's or organization's voluntary or coerced agreement to use the guaranty agency for processing loans, or to provide a specified volume of loans using the agency's loan guarantee. • Mailing or distributing unsolicited loan applications to students or to parents, unless the potential borrower has previously received loans insured by the guaranty agency. • Staffing services to a school, except for services provided to participating foreign schools at the direction of ED, as a third-party servicer or otherwise on more than a short-term, emergency basis, which is non-recurring, to assist the institution with financial aid-related functions. • Fraudulent or misleading advertising concerning loan availability. 	
Income-Based Repayment Plans	HEA Sec. 428(b)(9) (A) DCL GEN-08-12, pg. 119	Sec. 422(e). Adds Income-Based Repayment to the list of repayment plans that a lender must offer to a FFELP borrower and the borrower may chose. Borrowers who have FFELP loans (other than a Parent PLUS loan or a Consolidation Loan that discharged the liability of Parent PLUS loans) and who have a partial financial hardship may repay the balance of their loans under an income-based repayment plan.	July 1, 2009 Trigger Date: Repayment plans offered on or after July 1, 2009
Income-Based Repayment Plans: Annual Payment Requirement	HEA Sec. 428(b)(1)(L)(i) DCL GEN-08-12, pg. 119	Sec. 422(e)(2) Adds exception to the \$600 annual payment requirement for Income-Based Repayment.	July 1, 2009
Lender Forbearance Notification Requirements specified in Guaranty Agreements	HEA Sec. 428(c)(3)(C)(iii) DCL GEN-08-12, pg. 119	Sec. 422(f). Adds a new requirement for a lender: <ul style="list-style-type: none"> • At the time it grants a forbearance, to provide information on the impact of capitalization of interest on the principal balance and the total amount of interest to be paid on the loan, and • Every 180 days during the forbearance, to contact the borrower with information on: <ul style="list-style-type: none"> ○ The amount of principal and interest that has accrued since the last notification, ○ The fact that interest will accrue during the forbearance period, ○ The amount of interest that will be capitalized and the dates of such capitalization, ○ Provide a notice that the borrower can pay interest before it is capitalized, and ○ That the forbearance can be terminated at any time (not a new requirement). 	Trigger Date: Forbearances granted by the lender on or after August 14, 2008 Trigger Date for 180-day notice: subject to Negotiated Rulemaking & Master Calendar

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Servicemembers Civil Relief Act Reduction in Interest: FFELP	HEA Sec. 428(d)(1) DCL GEN-08-12, pg. 120	<p>Sec. 422(g)(1). Revises statute to now state that Section 207 of the Servicemembers Civil Relief Act applies to DL, SLS and FFELP loans (including eligible borrowers with loans in default). This means that eligible service members, upon request, will have the “interest” on their eligible DL and FFELP loans capped at 6%. 6% limit applies to fees and other charges.</p> <p>The SCRA states that the term "interest" includes service charges, renewal charges, fees, or any other charges (except bona fide insurance) with respect to an obligation or liability.</p> <p>Eligible loans include those obtained by the borrower or jointly by the borrower and his or her spouse under the following conditions:</p> <ul style="list-style-type: none"> • Loan must be disbursed (incurred) prior to the date that the servicemember was called to active duty military service • Borrower must provide written notice and copy of orders • Applicant must be or have been in full-time active duty Armed Forces, NOAA, public health services, or member of the National Guard, called to active service for a period of more than 30 consecutive days, for purposes of responding to a national emergency declared by the President and supported by Federal funds. • Request for reduced rate must be made no later than 180 days after end of applicable military service. <p>Per DCL GEN-08-12, pg. 120: Under the SCRA, the borrower must contact the creditor (loan holder) in writing to request the interest rate adjustment and provide a copy of the borrower’s military orders. For this purpose, the term “in writing” may include a borrower’s email request and the term “copy of the borrower’s military orders” includes a scanned copy of the orders attached to that email request.</p>	Trigger date: Borrower in military service on or after 8/14/08 who present written requests, applicable for interest accruing on or after August 14, 2008
Servicemembers Civil Relief Act Special Allowance	HEA Sec. 438(g) DCL GEN-08-12, pg. 120	<p>Sec. 422(g)(2). For FFELP loans, the 6% reduced interest rate for eligible servicemembers shall be used as the applicable interest rate in calculating special allowance.</p>	July 1, 2008 Trigger date: Loans first disbursed on or after July 1, 2008
Repeal of Duplicative Notice Requirement	HEA Sec. 428(e)	<p>Sec. 422(h). Removes duplicative requirement for lenders to disclose to borrowers the availability of the income-sensitive repayment option because there are more general disclosures that the lender is required to send that contain the same requirement.</p>	
Information on Defaults	HEA Sec. 428(k) DCL GEN-08-12, pg. 120	<p>Sec. 422(i). A guaranty agency that receives a default claim is required on at least two occasions to notify the borrower of the options available to remove the loan from default, and the fees and conditions involved.</p>	Trigger Date: Default claims received on or after August 14, 2008 for which a

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			claim was paid.
Defaulted Loans assigned to ED: Authority to require Income-based Repayment	HEA Sec. 428(m) DCL GEN-08-12, pg. 119	Sec. 422(j). Revises the statutes giving ED the ability to require defaulted FFELP borrowers whose loans are assigned to ED to repay their loans under an income-based repayment plan in addition to the income-contingent repayment plan.	Trigger Date: Loans assigned on or after August 14, 2008
Voluntary Flexible Agreements	HEA Sec. 428A(a) DCL GEN-08-12, pg. 183	Sec. 423. Requires the Department of Education to submit an annual report to the authorizing committees on the costs and program outcomes associated with guaranty agencies in VFAs. Results of delinquency and default prevention VFA provisions (only) must be compared with all other guarantors.	
PLUS Loans: Applicant Credit Review	HEA Sec. 428B(a)(3)(B)(i) DCL GEN-08-12, pg. 121	<ul style="list-style-type: none"> • Sec. 424(a)(1). Pertains to the lender's review of the PLUS loan applicant's credit record at the time a new loan application is processed. It corrects the specific criteria for extenuating circumstance: no 90 plus day delinquencies on debts, other than mortgage loan or medical bill payments, as stipulated in the Ensuring Continued Access to Student Loans Act (ECASLA). • 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: <ul style="list-style-type: none"> ○ 90 days or more delinquent on the repayment of any debt ○ Debt discharged in bankruptcy during the 5-year period before the date of the credit report ○ Applicant has been the subject of a default determination on any debt, foreclosure, tax lien, repossession, wage garnishment, or a write-off of a Title IV debt during the 5-year period before the date of the credit report. • For mortgage loans and medical bills, the 180 days extenuating circumstance is still in place for the period of January 1, 2007 through December 31, 2009. 	July 1, 2008 Trigger Date: Loans first disbursed on or after July 1, 2008 for extenuating circumstances existing between January 1, 2007 and December 31, 2009
PLUS Loans: Inception of Repayment	HEA Sec. 428B(d)(1) DCL GEN-08-12, pg. 120	Sec. 424(a)(2). Eliminates the optional "deferred repayment start date" on Parent PLUS loans (established by the ECASLA) and stipulates that repayment of principal will always begin within 60 days of the final disbursement date, as was the rule prior to the passage of ECASLA.	July 1, 2008 Trigger Date: Loans first disbursed on or after July 1, 2008
PLUS Loans: Deferment Eligibility	HEA Sec. 428B(d)(1) DCL GEN-08-12, pg. 120	Sec. 424(a)(2). PLUS loan deferments (Parent PLUS and Graduate PLUS) for loans first disbursed on or after 7/1/2008 have been expanded. Both Parent PLUS loan and Graduate PLUS loan borrowers have the following options: <ul style="list-style-type: none"> • <u>Indefinitely</u>, can defer their eligible loan(s) based on their own enrollment in an eligible school 	Loans first disbursed on or after July 1, 2008

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		<p>on at least a half-time basis for every period of enrollment (this deferment is not new);</p> <ul style="list-style-type: none"> • Can defer their eligible loan(s) for the six-month period immediately following the date on which they ceased to be enrolled at an eligible school on at least a half-time basis [post-enrollment deferment period]. NOTE: Parent PLUS borrowers must request this post-enrollment deferment; Graduate PLUS borrowers do not need to request it, but can opt out of this deferment. <p>Parent PLUS borrowers have the following additional options:</p> <ul style="list-style-type: none"> • Upon request, can defer their eligible loan(s) while their student beneficiary is enrolled in an eligible school on at least a half-time basis for every period of enrollment. • Upon request, can defer their eligible loan(s) for the six-month period immediately following the date on which the student beneficiary ceased to be enrolled at an eligible school on at least a half-time basis [post-enrollment deferment period]. 	
PLUS Loans: Capitalization of Interest	HEA Sec. 428B(d)(2) (A) DCL GEN-08-12, pg. 121	Sec. 424(a)(2). Stipulates that the interest accrued during any of the deferment periods listed above must, upon agreement by the borrower and lender, be paid monthly or quarterly, or be capitalized by the lender no more frequently than quarterly, as was current practice prior to passage of ECASLA.	July 1, 2008 Trigger Date: Loans first disbursed on or after July 1, 2008
PLUS Loans: Capitalization of Interest	HEA Sec. 428B(d)(2) (B) DCL GEN-08-12, pg. 121	Sec. 424(a)(2). Stipulates that capitalized interest is not considered in determining any of the annual insurable loan limits for the borrower.	July 1, 2008 Trigger Date: Loans first disbursed on or after July 1, 2008
PLUS Loans: Repayment Period Start Date	HEA Sec. 428(b)(7)(C) DCL GEN-08-12, pg. 121	Sec. 424(b). Stipulates that the repayment period on all Federal PLUS loans will once again begin on the disbursement date or, in the event of multiple disbursements, on the final disbursement date. This stipulation had been eliminated by the ECASLA. Also restores provision that any deferment or forbearance time is excluded from the repayment period.	July 1, 2008 Trigger Date: Loans first disbursed on or after July 1, 2008
Consolidation Loans: Military Borrowers	HEA Sec. 428C(a)(3) (B)(i)(V) DCL GEN-08-12, pgs. 135 & 138	<p>Sec. 425(a). Allows an eligible military borrower to re-consolidate a FFELP Consolidation loan into the Direct Loan Program for purposes of using the new “no accrual of interest” benefit for active duty service members. Requires the Department to make a Direct Consolidation loan for this purpose.</p> <p>The zero-interest benefit under FDLP is applicable to FDLP loans first disbursed on or after 10/1/2008, or a consolidation loan that repaid a FDLP or FFELP loan first disbursed on or after</p>	Trigger Date: Direct Consolidation loans disbursed on and after October 1, 2008

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		<p>10/1/2008.</p> <p>An eligible military borrower is an individual who—</p> <ul style="list-style-type: none"> • is serving on active duty during a war or other military operation or national emergency; or • is performing qualifying National Guard duty during a war or other military operation or national emergency; and is serving in an area of hostilities in which service qualifies for special pay under section 310 of title 37, United States Code. 	
Consolidation Loans: Disclosure at time of application	<p>HEA Sec. 428C(b)(1) (F)</p> <p>DCL GEN-08-12, pg. 135</p>	<p>Sec. 425(b). Requires a FFELP lender to disclose, in simple and understandable terms, at the time the lender provides a consolidation loan application:</p> <ul style="list-style-type: none"> • whether consolidation would result in a loss of benefits under the FFEL or Direct Loans (e.g., loan forgiveness, cancellation, deferment), or under Perkins (e.g., interest-free periods, deferment, cancellation), including a list of occupations that qualify for forgiveness under Perkins • available repayment plans, • options to prepay (e.g., shorter schedule, change repayment plans), • that benefit programs may vary among lenders, • the consequences of default, • that the submission of an application does not obligate the borrower to take the consolidation loan. 	Trigger Date: Applications provided to prospective borrowers on or after August 14, 2008
Consolidation Loans: FDLP Eligibility	<p>HEA Sec. 428C(b)(5)</p> <p>DCL GEN-08-12, pg. 138</p>	<p>Sec. 425(b)(2). The zero-interest benefit under FDLP is only applicable to FDLP loans first disbursed on or after 10/1/2008, or in the case of a consolidation loan, only for that portion of the Direct consolidation loan that repaid a FFELP or FDLP loan first disbursed on or after 10/1/2008.</p> <p>Adds new reason for a borrower to consolidate under FDLP (HEA Sec. 455(o)) by allowing a borrower to take advantage of the “no accrual of interest” for active duty service members program for underlying FDLP loans.</p>	Direct Consolidation loans disbursed on and after October 1, 2008
Direct Loan Consolidation Disclosures	<p>HEA Sec. 455(g)</p> <p>Not included in DCL GEN-08-12</p>	<p>Sec. 425(b)(3). Makes a conforming amendment to change a cite reference regarding the requirement that Direct Consolidation loans comply with FFELP requirements.</p>	
Consolidation Loans: Repayment Plans	<p>HEA Sec. 428C(c)(2) (A) Sec. 428C(c)(3) (C)</p> <p>DCL GEN-08-12, pg. 119</p>	<p>Sec. 425(d). Requires a FFELP Consolidation lender to offer a Consolidation borrower an income-based repayment plan, except for a Consolidation loan that repays any FFELP or Direct parent PLUS loan.</p> <ul style="list-style-type: none"> • Exempts Consolidation loans repaid under income-based repayment from the repayment period lengths based on borrower’s education loan balance if the terms of the income-based repayment plan conflicts. • Exempts Consolidation loans repaid under an income-based repayment plan from the minimum payment of no less than the accrued unpaid interest. 	<p>July 1, 2009</p> <p>Trigger Date: Repayment plans offered on or after July 1, 2009</p>

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Rehabilitation: removal of default record	HEA Sec. 428F(a) DCL GEN-08-12, pgs. 121-122	Sec. 426(1). Clarifies that when a guaranty agency rehabilitates and sells a loan to a lender that the guaranty agency and all prior holders of the rehabilitated defaulted loan must remove the record of default from the borrower's credit history.	Trigger Date: Applies to all loan rehabilitation sales to eligible lenders that take place on or after August 14, 2008, and to all prior holders of the rehabilitated defaulted loan.
Rehabilitation: limitations	HEA Sec. 428F(a) DCL GEN-08-12, pg. 122	Sec. 426(1). A borrower can only rehabilitate each loan once.	Trigger Date: Defaulted loans rehabilitated on or after August 14, 2008
Rehabilitation: Financial and Economic Literacy	HEA Sec. 428F(c) DCL GEN-08-12, pg. 122	Sec. 426(2). Requires a guaranty agency to provide financial and economic educational materials to a borrower that rehabilitates his or her loans.	Trigger Date: Loans that are rehabilitated on or after August 14, 2008
Exceptions to Multiple Disbursement Rules	HEA Sec. 428G(a) and (b) DCL GEN-08-12, pg. 122	Sec. 427. The cohort default rate used to determine exceptions to rules that would otherwise require the multiple disbursements of loans where the period of enrollment is a single term and the 30 day delayed delivery for loans to first year, first time borrowers is raised from 10% to 15%.	October 1, 2011 Trigger Date: Loans first disbursed on or after October 1, 2011
Unsubsidized Stafford Loan Limits: Teacher Certification & Graduate and Professional Programs	HEA Sec. 428H(d) DCL GEN-08-12, pg. 122	Sec. 428. A post –ECASLA technical correction concerning the unsubsidized Stafford annual loan limits for students pursuing coursework necessary for enrollment in a graduate/professional program and students pursuing a teacher certification. Independent undergraduate students pursuing coursework necessary for enrollment in an undergraduate degree or certificate program are eligible for the increased loan limit of \$6,000. Students enrolled in coursework necessary for enrollment in a graduate or professional program, or students enrolled in a program that is necessary to attain a professional credential or certification to become a teacher, continue to be eligible for the loan limit of \$7,000 for which they were eligible prior to the enactment of ECASLA.	July 1, 2008 Trigger Date: Loans first disbursed on or after July 1, 2008
Loan Forgiveness for Teachers Employed by Educational	HEA Sec. 428J DCL GEN-08-12, pg. 122	Sec. 429. Amends the existing FFEL Teacher Loan Forgiveness program: <ul style="list-style-type: none"> • Allows a teacher to have been employed in a qualifying location as well as a school • Special education teachers may now also qualify if they are employed by an educational service agency 	Trigger Date: Forgiveness applications received on or

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Service Agencies		<p>Added prevention of double benefits for the same service. A borrower may not receive this benefit and a benefit under the following programs:</p> <ul style="list-style-type: none"> • the new loan forgiveness for service in areas of national need (428K) • DL public service loan forgiveness (455(m)) • DL teacher loan forgiveness (460), or subtitle D of title I of the National Community Service Act of 1990 (42 U.S.C. 12571) 	after August 14, 2008
Loan Forgiveness: Child Care Providers	428K Not included in DCL GEN-08-12	Sec. 430. Effectively deletes the prior program for Child Care Provider Loan Forgiveness and is replaced by the new forgiveness for service in areas of national need.	
Loan Forgiveness for Service in Areas of National Need	HEA Sec. 428K DCL GEN-08-12, pg. 124	<p>Sec. 431. Creates a forgiveness program to encourage qualified individuals to enter and continue employment as civil legal assistance attorneys by repaying a portion of their eligible loan(s).</p> <p>An eligible attorney must be a civil legal assistance attorney, continually licensed to practice law. The attorney must be a full-time employee of either:</p> <ul style="list-style-type: none"> • a nonprofit 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 federal program. <p>Loan forgiveness may be up to \$6,000 a year not to exceed \$40,000. Authorized to be appropriated by Congress for 2009 through 2014. Distributed on a first-come first-served basis, with priority given to those who,</p> <ul style="list-style-type: none"> • where 90% or more of legal practice for first 5 years, or less, as an attorney has been spent as a civil legal assistance attorney • who received this benefit the previous year • who completed less than 3 years of their service <p>ED will make payments on behalf of the borrower directly to the loan holder for eligible FFEL and DL loans and Perkins loans, and a FFEL or Direct Consolidation loan to the extent that such loan was used to repay a Subsidized Stafford Loan, an Unsubsidized Stafford loan, or a PLUS loan made under the FFEL or Direct loan program or a Perkins loan.</p> <p>No double benefits for the same service. A borrower may not receive this benefit and a benefit under the following programs:</p> <ul style="list-style-type: none"> • the new loan forgiveness for service in areas of national need (428K) • DL public service loan forgiveness (455(m)) <p>Subject to appropriation by Congress, which means funds have to be approved by Congress</p>	Trigger Date: School, academic, or calendar year of full-time employment completed after August 14, 2008,

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Loan Repayment for Civil Legal Assistance Attorneys: Eligibility	HEA Sec. 428L DCL GEN-08-12, pg. 116	before any forgiveness can occur. Sec. 431. The borrower must enter into a written agreement with ED. The borrower must agree to be employed for at least 3 years, unless involuntarily separated from that employment. If the borrower ends employment before the agreed upon term of employment, the borrower is involuntary separated from employment because of misconduct, or voluntarily resigns, the borrower must repay the payments made by ED. If the borrower is required and fails to repay, ED may recover the amount owed by any means allowable under the law. ED may waive the right to recover the amount owed by the borrower.	:
Loan Repayment for Civil Legal Assistance Attorneys: Agreement with ED	HEA Sec. 432L(b) DCL GEN-08-12, pg. 116	Sec. 432. Replaces term “credit bureaus” with “consumer reporting agencies” for reporting purposes throughout the HEA. Lenders, guarantors, and subsequent holders, in addition to current requirements, must report the following to all national credit bureaus: <ul style="list-style-type: none"> ▪ FFEL loans as an “education loan”; and ▪ The repayment status of a loan. <p>It now appears that a lender, guarantor and ED to have an agreement with and must report to “each” national consumer reporting agency, not just one. The definition of “consumer reporting agency” can be found in Sec 481(e) and states that, for purposes of Title IV, the term means an agency that compiles and maintains files on a consumer on a nationwide basis. See analysis on 481(e).</p> <p>Definition of credit reporting agency: regularly engages in the practice of assembling or evaluating, and maintaining, for the purpose of furnishing consumer reports to third parties bearing on a consumer’s credit worthiness, credit standing, or credit capacity, each of the following regarding consumers residing nationwide: public record information, and credit account information from persons who furnish that information regularly and in the ordinary course of business [per DCL GEN-08-12, pg. 62]</p>	
Reports to Consumer Reporting Agencies and Institutions of Higher Education	HEA Sec. 430A DCL GEN-08-12, pg. 127	Sec. 433(a). Restricts ED’s ability to enter into any settlement of any claim under this title that exceeds \$1,000,000 unless— <ul style="list-style-type: none"> • ED requests a review of the proposed settlement of such claim by the Attorney General; and • the Attorney General responds to such request, which may include, at the Attorney General’s discretion, a written opinion related to such proposed settlement. 	Trigger date: Reports made to consumer reporting agencies on or after August 14, 2008, subject to Negotiated Rulemaking & Master Calendar
Settlement of Claims by ED	HEA Sec. 432(b)	Sec. 433(b). Adds new requirement on the use of MPNs for serial feature by schools. Unless ED notifies a school otherwise, a school participating in FFELP or Direct loans is authorized to use the MPN (Serial feature) for FFELP and Direct loans.	

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
	Not included in DCL GEN-08-12		
School Use of Serial Feature of Master Promissory Note	HEA Sec. 432(m)(1) (D)(i) Not included in DCL GEN-08-12	<p>Sec. 434(a). Revises the FFELP disclosure information sent at or before first disbursement of a Stafford and PLUS loan under 34 CFR 682.205(a). Disclosure may be written or electronic. May be part of federal loan materials, promissory note or other written form, which could include the Initial Loan Disclosure. New requirements underlined.</p> <p>Must contain:</p> <ul style="list-style-type: none"> • <u>whether the amount of any charges, such as origination fee or federal default fee will be paid by the lender [lender specific wording, not covered by Common Forms]</u> • <u>statement that unsubsidized Stafford and graduate PLUS borrowers may pay interest while in school and, if not paid, the frequency of capitalization [existing Stafford PLD #13 fourth paragraph, PLUS #8]</u> • <u>statement that parent PLUS borrowers have the option to defer payment while the student is enrolled at least half-time, may pay interest while student beneficiary is in school and, if not paid, the frequency of capitalization [draft new wording recommended for PLUS PLD #12 & MPN BR&R #17]</u> • <u>statement that parent PLUS borrowers may defer during a parent’s half-time enrollment in school [draft new wording recommended for PLUS PLD #12 & MPN BR&R #18]</u> • <u>descriptions of repayment plans that are available for the loan [existing PLD #8, MPN BR&R #12]</u> • <u>statement of circumstance in which the borrower may obtain forbearance [existing PLUS & Stafford PLD #13, MPN BR&R #19]</u> • <u>description of forgiveness options and requirements [existing Stafford and PLUS PLD #14]</u> • <u>explanation of any costs or fees the borrower may be charged, including late payment fees and collection costs that a borrower may incur during repayment or in collection [partially covered by existing Stafford & PLUS PLD #10, however, may be lender-specific]</u> • lender telephone number • electronic address for additional loan information (optional) • a statement that the borrower must repay the loan • lender name • address to send communication and payment • principal amount of loan • amount of any charges, such as origination fee or federal default fee, and whether the fee will be <ul style="list-style-type: none"> ○ collected at or prior to disbursement ○ deducted from proceeds ○ paid separately by borrower 	

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
		<ul style="list-style-type: none"> • stated interest rate • yearly and cumulative maximum amounts that may be borrowed • total cumulative balance, including the loan being applied for loan being disbursed to the borrower, owed by the student to the lender. [revises the disclosure of cumulative balance to include the “loan being disbursed to the borrower” instead of the “loan applied for by the student”, a clarification of loans that require disclosures. See Note in Comments section] • an estimate of the projected monthly payment • when repayment is required • when the borrower will be obligated to pay interest that accrues on the loan • minimum and maximum repayment terms • minimum annual payment required by law • explanation of option for consolidation or refinancing • statement of right to prepay at any time without penalty • circumstance in which repayment of the loan or interest may be deferred • description of default consequences • description that a default will be reported to a consumer reporting agency • explanation of costs that a borrower may incur during repayment or in collection 	
Required Disclosure Before Disbursement	HEA Sec. 433(a) DCL GEN-08-12, pg. 128	<p>Sec. 434(a). Revises the FFELP repayment disclosure information sent for repayment of a Stafford (sub. and unsub.) and PLUS loan under 34 CFR 682.205(c). Must be provided not less than 30 days nor more than 150 (previously 240 days) days before the first payment due date and this timeframe is now applicable to PLUS loans. Disclosure may be written or electronic. New requirements underlined. Must contain:</p> <ul style="list-style-type: none"> • <u>lender name or servicer, if applicable</u> • <u>scheduled date on which repayment period will begin or deferment end date for parent and graduate PLUS loans that are deferred under the new PLUS deferments</u> • <u>estimated balance and interest to be capitalized, if applicable, as of the scheduled date on which the repayment period is to begin or deferment is to end for parent and graduate PLUS loans that are deferred under the new PLUS deferments</u> • <u>information on any loan repayment benefits, including:</u> <ul style="list-style-type: none"> ○ <u>contingencies, such as rate reduction tied to automatic payroll or checking account deduction or making a specified number of payments, or other benefits that could reduce the amount of repayment or length of repayment period</u> ○ <u>limitations, such as explicit information on reasons a borrower may lose eligibility, for a interest rate reduction, examples of the impact on repayment amount and length, the effect on the payoff amount and time for repayment (if requested by borrower), whether and how to regain eligibility if a benefit is lost</u> • <u>description of repayment plans available to the borrower and statement that the borrower may</u> 	Trigger Date: For disclosure requirements not yet incorporated in existing Common Forms: To be effective based upon lender implementation of approved Common Forms

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
		<p><u>change plans during repayment</u></p> <ul style="list-style-type: none"> • <u>repayment schedule for all loans covered by the disclosure, based on a standard plan unless the borrower has selected another plan and has provided sufficient documentation to that effect [confirmed in DCL-GEN-08-12 pg. 129]</u> • <u>any interest the borrower has already paid, unless, for PLUS and Unsubsidized Stafford loans, lender has provided projected monthly payment amounts previously</u> • <u>options to avoid or remove a default, including any fees</u> • <u>additional resources, including nonprofit organizations, advocates, and counselors (including ED Ombudsman) of which the lender is aware, where borrowers may receive advice and assistance on loan repayment</u> • lender telephone number • electronic address for additional loan information (optional) • lender name • address to send communication and payment • scheduled date on which repayment period will begin • estimated balance of loans covered by the disclosure • estimated interest to be capitalized, if applicable, as of the scheduled date on which the repayment period is to begin • stated interest rate on the loan or loans, or the combined interest rate of loans with different stated interest rates • repayment schedule for all loans covered by the disclosure, including: <ul style="list-style-type: none"> ○ first payment due date ○ payment number, amount, and frequency • options and terms for loan consolidation or refinancing • projected total interest assuming payments made as scheduled • any fees that may be charged during the repayment period • <u>statement of right to prepay at any time without penalty</u> 	
Required Disclosure Before Repayment	HEA Sec. 433(b) DCL GEN-08-12, pg. 129	Sec. 434(a). Restates current requirement that lender must provide FFELP borrowers a rights and responsibilities statement separate from the initial disclosure, and that it must include a statement of the consequences of default and that a default will be reported to a consumer reporting agency. Clarifies that this disclosure must be “in simple and understandable terms” instead of “in plain English.”	Trigger Date: Loans first disbursed on or after August 14, 2008
Separate Notification	HEA Sec. 433(c) Not included in DCL GEN-08-12	Sec. 434(a). Restates current requirement that PLUS and unsubsidized Stafford loans are exempt from the lender providing a disclosure of monthly payment amounts. Instead, the lender may provide a sample projection of monthly repayment amounts assuming different levels of borrowing and interest accruals resulting from capitalization of interest. Provides a new requirement to include samples of the cost associated with capitalizing interest and of paying interest as it accrues.	n/a
Special	HEA Sec.	Sec. 434(a). Requires a lender to provide Stafford, PLUS and Consolidation borrowers with a bill or	August 14, 2008

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
Disclosure Rules on PLUS loans and Unsubsidized Loans	433(d) DCL GEN-08-12, pg. 129	statement (as applicable) that corresponds to each payment installment time period in which a payment is due and that includes: <ul style="list-style-type: none"> • original principal amount • current balance, as of the time of the bill or statement • interest rate • total amount the borrower has paid in interest • aggregate amount the borrower has paid for the loan, including amount the borrower has paid in interest, amount the borrower has paid in fees, and amount the borrower has paid against the balance • description of each fee charged for the most recently preceding installment time period • date by which the borrower needs to make a payment in order to avoid additional fees and the amount of such payment and the amount of such fees • the lender's or servicer's address and toll-free phone number for payment and billing error purposes • a reminder of the option to change repayment plans • a list of the names of repayment plans available to the borrower • link to the Department's website to obtain repayment plan information and directions to change plans 	[confirmed in DCL GEN-08-12, pg. 129] Trigger Date: To be effective based on lender implementation of approved Common Forms
Bill or Statement Required During Repayment	HEA Sec. 433(e)(1) DCL GEN-08-12, pg. 129	Sec. 434(a). Requires a lender to provide a borrower who notifies the lender of difficulty making payments on a Stafford, PLUS or Consolidation loan with the following, in simple and understandable terms: <ul style="list-style-type: none"> • description of repayment plans available to the borrower • how to request a change in plans • description of the requirements for obtaining forbearance and associated costs • description of the options to avoid default, and any fees or costs associated with these options. 	July 1, 2009 Trigger Date: Loans with first payment due on or after July 1, 2009 [confirmed in DCL GEN-08-12, pg. 128]
Information Provided to Borrower Having Difficulty Making Payments	HEA Sec. 433(e)(2) DCL GEN-08-12, pg. 130	Sec. 434(a). Requires a lender to provide a borrower who is 60 days delinquent on a Stafford, PLUS or Consolidation with a notice of the following in simple and understandable terms: <ul style="list-style-type: none"> • date on which the loan will default if no payment is made • minimum payment to avoid default. • description of options to avoid default (and any fees or costs) including a description of deferment and forbearance • discharge options to which the borrower may be entitled • resources, including nonprofit organizations, advocates, and counselors (ED Ombudsman) where the borrower can receive advice and assistance on repayment 	July 1, 2009 Trigger Date: Loans with first payment due on or after July 1, 2009 upon borrower notification of difficulty
Required Disclosures	433(e)(3)	Sec. 434(a). Language was removed and restated. Requirements regarding costs and consequences for all disclosures under Sec. 433 are:	July 1, 2009

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
During Delinquency	DCL GEN-08-12, pg. 130	<ul style="list-style-type: none"> • disclosures shall be available without cost to the borrower • lender's failure to provide information shall not relieve a borrower of the obligation to repay a loan or provide a basis for a claim for civil damages • disclosures are not subject to the Truth in Lending Act • Secretary may limit, suspend, or terminate a lender's participation for non-compliance <p>Removes lender protection from loss of guarantee and guarantor protection from lack of reinsurance for failure to provide any of the disclosures under Sec. 433. Lenders and servicers must ensure that all the required disclosures are made or risk the loss of insurance and reinsurance on a loan. The following language was stricken from 433(c): The failure of an eligible lender to provide information as required by this section shall not "(3) be deemed to abrogate the obligation of the Secretary under a contract of insurance or reinsurance, or the obligation of a guaranty agency under a contract of guaranty."</p>	Trigger Date: Loans with first date of delinquency on or after July 1, 2009
Cost of Disclosure and Consequences of Nondisclosure	433(f) DCL GEN-08-12, pg. 128	<p>Sec. 435. Adds a new Section 433A requiring guaranty agencies to work with their schools to develop high-quality educational programs, materials and training for students and families in budgeting and financial management relating to student loans. Programs and materials are to be provided before, during, and after a students' enrollment in an institution of higher education. These activities shall be considered default reduction activities. Guaranty agencies are not prohibited from using existing programs and materials in meeting requirements or from providing materials to Direct Loan schools. This provision shall not be interpreted to prohibit lenders and servicers from providing the same outreach or financial aid literacy information.</p>	Trigger Date: Subject to Negotiated Rulemaking and Master Calendar
Consumer Education Information	HEA Sec. 433A DCL GEN-08-12, pg. 136	<p>Sec. 436(a). Continues cohort default rate ineligibility provisions for schools so that through fiscal year 2011 the trigger remains at 25 percent. Raises the default rate that triggers ineligibility to 30 percent on or after fiscal year 2012.</p>	Trigger Date: Schools with new loans guaranteed by the guaranty agency on or after August 14, 2008. Not new requirement – Guaranty Agencies already have programs in place
High Cohort Default Rates: School Ineligibility	HEA Sec. 435(a)(2)A (ii) Sec. 435 (a)(2)(B)(ii), Sec. 435(a) (2)(B)(iii)	<p>Sec. 436(a). Adds a new appeal for relief in regards to a school's cohort default rate. An institution whose cohort default rate is equal to or greater than the threshold percentage for fiscal year 2012 and beyond for 2 consecutive years has 30 days to file an appeal after receiving notification from ED. Within 45 days ED will issue a decision. If the institution is found to have exceptional mitigating circumstance, ED may not subject the institution to provisional certification solely based on the cohort default rate.</p>	Fiscal year 2009 data that will be published in FY 2012 cohort default rate calculations

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
	DCL GEN-08-12, pg. 131		
High Cohort Default Rates: Appeals for Regulatory Relief	435(a)(3) 435(a)(5) DCL GEN-08-12, pg. 131	<p>Sec. 436(a). Adds new default prevention and assessment of eligibility requirements for default rates that are equal to or greater than the threshold percentage applicable for the fiscal year 2012 and beyond. The first year an institution’s cohort default rate is equal to or greater than the threshold, it must establish a default prevention task force to prepare and submit a plan to ED that identifies factors, establish steps to improve rate, and specify actions that can improve student repayment.</p> <p>If an institution’s threshold is still equal to or greater than the threshold for 2 consecutive years the task force must reevaluate the plan.</p> <p>The HEOA provides for a transition period during which no institutional sanctions will be taken based on the three-year calculated rate until after there have been three consecutive cohort years of such rates calculated. During the transition period, sanctions will be based on calculations made according to pre-HEOA provisions. [confirmed in DCL GEN-08-12, GEN-08-12, pg. 131]</p> <p>ED will review each such plan submitted and may direct that such plan be amended to include actions that ED determines will promote student loan repayment.</p>	Fiscal year 2009 data that will be published in FY 2012 cohort default rate calculations
High Cohort Default Rates: Default Prevention and Assessment of Eligibility Based on High Default Rates	HEA Sec. 435(a)(7)(A) 435(a)(7)(B) DCL GEN-08-12, pg. 132	<p>Sec. 436(a). 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.</p>	Fiscal year 2009 data that will be published in FY 2012 cohort default rate calculations
High Cohort Default Rates: Participation Rate	HEA Sec. 435(a)(8) (A) DCL GEN-08-12, pg. 131	<p>Sec. 436(b). The definition of an eligible lender is amended (new requirement underlined). Per 34 CFR 682.200(b) <i>Lender</i></p> <p>The term “eligible lender” means</p> <ul style="list-style-type: none"> • A National or State chartered bank, a mutual savings bank, a savings and loan association, a stock savings bank or a credit union that is subject to examination and supervision, and • Does not have as its primary consumer credit function the making or holding of FFELP loans. The lender does not, or in the case of a bank holding company, the company’s wholly-owned subsidiaries as a group do not at any time, hold FFELP loan that total more than half of the lender’s or subsidiaries’ combined consumer credit loan portfolio, <u>except if the lender is a National or State chartered bank, or credit union, that has less than \$1 billion in assets.</u> 	Fiscal years beginning on or after October 1, 2011

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
		The amendment allows a National or State chartered bank, or credit union, with assets of less than \$1 billion is exempt from the FFELP loan as a primary consumer credit function determination (50% rule in regulations).	
Types of Lenders	HEA Sec. 435(d)(1) (A)(ii) Not included in DCL GEN-08-12	<p>Sec. 436(c). Adds new prohibited inducements and actions to the existing ones that will disqualify a lending institution as an eligible lender for Title IV purposes if it engages in such activities:</p> <ul style="list-style-type: none"> ▪ Payments include payments for referrals, and processing or finder fees. Lists specific new inducements such as prizes, stock or securities, travel, entertainment expenses, tuition payment or reimbursement, provision of information technology equipment at below-market value, and additional financial aid funds that are paid to a school or school employee in order to secure FFELP loan applicants. Points, premiums and other inducements remain as well. ▪ Specifies unsolicited mailings as postal or electronic means. Adds clarification that mailings cannot be done to students in secondary or post-secondary schools or the families of such students. Retains exception for those students or borrowers who have already received a FFELP loan from the lender. ▪ May not enter into a consulting agreement or contract providing services to a lender with an employee who works in the financial aid office or has responsibilities with respect to student loans or other financial aid at an institution of higher education. ▪ 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 an institution of higher education and serves on an advisory board or a commission established by lenders or a group of lenders. Provides an exception for reasonable expenses incurred in providing such service. ▪ Perform or paid for someone to perform a function an institution of higher education is required to perform under any Title IV program. Provides an exception that lenders can perform exit counseling functions in accordance with 485(b). ▪ Pay a student at an institution of higher education to act as the lender’s representative to secure applications unless the student is employed by the lender for other purposes and the lender has made all appropriate disclosures regarding employment. ▪ Offered, directly or indirectly loans as an inducement for a borrower to purchase a policy of insurance or other product, or any other fraudulent or misleading information. ▪ Engaged in fraudulent advertising <p>Revises the permitted activities to state that a lender may provide technical assistance to institutions of higher education comparable to technical assistance provided by the ED.</p>	
Lender Inducements	HEA Sec. 435(d)(5) DCL GEN-08-12, pg. 134	Sec. 436(d). Each institution serving as an eligible lender and each lender serving as a trustee for a school or school-affiliated organization must complete and submit a compliance audit annually. The audit must show that all proceeds from their participation as a lender minus reasonable, direct administrative expenses are being used for need based grants and that these grants are not being used in place of other grants – but in addition to these grants.	Activities undertaken on or after August 14, 2008 [per DCL-08-12 pg. 134]
School as a Lender Program	HEA Sec. 435(d)(8)	Sec. 436(e). Cohort default rate now means students who default before the end of the second fiscal year following the fiscal year in which students entered repayment.	First auditable period of the

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
Audit	DCL GEN-08-12, pg. 136	Transition: Rates used for any sanctions imposed will be calculated as before this change until there are 3 years of rates under this new statutory calculation.	school lender or ELT that begins on or after August 14, 2008
Cohort Default Rate: Definition	HEA Sec. 435(m) DCL GEN-08-12, pg. 131	Sec. 436(e). 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 default rates calculated for Fiscal year 2009 and beyond
Cohort Default Rates: Published Report	HEA Sec. 435(m)(4) Not included in DCL GEN-08-12	Sec. 437(a). Per DCL GEN-08-12, modifies the standard for Total and Permanent Disability discharge. It stipulates that 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.	For cohort default rates calculated for Fiscal year 2009 and beyond
Loan Discharge due to Death or Disability	HEA Sec. 437(a)(1) DCL GEN-08-12, pg. 132	Sec. 437(a). Allows the Department to develop safeguards in the administration of the new TPD condition described above, in order to prevent fraud and abuse. The Department can still require a conditional discharge period.	July 1, 2010 Trigger Date: Subject to Negotiated Rulemaking and Master Calendar
Loan Discharge due to Debilitating and Irreversible Medical Condition	HEA Sec. 437(a)(1) DCL GEN-08-12, pg. 132	Sec. 437(a). Authorizes the Department to establish regulations requiring the reinstatement of, and resumption of collection activities on, any loan previously discharged under the new discharge type described above, in the event the borrower, after the discharge date, receives a new Title IV loan or earns income in excess of the poverty line. Subparagraph B also allows reinstatement for any other reason the Department deems appropriate.	July 1, 2010 Trigger Date: Subject to Negotiated Rulemaking and Master Calendar
FFEL Loans – Loan Discharge due to Debilitating and Irreversible Medical Condition	HEA Sec. 437(a)(1) (A) and (B) DCL GEN-08-12, pg. 132	Sec. 437(b). Establishes that, for the purposes of loan discharge, a “borrower who has been determined by the Secretary of Veterans Affairs to be unemployable due to a service-connected condition and who provides documentation of such determination to Secretary of Education, shall be considered permanently and totally disabled”. It also stipulates that a borrower in this condition will not be required to present further supporting documentation.	July 1, 2010 Trigger Date: Subject to Negotiated Rulemaking and Master Calendar
Title IV Part D — William D. Ford Federal Direct Loan Program (FDLP)			
Federal Direct	HEA Sec.	Sec. 451(a). Adds a new paragraph as a technical amendment allowing for the Income Based	July 1, 2009

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
Student Loan - Income Based Repayment	455(d)(1) DCL GEN-08-12, pg. 119	Repayment plan as an additional repayment plan under DL. Clarifies that the income-based repayment plan is not available to the borrower of a parent DL PLUS loan or a DL Consolidation loan, if the proceeds of the loan were used to discharge the liability on a parent DL PLUS loan or a parent FFEL PLUS loan (428B).	Trigger Date: Repayment plans offered on or after July 1, 2009
Federal Direct Student Loan – Public Service Job Definition	HEA Sec. 455(m)(3) (B)(i) and (ii) DCL GEN-08-12, pg. 137	<p>Sec. 451(b). The definition of public service job is expanded for public health workers to include those who have a full-time job as nurses, nurse practitioners, nurses in a clinical setting, and full-time professionals engaged in health care practitioner occupations, as such terms are defined by the Bureau of Labor Statistics.</p> <p>Clarifies that for the purpose of a job in public interest law services, legal advocacy may be provided “on behalf of” low-income communities at a nonprofit organization rather than strictly “in ” low-income communities at a nonprofit organization.</p> <p>The definition of public service job is expanded for early childhood workers to include those who have a full-time job in licensed or regulated child care, Head Start, and State funded prekindergarten</p> <p>The definition of public service job for teachers in high-needs areas is expanded to include those in shortage areas, including those teaching as nurse faculty, foreign language faculty, and part-time faculty at community colleges.</p> <p>The definition of public service job is clarified for government workers to exclude time served as a member of Congress.</p>	Retroactive to payments made on or after 10/1/2007 [confirmed in DCL GEN-08-12, pg. 137]
Federal Direct Student Loan – Public Service Ineligibility for Double Benefits	HEA Sec. 455(m)(4) DCL GEN-08-12, pg. 137	<p>Sec. 451(b). Adds new paragraph (4) stating no borrower may receive forgiveness of loan obligations for the same service under public service loan forgiveness and HEA Sections:</p> <ul style="list-style-type: none"> ○ 428J – FFELP Loan Forgiveness for Teachers ○ 428K – FFELP Loan Forgiveness for Service in Areas of National Need ○ 428L – FFELP Loan Repayment for Civil Legal Assistance Attorneys ○ 460 – DL Loan Cancellation for Teachers 	
Federal Direct Student Loan - Identity Fraud Protection	HEA Sec. 455(n) Not addressed in DCL GEN-08-12	Sec. 451(c). Adds new paragraph (n) requiring ED to ensure that monthly DL statements and other publications of ED do not contain more than four digits of any individual’s SSN.	
Federal Direct Student Loan - Active Duty Service Members	HEA Sec. 455(o) DCL GEN-08-12, pg. 138	Sec. 451(d). Adds new paragraph (o) stating that interest shall not accrue on DL loans for an eligible active duty military borrower. An eligible military borrower is an individual who is serving on active duty or performing qualifying National Guard duty during a war or other military operation or national emergency. It also includes an individual who is serving in an area of hostilities in which the service qualifies for special pay under section 310 of title 37, U.S.C., “Special pay: duty subject	October 1, 2008 Trigger Date: Direct Loans first disbursed on or

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
		<p>to hostile fire or imminent danger”.</p> <p>In the case of a DL Consolidation loan first disbursed on or after 10/1/2008, these provisions only apply to the portion of the Consolidation loan that repaid a DL loan made on or after 10/1/2008.</p> <p>A qualified borrower may receive this benefit for no more than 60 months.</p> <p>For Direct Loan borrower who also qualifies for the military service deferment, the borrower's deferment period and 60-month period of no interest accrual run concurrently. [Per DCL GEN-08-12, pg. 138]</p>	<p>after October 1, 2008, and any portion of a Direct Consolidation Loan that repaid a Direct Loan first disbursed on or after that date [per DCL GEN-08-12, pg. 138]</p>
Federal Direct Student Loan - Disclosures	<p>HEA Sec. 455(p)</p> <p>DCL GEN-08-12, pgs. 138-139</p>	<p>Sec 451(e). Adds new paragraph (p) requiring schools and contractors that participate in DL to comply with each of the requirements under section 433 (Student Loan Information by Eligible Lenders) that apply to a lender for loans under FFELP.</p>	<p>August 14, 2008, subject to Department regulations [Per DCL GEN-08-12, pg. 138-139]</p>
ED Temporary Authority to Purchase Loans - Guaranty Agency Responsibilities and Payments	<p>HEA Sec. 459A(d)(1)</p> <p>DCL GEN-08-12, pg. 137</p>	<p>Sec. 453. Under the temporary authority ED has to purchase loans, on the date ED purchases the loan, the guaranty agency that insured that loan shall no longer have any:</p> <ul style="list-style-type: none"> ○ Obligations, ○ Responsibilities, or ○ Rights (including rights to any payments) 	<p>Trigger Date: Beginning on the date on which ED purchases a loan prior to July 1, 2009</p>
ED Temporary Authority to Purchase Loans - Guaranty Agency Responsibilities and Payments	<p>HEA Sec. 459A(d)(2)</p> <p>DCL GEN-08-12, pg. 137</p>	<p>Sec. 453. Under the temporary authority ED has to purchase loans, on the date ED purchases the loan, the guarantee issued on the loan by the guaranty agency shall no longer be in effect with respect to any default on that loan.</p>	
ED Temporary Authority to Purchase Loans - Reports	<p>HEA Sec. 459A(e)(1)</p> <p>DCL GEN-08-12, pgs. 137 & 183</p>	<p>Sec. 453. Adds new requirement that ED must make available to the public a quarterly report on:</p> <ul style="list-style-type: none"> ○ Number of loans ED agreed to purchase or has purchased during such period ○ Number of loans in which ED has purchased a participation interest during such period; and ○ The total amount of outstanding principal and accrued interest in each category <p>Information reported by ED will be broken down first by</p> <ul style="list-style-type: none"> ○ Lender, and then by <ul style="list-style-type: none"> ▪ Category of school ▪ Type of loan 	<p>Trigger Date: Not later than 60 days after the end of each quarter beginning on July 1, 2008 and ending on September 30, 2009</p>

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
ED Temporary Authority to Purchase Loans – Estimates of Purchase Program Costs	HEA Sec. 459A(e)(2) DCL GEN-08-12, pgs. 137 & 183	Sec. 453. Adds new requirement that ED must provide a report estimate of the costs associated with the purchasing of loans program and the purchasing of participation interest during the period 7/01/2008 – 9/30/2009 and each estimate will: Contain the same level of detail as reported in a similar manner under the budget estimates in FFELP and DL in the President’s annual budget submission to Congress but must also include current and future administrative costs <ul style="list-style-type: none"> ○ Include an estimate of the gross and net outlays that have been or will be incurred - including <ul style="list-style-type: none"> ▪ Subsidy and administrative costs ▪ Any payments by ED to lenders, trusts, or other entities ○ Include a comparison, broken down by type of loan, of: <ul style="list-style-type: none"> ▪ Average amount of the gross and net outlays (including costs and payments) for each \$100 of loan purchased or participation interest purchased ▪ Average amount of gross and net outlays (including costs and payments to ED for each \$100 of comparable loans made under DL and FFELP 	Trigger Date: Not later than February 15, 2010
ED Temporary Authority to Purchase Loans – Annual Cost Estimates	HEA Sec. 459A(e)(3) DCL GEN-08-12, pg. 183	Sec. 453. Adds new requirement for ED to provide a report annually of estimated costs associated with purchase of loans and purchase of participation interest in the manner referenced above.	Trigger date: Not later than: - 2/15/2009 for FY 2008 - 2/15/2010 for FY 2009 - 2/15/2011 for FY 2010
Federal Direct Student Loan - Loan Cancellation for Teachers	HEA Sec. 460(b) DCL GEN-08-12, pg. 123	Sec. 454. Adds “location” to the requirements for where a qualifying person must teach. A teacher can now be at a school or location that qualifies.	Teacher Loan Forgiveness and Teacher Loan Forgiveness Forbearance Applications received on or after August 14, 2008
Federal Direct Student Loan - Loan Cancellation for Teachers	HEA Sec. 460(c)(3) DCL GEN-08-12, pg. 123	Sec. 454. Adds the chief administrative officer of an educational service agency as a person authorized to certify a borrower’s eligibility for those employed by an educational service agency.	
Federal Direct Student Loan - Loan Cancellation for	HEA Sec. 460(g)(2) DCL GEN-08-	Sec. 454. Consolidates the double benefit exceptions into one paragraph. No borrower may receive forgiveness of loan obligations for the same service under teacher loan forgiveness and <ul style="list-style-type: none"> ○ 428J – FFELP Loan Forgiveness for Teachers ○ 428K – FFELP Loan Forgiveness for Service in Areas of National Need 	

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
Teachers – Prevention of Double Benefits	12, pg. 123	<ul style="list-style-type: none"> ○ 455 (m) – DL Repayment Plan for Public Service Employees ○ Subtitle D of title I of the National and Community Service Act of 1990 (AmeriCorp Program) 	
		Title IV Part G — General Provisions Relating to Student Assistance Programs	
Definitions: Academic and Award Year	HEA Sec. 481(a)(2)(B) DCL GEN-08-12, pg. 62	Sec. 481(1). Adds clarification that for ED to reduce the minimum requirement of 30 weeks to 26 weeks on a case-by-case basis, the school must measure program length in credit hours or clock hours.	
Definitions: Consumer Reporting Agency	HEA Sec. 481(e) DCL GEN-08-12, pg. 62	<p>Sec. 481(2). Adds new definition of a “consumer reporting agency”. For purposes of Title IV, consumer reporting agency means an agency that compiles and maintains files on consumers on a nationwide basis, as found in Sec. 603(p) of the Fair Credit Reporting Act (15 USC 1681a(p)).</p> <p>15 USC 1681a(p) Consumer Reporting Agency That Compiles and Maintains Files on Consumers on a Nationwide Basis.— The term “consumer reporting agency that compiles and maintains files on consumers on a nationwide basis” means a consumer reporting agency that regularly engages in the practice of assembling or evaluating, and maintaining, for the purpose of furnishing consumer reports to third parties bearing on a consumer’s credit worthiness,^[4] credit standing, or credit capacity, each of the following regarding consumers residing nationwide:</p> <ol style="list-style-type: none"> (1) Public record information. (2) Credit account information from persons who furnish that information regularly and in the ordinary course of business. 	
Definitions: Educational Service Agency	HEA Sec. 481(f) DCL GEN-08-12, pg. 62	<p>Sec. 481(2). Adds new definition for “educational service agency”. For purposes of parts B, D, and E of Title IV, educational service agency has the meaning as defined in Sec. 9101 of the Elementary and Secondary Education Act of 1965.</p> <p>Sec. 9101(17) EDUCATIONAL SERVICE AGENCY- The term educational service agency' means a regional public multiservice agency authorized by State statute to develop, manage, and provide services or programs to local educational agencies.</p>	
Master Calendar	HEA Sec. 482(a)(1) DCL GEN-08-12, pg. 62	Sec. 482. Adds deadlines for the ED to publish the required notices under 483(a)(5), both proposed and final modifications. See HEA Sec 483(a)(5) below.	07/01/2010
Master Calendar	HEA Sec 482(a)(1) and (e) DCL GEN-08-12, pg. 63	<p>Sec. 482. Makes the FAFSA state requirements notices [section 483(a)(5)] subject to the March 1 deadline and the June 1 deadline.</p> <p>Adds new paragraph (e) to require ED to provide to schools 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. The list shall include the date the report or disclosure is due, the</p>	August 14, 2008 (compliance calendar); July 1, 2010 (addition of

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
		required recipients, the method of transmittal or dissemination, a 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.	notices)
Common Financial Aid Forms – FAFSA	HEA Sec. 483(a)(1) – (4) DCL GEN-08-12, pgs. 83-86	ED, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall produce, distribute, and process free of charge common financial reporting forms to be used for application and reapplication to determine the need and eligibility of a student for financial assistance. The forms shall be made available to applicants in both paper and electronic formats and shall be referred to as the 'Free Application for Federal Student Aid' or the 'FAFSA'. An EZ-FAFSA will also be developed.	
Common Financial Aid Forms – State Requirements In General	HEA Sec. 483(a)(5)(A) DCL GEN-08-12, pg. 86	Sec. 483. Except for States who do not allow the use of the EZ FAFSA to grant state aid, ED shall include State specific data items on the forms, as ED deems necessary. These items shall be selected in consultation with the State agencies and the number of data items shall not be less than the number included in the 2008-2009 award year form, unless the State notifies ED that the State no longer requires those data items for the distribution of State aid.	
Common Financial Aid Forms – Annual Review	HEA Sec. 483(a)(5)(B) DCL GEN-08-12, pg. 86	Sec. 483. ED shall conduct an annual review to determine which data each State requires to award need-based aid and if the State will permit an applicant to file an EZ FAFSA or an Electronic FAFSA on the Web.	
Common Financial Aid Forms – <i>Federal Register</i> Notice	HEA Sec. 483(a)(5)(C) DCL GEN-08-12, pgs. 86-87	Sec. 483. Beginning with EZ FAFSA and Electronic FAFSA on the Web developed for award year 2010-2011, ED shall publish on an annual basis a notice in the <i>Federal Register</i> requiring States to inform ED if the State is unable to accept the EZ FAFSA and Electronic FAFSA on the Web and the State specific nonfinancial data the State requires for delivery of State need-based aid.	Beginning AY 2010-2011
Common Financial Aid Forms – Consequences if State Does not Accept Simplified Forms	HEA Sec. 483(a)(5)(E) DCL GEN-08-12, pgs. 86-87	Sec. 483. If a State does not permit applicants to file the simplified forms to determine eligibility for State need-based aid, ED may exclude the State-specific questions for that State from the simplified forms and shall advise the State of the exclusion.	
Common Financial Aid Forms – Result: Lack of State Response	HEA Sec. 483(a)(5)(F) DCL GEN-08-12, pg. 87	Sec. 483. If a State does not respond to ED's request for information, ED shall permit residents of that State to complete the simplified forms and not require the residents of such State to complete any data items previously required by such State.	
Common Financial Aid Forms –	HEA Sec. 483(a)(5)(G)	Sec. 483. ED shall not require applicants to provide data not required by the applicant's State or by ED.	

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
Restriction	DCL GEN-08-12, pg. 86		
Common Financial Aid Forms – Charges to Students and Parents For Use of Forms Prohibited	HEA Sec. 483(a)(6) DCL GEN-08-12, pg. 84	<p>Sec. 483. The need and eligibility of a student for aid under parts A through E (except for subpart 4 of A) may only be determined by using the forms developed, produced, distributed and processed by ED.</p> <p>No student or parent shall be charged a fee for the collection, processing or delivery of financial aid through the use of such forms and no data collected on a form for which a fee is charged shall be used to complete the form prescribed under this section, except for Federal or State income tax forms prepared by a paid tax preparer.</p>	
Common Financial Aid Forms – Restrictions on Use of PIN	HEA Sec. 483(a)(7) DCL GEN-08-12, pgs. 84-85	<p>Sec. 483. No one other than an applicant may request, obtain or utilize an applicant's personal identification number (PIN) on the applicant's behalf.</p>	
Common Financial Aid Forms – Application Processing Cycle	HEA Sec. 483(a)(8) DCL GEN-08-12, pg. 87	<p>Sec. 483. ED shall enable students to submit forms and initiate processing as early as practicable prior to January 1 of the student's planned year of enrollment.</p>	
Common Financial Aid Forms – Early Estimates	HEA Sec. 483(a)(9) DCL GEN-08-12, pg. 87	<p>Sec. 483. ED shall continue to:</p> <ul style="list-style-type: none"> • Permit applicants to enter data on the simplified forms in years prior to enrollment in order to estimate applicant's family contribution. • Permit applicants to update submitted information without re-entering previously submitted information. • Develop a means to inform applicants in the years prior to enrollment of student aid options for students with similar financial situations. • Develop a means to provide clear and conspicuous notice that Expected Family Contributions are subject to change. • Consult with States, and the student lending community in making updates to forms used to provide early estimates. 	
Common Financial Aid Forms – Distribution of Data	HEA Sec. 483(a)(10) DCL GEN-08-12, pg. 85	<p>Sec. 483. Institutions of higher education, guaranty agencies and States shall receive the data collected by ED without charge for the purposes of processing loan applications and determining need and eligibility for institutional and State financial aid awards. Entities designated by institutions, guaranty agencies and States to receive such data shall be subject to all of the requirements of this section, unless such requirements are waived by ED.</p>	
Common Financial Aid	HEA Sec. 483(a)(11)	<p>Sec. 483. ED shall provide to private organizations and consortia that develop software used by schools for the administration of funds under this title, all the necessary specifications the software</p>	

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
Forms – Third Party Servicers and Private Software Providers	Not included in DCL GEN-08-12	<p>must meet, include record layouts for required data.</p> <p>ED shall develop in advance of each processing cycle an annual schedule for providing such specifications and shall use multiple means to provide such specifications, such as conferences and other meetings, outreach and technical support.</p> <p>ED shall from time to time solicit from such organizations and consortia means of improving the support provided by ED.</p>	
Common Financial Forms – Parent’s Social Security Number and Birth Date	HEA Sec. 483(a)(12) Not included in DCL GEN-08-12	Sec. 483. ED is authorized to include space on the forms for the social security number and birth date of the parents of dependent students seeking financial assistance under this title.	
Forms: Toll Free information	HEA Sec. 483(c) DCL GEN-08-12, pgs. 84 and 87	Sec. 483. Adds language allowing ED to utilize other appropriate providers of technical assistance information on postsecondary educational services for individuals with disabilities. ED shall continue to implement a toll-free based system to permit applicants to submit an application over such system.	
Forms: Assistance in Preparation of Financial Aid Application – Preparer Identification Required	HEA Sec. 483(d)(2) DCL GEN-08-12, pgs. 87 and 88	<p>Sec. 483. If an applicant uses a preparer and a fee is charged, the preparer shall:</p> <ul style="list-style-type: none"> • Include the name, address or employer’s address, social security number or employer identification number and organizational affiliation of the preparer on the applicant’s form at the time it is submitted to the Department. • Be subject to the same penalties as an applicant for false or misleading information on the application. 	
Forms: Assistance in Preparation of Financial Aid Application – Additional Requirements	HEA Sec. 483(d)(3) DCL GEN-08-12, pgs 87 and 88	<p>Sec. 483. A preparer shall:</p> <ul style="list-style-type: none"> • Clearly inform each individual, upon initial contact, that the FAFSA and EZ FAFSA are free forms that may be completed without professional assistance via paper or electronic forms provided by ED. • Include in any advertising clear and conspicuous information that the FAFSA and EZ FAFSA are free forms that may be completed without professional assistance via paper or electronic forms provided by ED. • If advertising or providing information online, include a link to the website which provides the electronic version of the form. • Not produce, use or disseminate any other form for applying for Federal student financial aid other than the form developed by ED. 	
Forms:	HEA Sec.	Sec. 483. Nothing in this Act limits preparers from collecting source information from a student or	

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
Assistance in Preparation of Financial Aid Application – Special Rule	483(d)(4) DCL GEN-08-12, pgs. 87 and 88	parent, including Internal Revenue Service tax forms, in providing consultative and preparation services in completing the forms.	
Forms: Early Application and Estimated Award Demonstration Program – Program Authorized	HEA Sec. 483(e)(2) DCL GEN-08-12, pgs. 88 and 89	Sec. 483. Not later than August 14, 2010, ED shall implement an early application demonstration program enabling dependent students who wish to participate: <ul style="list-style-type: none"> • To complete an application during the academic year two years prior to the year the student plans to enroll in an institution of higher education. • Not later than one year prior to the year of the students’ planned enrollment and based on the application, obtain information on eligibility for Federal Pell Grants, Federal student loans and State and institutional financial aid for the students’ first year of enrollment,. 	August 14, 2010
Forms: Early Application and Estimated Award Demonstration Program – Early Application and Estimated Award	HEA Sec. 483(e)(3) DCL GEN-08-12, pgs. 88 and 89	Sec. 483. For all dependent students selected for participation in the demonstration who complete a FAFSA or EZ FAFSA, two years prior to the year the students plan to enroll in higher education, ED shall, no later than one year prior to the year of such planned enrollment: <ul style="list-style-type: none"> • Provide each student with an estimated determination of such student’s expected family contribution for the first year of enrollment and Federal Pell Grant Award for the first such year, based on the maximum Federal Pell Grant award at the time of application. • Remind students of the need to update the information during the calendar year of enrollment using the expedited reapplication process. 	August 14, 2010
Forms: Early Application and Estimated Award Demonstration Program – Participants	HEA Sec. 483(e)(4) DCL GEN-08-12, pg. 89	Sec. 483. ED shall include as participants: <ul style="list-style-type: none"> • States selected through the application process. • Institutions of higher education within the selected States that are interested in the program and that can make estimates or commitments of institutional aid to students the year before the students’ planned enrollment date. • Secondary schools within the selected States that are interested in participating in the program and can commit resources to advertising the program, identify students who might be interested in participating in the program, encourage such students to apply, and participate in the evaluation of the program. 	August 14, 2010
Forms: Early Application and Estimated Award Demonstration Program – Applications	HEA Sec. 483(e)(5) DCL GEN-08-12, pg. 89	Sec. 483. Each State interested in participating in the program shall submit an application to ED, in the form and time as ED shall require. Applications shall include: <ul style="list-style-type: none"> • Information on the amount of the State’s need-based student financial assistance available and eligibility criteria for receipt • A commitment to make an estimate of State financial aid awards not later than the year before the students’ planned enrollment date. • A plan for recruiting institutions of higher education and secondary schools with different demographic characteristics to participate. • A plan for selecting institutions of higher education and secondary schools that <ul style="list-style-type: none"> (a) Demonstrate a commitment to encourage students to submit a FAFSA or EZ FAFSA two 	August 14, 2010

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
		<p>years before planned enrollment dates.</p> <p>(b) Serve different populations of students.</p> <p>(c) In the case of institutions of higher education, are of varying types and sectors and commit to making estimated institutional awards and estimated grants or other financial aid available for all participating dependent students, along with information on State awards, as provided to the institution by the State.</p> <ul style="list-style-type: none"> • A commitment to participate in the evaluation conducted by ED; and other information as ED may require. 	
Forms: Early Application and Estimated Award Demonstration Program – Special Provisions	HEA Sec. 483(e)(6) DCL GEN-08-12, pg. 89 and 90	<p>Sec. 483. Financial aid administrators participating in the program may use the discretion granted in section 479A as necessary for students participating in the demonstration program.</p> <p>ED is authorized to waive any requirements under this title for participating institutions of higher education, or regulations proscribed under this title, that will make the demonstration unworkable, except ED shall not waive any provisions with respect to maximum award amounts for grants and loans.</p>	August 14, 2010
Forms: Early Application and Estimated Award Demonstration Program – Outreach	HEA Sec. 483(e)(7) and (8) DCL GEN-08-12, pg. 90	<p>Sec. 483. ED shall make appropriate efforts to notify State of the demonstration program and once participating States are determined ED shall continue to make efforts to notify institutions of higher education and dependent students within those States of the opportunity to participate in the demonstration. ED shall conduct a rigorous evaluation of the demonstration to measure its benefits and adverse effects.</p>	August 14, 2010
Forms: Reduction of Income and Asset Information to determine Eligibility for Student Financial Aid – Continuation of Current FAFSA Simplification Efforts	HEA Sec. 483(f)(1) DCL GEN-08-12, pgs. 90 and 91	<p>Sec. 483. ED shall continue to examine:</p> <ul style="list-style-type: none"> • How the IRS can provide ED with income and other data needed to compute expected family contribution for taxpayers and dependents of taxpayers, and when in the application cycle the information can be made available. • Whether data provided by the IRS can be used to pre-populate the electronic version of the FAFSA with student and parent taxpayer information or generate an expected family contribution without additional action by the student or taxpayer. • Whether the data elements collected on the FAFSA that are needed to determine eligibility but not expected family contribution, such as citizenship status and driver’s license number, can be reduced without adverse effect. 	

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
Forms: Reduction of Income and Asset Information to determine Eligibility for Student Financial Aid – Report on FAFSA Simplification Efforts to Date	HEA Sec. 483(f)(2) DCL GEN-08-12, pgs. 91 and 185	<p>Sec. 483. By November 12, 2008 ED shall provide a written report to the authorizing committees on the work the Department has done with Treasury regarding the following:</p> <ul style="list-style-type: none"> • How expected family contribution can be calculated using substantially less income and asset information than was used 3/31/08. • The extent to which the reduced income and asset information will result in a redistribution of Federal grants and subsidized loans, State aid, or institutional aid, or in a change in the composition of the group of recipients of such aid and the amount of such redistribution. • How the alternative approaches for calculating the expected family contribution will rely on information available on the 1040, 1040EZ and 1040A include formulas for adjusting income or asset information to produce similar results to the existing approach with less data. • How the IRS can provide ED income and other data needed to compute an expected family contribution and when in the application cycle the data can be made available. • Whether data provided by the IRS can be used to prepopulate the electronic version of the FAFSA with student and parent taxpayer data or generate an expected family contribution without additional action from the student and taxpayer. • The extent to which the use of income data from two years prior the a student’s planned enrollment date changes the expected family contribution computed pursuant to part F, and potential adjustments to the need analysis formula that will minimize the change. • The extent to which the data elements collected on the FAFSA on 3/31/08 that are needed to determine eligibility but not expected family contribution, such as citizenship status and driver’s license number, can be reduced without adverse effect. 	Report no later than 90 days after date of enactment, (November 12, 2008)
Forms: Reduction of Income and Asset Information to determine Eligibility for Student Financial Aid – Study – Formation of Study Group	HEA Sec. 483(f)(3)(A) and (B) DCL GEN-08-12, pgs. 91 and 185-186	<p>Sec. 483. By November 12, 2008 the Comptroller General shall convene a study group including the Secretaries of Education and Treasury, the Director of the Congressional Budget Office, representatives of institution of higher education, state chief executive officers of higher education to review the work of ED and Treasury to assess alternative approaches and make recommendations to the authorizing committees for calculating expected family contribution under the statutory need analysis formula in effect on August 13, 2008, and under a new calculation that will use less income and asset information than was used for the 2008-2009 FAFSA.</p>	Convene the group no later than 90 days after date of enactment (November 12, 2008)
Forms: Adjustments	HEA Sec. 483(h) DCL GEN-08-12, pg. 92	<p>Sec. 483. On the form notifying students of expected family contributions ED shall notify students that, on a case-by-case basis, they may qualify for an adjustment to the cost of attendance or values of data items required to calculate the expected family contribution.</p> <p>The notification shall specify the special circumstances under which a student or family member may qualify for such an adjustment and additional information regarding the steps a student or family member may take in order to seek an adjustment.</p>	
Model Institution Financial Aid Offer Form	No impact on HEA	<p>Sec. 484. ED shall -</p> <ul style="list-style-type: none"> • Convene a group of <ul style="list-style-type: none"> ○ Students 	Convene the group no later February 14,

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
	DCL GEN-08-12, pgs. 92 - 93	<ul style="list-style-type: none"> o Families of students o Secondary school guidance counselors o Representatives of institutions of higher education o Nonprofit consumer groups • To make recommendations to improve financial aid offer forms • ED must <ul style="list-style-type: none"> o Report to the Congressional Education Committees o Include a model financial aid offer form which includes <ul style="list-style-type: none"> ▪ Cost of attendance ▪ Amount of aid that does not have to be repaid ▪ Types and amounts of loans for which the student is eligible ▪ The net amount the student will have to pay for the year ▪ Where additional information on the financial aid offered may be sought ▪ Any other information determined necessary by ED 	<p>2009</p> <p>And</p> <p>Develop a model form no later than August 14, 2009</p>
SSN required for students from Freely Associated States	HEA Sec. 484(a)(4) and (5) DCL GEN-08-12, pg. 93	Sec. 485. Students from the Freely Associated States (Republic of the Marshall Islands, Federated States of Micronesia, or the Republic of Palau) are now required to provide their SSN to ED when applying for financial aid. In addition, these students must provide evidence from the INS that they are in the United States with the intent of becoming a citizen or permanent resident.	<p>July 1, 2010</p> <p>Trigger Event: FAFSA submitted to ED for the award year beginning July 1, 2010</p>
Special Circumstances: Unsubsidized Loans	HEA Sec. 484(b) Not included in DCL GEN-08-12	Sec. 485. Adds Unsubsidized Stafford loans for middle-income borrowers to the list of loan types that are excluded from certain requirements when a financial aid administrator can exercise discretion that special circumstances exist.	July 1, 2010
Non-high school graduates with six credit hours in degree or certificate program	HEA Sec. 484(d)(4) DCL GEN-08-12, pg. 93	Sec. 485. Adds that students who have not graduated from high school, and have completed six credit hours or equivalent coursework applicable to a degree or certificate shall be determined by the institution of higher education as having the ability to benefit from the education or training and are therefore, eligible for financial aid. Students are ineligible to receive Title IV aid while earning the six credit hours.	
Grants for citizens in Freely Associated States	HEA Sec. 484(j) DCL GEN-08-12, pgs. 93 - 94	Sec. 485. Subsection (j) was removed. Instead, the provisions in the applicable compact of Free Association govern the eligibility of these students. Students who are citizens of the Republic of the Marshall Islands or the Federal States of Micronesia are eligible to receive Federal Pell Grants at institutions in the United States, its territories, the Republic of the Marshall Islands or the Federal States of Micronesia through fiscal year 2023. The Compact of Palau is currently up for renewal; however citizens of Palau continue to be eligible to receive Federal Pell Grants at an eligible	

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
		institution for the 2008-2009 award year.	
Courses offered through Distance Education	HEA Sec. 484(l) DCL GEN-08-12, pg. 94	<p>Sec. 485. Changes “Telecommunication courses” to “Distance Education” courses and clarifies that these distance education courses are not considered correspondence courses when the certificates or degrees obtained by students from the institution are recognized certificates or degrees by that institution.</p> <p>A student’s eligibility to receive Title IV grants, loans, or work assistance must be reduced if a financial aid administrator determines that instruction through distance education results in a substantially reduced cost of attendance for that student.</p> <p>For award years prior to July 1, 2008, ED may not penalize students or institutions based on prior award violations of this subsection, if the institution can demonstrate to ED that its course of instruction would have been in conformance with the requirements of this subsection.</p>	July 1, 2010
Obtain Income Data from IRS	HEA Sec. 484(q) DCL GEN-08-12, pg. 94	<p>Sec. 485. The new provision permits ED to obtain information from the IRS to pre-populate the student’s financial aid application as opposed to only being able to verify with the IRS, that the information reported on the student’s financial aid application was accurate.</p> <p>Permits ED to require applicants to consent to the disclosure of such information as a condition to receive financial assistance.</p>	July 1, 2010
Suspension of Eligibility for Drug-related Offenses: Rehabilitation	HEA Sec. 484(r)(2) DCL GEN-08-12, pg. 94	<p>Sec. 485. Adds that students who lose eligibility based on drug-related offenses may regain their eligibility before the ineligibility period expires if the student successfully passes two unannounced drug tests conducted by a drug rehabilitation program that complies with ED’s criteria.</p>	July 1, 2010
Students with Intellectual Disabilities	HEA Sec. 484(s) DCL GEN-08-12, pgs. 94 – 95, and 163	<p>Sec. 485. Adds new provisions that require students with intellectual disabilities be accepted or enrolled in a program for students with intellectual disabilities and requires those students to maintain satisfactory progress to receive certain grants or work assistance.</p> <p>ED is authorized to waive any statutory provision under certain conditions to ensure that programs enrolling students with intellectual disabilities may receive financial assistance.</p>	
Data Analysis on access to Federal student aid for those with drug convictions	HEA Sec. 484(t) DCL GEN-08-12, pg. 94	<p>Sec. 485. Requires ED to analyze data from the FAFSA regarding denial of federal student aid based on a drug conviction while receiving Federal aid, publish this data twice during the award year, and report this information to Congress. ED must analyze this data within one year of enactment.</p>	Analyze data by August 14, 2009
Perkins Loan Age Limits	HEA Sec. 484A(b) DCL GEN-08-12, pg. 142	<p>Sec. 486. Adds provision that notwithstanding any provision of State law to the contrary, in collecting a Perkins loan, an institution of higher education that has an agreement with ED shall not be subject to a defense raised by any borrower based on a claim of infancy (not reaching the age of majority in their State).</p>	

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
Non-collect ability against deceased student	HEA Sec. 484A(d) DCL GEN-08-12, pg. 118	Sec. 486. Adds requirement that the student's estate or family's estate are not required to repay any financial assistance including interest paid on the student's behalf, collection costs, or other charges when a student is deceased.	
Readmission Requirements for Service Members	HEA Sec. 484C DCL GEN-08-12, pgs. 63 - 65	<p>Sec. 487. Adds new section outlining the following requirements:</p> <ul style="list-style-type: none"> • Defines "service in the uniformed services" to mean active duty in the Armed Forces, National Guard or Reserve for a period of more than 30 days. • Prohibits discrimination with respect to readmission against students who serve in the uniformed services. <p>A student is entitled to readmission to the institution of higher education if the student (or an appropriate officer of the Armed Forces or official of the Department of Defense) provides advance notice to the appropriate school official, submits a notice to reenroll, and the cumulative length of absences from that institution due to uniformed service does not exceed 5 years. Some exceptions to the 5-year period exist as described in 484C(c)(3).</p> <ul style="list-style-type: none"> • A notice to reenroll is not required if such notice is precluded by military necessity where such notice could compromise or adversely affect the mission or military operation. • A student who fails to give advance notice may submit, at the time the student seeks readmission, an attestation to the school that the student performed uniformed services that necessitated the student's absence from the school. • A student must notify the institution of higher education of the student's intent to return to the institution no later than 3 years after the uniformed service has been completed, or 2 years after the recovery period for students who are hospitalized or recovering from an illness or injury incurred during the uniformed service period. • A student who fails to apply for readmission within the 2- or 3-year periods is subject to the institution's leave of absence policy. • A student applying for readmission must provide the school necessary documentation, and the school may not delay or deny readmission to the student. • The school must readmit the student with the same academic status the student achieved when that student last attended the school. • A student's eligibility for readmission to the institution terminates when the student is separated from the Armed Forces due to a dishonorable or bad conduct discharge, court-martial, or is incarcerated in a Federal or State facility after having been found guilty of the offense by a court. • 	
Institutional and Financial Assistance Information for Students	485(a)(1) DCL GEN-08-12, pgs. 95 - 96	<p>Sec. 488. An eligible institution must carry out information dissemination activities for prospective or enrolled students. Additional information that schools must provide to students include:</p> <ul style="list-style-type: none"> • Any plans for improving the academic program of the institution. • The terms and conditions of loans the students receive. The Perkins loan program has been added to this section. 	

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
		<ul style="list-style-type: none"> • The institution's policies and sanctions related to copyright infringement. • The student body diversity at the institution • The types of graduate and professional education in which the graduates enrolled. • Information on the institution's placement in employment for students attending that institution. • The fire safety report, retention rate of certain undergraduate students entering the institution, and the institution's policies regarding vaccinations. 	
Graduation Rate Calculations	HEA Sec. 485(a)(4) DCL GEN-08-12, pgs. 95 - 96	Sec. 488. Permits institutions to recalculate the graduation rates of students who leave school to serve in the Armed Forces, church missions, or recognized foreign aid service, when those students represent 20 percent or more of the certificate or degree seeking, full-time, undergraduate students at the institution. The time period the students were not enrolled due to their service is excluded in the calculation of the graduation rate.	
Disaggregate Completion and Graduation Rate Data	HEA Sec. 485(a)(7) DCL GEN-08-12, pgs. 95 - 96	<p>Sec. 488. Schools are required to distribute to students who are 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.</p> <p>Two-year schools will be aided by ED in fulfilling this requirement. ED is in the process of convening a study group, which must release a report within 18 months. The Secretary may modify the information required to be disclosed or submitted, as applicable, for the two-year schools during the period starting with August 14, 2008, and ending on June 30, 2011.</p>	Date of enactment for most schools, Academic year 2011-2012 for two-year, degree granting institutions
Exit Counseling for Borrowers	HEA Sec. 485(b) DCL GEN-08-12, pgs. 96 - 97	<p>Sec. 488. Adds clarifying language that requires eligible institutions to provide exit counseling to borrowers with federal loans. Consolidation and parent PLUS loans are excluded from this requirement. Mandates Exit Counseling for Graduate PLUS students, and establishes a single counseling standard for both Stafford and Graduate PLUS Exit Counseling.</p> <p>The following requirements are new:</p> <p>Exit counseling must include information on repayment plans available, a description of the different features of each plan, sample information showing the anticipated monthly payments, and the differences in interest paid and total payments for each plan.</p> <p>Additional counseling must include an explanation that the borrower may prepay each loan, pay each loan on a shorter schedule, change repayment plans, and a general description about loan forgiveness.</p> <p>Exit counseling must also include information about forbearance and deferment, the consequences of defaulting on a loan (including delinquent debt collection), information on the effects of loan consolidation (including at minimum the effects on total interest and fees to be paid, and length of repayment; the effects on underlying loan benefits, including grace periods, and forgiveness, cancellation, and deferment options; the option to prepay the loan or change repayment plans; and variation in borrower benefit programs among different lenders), a general description of the types</p>	Trigger Date: Exit counseling provided by the school on or after August 14, 2008.

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
		<p>of tax benefits that may be available, and a notice to borrowers about the availability of NSLDS.</p> <p>Exit counseling must include a copy of the information provided by ED under section 485(d).</p>	
Departmental Publication of Descriptions of Assistance Programs	<p>HEA Sec. 485(d)</p> <p>DCL GEN-08-12, pg. 97</p>	<p>Sec. 488. Adds language clarifying that the Department will publish information on the payment options available for student loans that includes income-sensitive, income-based, and income-contingent repayment plans.</p> <p>ED also will provide information on forbearance and the effect of capitalization of interest.</p> <p>Requires ED to publicize the location of where this information can be found.</p>	
Graduation Rate Calculations: student athletes	<p>HEA Sec. 485(e)</p> <p>DCL GEN-08-12, pg. 98</p>	<p>Sec. 488. Permits institutions to recalculate the graduation rates of athletic students who leave school to serve in the Armed Forces, church missions, or recognized foreign aid service, when those students represent 20 percent or more of the certificate or degree seeking, full-time, undergraduate students at the institution. The time period the students were not enrolled due to their service is excluded in the calculation of the graduation rate.</p>	
Disclosure of campus security policy and campus crime statistics	<p>HEA Sec. 485(f)</p> <p>DCL GEN-08-12, pg. 98</p>	<p>Sec. 488. Adds additional requirements for disclosures by the school regarding security policies and crime statistics. Foreign institutions are exempt from this requirement.</p> <ul style="list-style-type: none"> • Requires institutions to disclose in their annual security report if the institution has agreements with State and local law enforcement agencies that include an understanding for the investigation of alleged criminal offenses. • Adds larceny-theft, simple assault, intimidation, destruction, damage, or vandalism of property to the list of crimes that must be reported as prejudice if the victim was intentionally selected because of the actual or perceived race, gender, religion, sexual orientation, ethnicity, or disability. • Requires institutions to include in their annual security report a statement of current campus policies regarding immediate emergency response and evacuation procedures that describe the process of notifying the campus community of an emergency or dangerous situation. • The annual security report must also include a description of the institution's procedures to publicize emergency response and evacuation procedures to students and staff annually along with testing those procedures annually. • Requires ED to annually report information to the authorizing committees, permits ED to seek advice from the Attorney General, and prohibits retaliation, intimidation, threats, discrimination against any individual with respect to the implementation of the requirements in this section. 	
Transfer of credit policies	<p>HEA Sec. 485(h)(1) and (2)</p> <p>DCL GEN-08-12, pg. 99</p>	<p>Sec. 488(g). Adds new provision requiring higher education institutions to publish in a readable and comprehensible manner its policies on acceptance of credits from other institutions, and shall include, at a minimum, established criteria used by the institution and a list of institutions with which the reporting institution has an articulation agreement.</p> <p>ED or the National Advisory Committee on Institutional Quality does not have the authority to dictate an institution's policy on transfer of credits and that it does not create a right of action on the</p>	

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
		part of a student to compel an institution to accept transfer credit.	
Fire safety report required	HEA Sec. 485(i)(1-3) DCL GEN-08-12, pg. 99	Sec. 488(g). Creates a requirement that institutions of higher education that house students on campus publish a fire safety report, including statistics, fire safety procedures for each housing facility, policies regarding electronic appliances, smoking, and open flames, and plans for improvements. This report must be given to ED and made available on campus. Also must keep a log of on-campus housing fires.	
Fire safety standards and measures for housing facilities on campuses	HEA Sec. 485(i)(7) Not included in DCL GEN-08-12	Sec. 488(g). Makes it clear that evidence regarding compliance or non-compliance is NOT admissible as evidence in court except with respect to an action brought to enforce compliance with this section.	
Missing Person procedures	HEA Sec. 485(j)(1) DCL GEN-08-12, pg. 101	Sec. 488(g). Provides that institutions of higher education that provide on campus housing must establish procedures for notification to a contact person to be named by the student, if over 18, or to the parent, if under 18, if a student is missing for more than 24 hours. Also provides that the institution must develop policies for notification of college officials, including campus police, and local police in the event a student is missing for more than 24 hours.	
Missing Person Procedures — No Private Right of Action	HEA Sec. 485(j)(2) DCL GEN-08-12, pgs. 100 - 101	Sec. 488(g). Provides a rule of construction that the section does not create a right of action for enforcement of the section or for an action against any institution of higher education for any type of civil liability.	
Notice to Students re: Penalties for Drug Violations — Upon Enrollment	HEA Sec. 485(k)(1) DCL GEN-08-12, pgs. 101 - 102	Sec. 488(g). Each institution must notify each student, upon enrollment, of the penalties under Section 484(r) (suspension from participation in any Title IV program for drug offenses for a time which is dependent on offense).	
Notice to Students re: Penalties for Drug Violations — at Loss of Eligibility	HEA Sec. 485(k)(2) DCL GEN-08-12, pgs. 101 - 102	Sec. 488(g). Each institution is required to notify students who have lost eligibility for participation in Title IV programs under 484(r) and of the actions a student can take for early reinstatement as provided in Section 484(r)(2).	
Acknowledgement by Borrower required at time of Entrance Counseling	HEA Sec. 485(l)(1) DCL GEN-08-12, pg. 102	Sec. 488(g). Provides that each institution shall provide at or prior to first disbursement to first-time borrowers comprehensive, easy-to-read information on the terms and conditions of the loan and that the information may be provided during entrance counseling performed in person, on a separate written form that is signed by the borrower and returned, or online with borrower acknowledgement of receipt.	Trigger Date: Counseling provided on or after August 14, 2008

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
Entrance Counseling Requirements	HEA Sec. 485(l)(2) DCL GEN-08-12, pg. 102	<p>Sec. 488(g). Entrance counseling requirement is added to statute (previously only required per regulations). Permits a school to provide written counseling materials, either prior to or at the first disbursement of a loan, which the borrower must sign and return. Electronic counseling must also require the borrower to acknowledge receipt of the online information.</p> <p>These requirements are new:</p> <ul style="list-style-type: none"> • Effect of accepting the loan on eligibility for other forms of financial aid • Explanation of how interest accrues and is capitalized if it is 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 the appropriate offices at the school if the borrower withdraws • Obligation to repay the full amount of the loan, even if borrower does not complete the program within the regular completion time (current regs also reference the borrower's obligation to repay even if she is unable to obtain employment upon completion or is otherwise dissatisfied with or does not receive the educational or other services that she expected.) • Likely consequences of default, including delinquent debt collection procedures (current regs also reference adverse credit reports, federal offset, and litigation.) • Information on NSLDS and how the borrower can access loan records • Name and contact information for person to contact with questions about rights and responsibilities or the terms and conditions of the loan. <p>Also revises sample repayment info to provide such information based upon:</p> <ul style="list-style-type: none"> • A range of levels of indebtedness of <ul style="list-style-type: none"> ○ 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 	Trigger Date: Counseling provided on or after August 14, 2008
NSLDS privacy	HEA Sec. 485B(d)(1) and (2) DCL GEN-08-12, pgs. 65 - 66 [misabeled in DCL as HEA section	<p>Sec. 489(3). Provides that ED shall take certain actions with respect to maintaining confidence in the NSLDS system.</p> <ul style="list-style-type: none"> • Secretary shall ensure primary purpose of access to the system by guarantors, lenders, and schools is for legitimate operational purposes. • Secretary is to prohibit nongovernmental researchers and policy analysts from accessing personally identifiable information. 	

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
	485B(e)]		
NSLDS disclosure by ED	HEA Sec. 485B(d)(3) DCL GEN-08-12, pg. 65	Sec. 489(3). Secretary is to create a disclosure for students when completing the FAFSA and as part of the exit counseling process that : <ul style="list-style-type: none"> • Informs students that grant and loan info will be in NSLDS and advises how to access the info; • Describes those who may access the data and for what purpose that access is allowed; • Defines and explains categories of info in the system; • Provides summary of General Education Provisions, FERPA, and other applicable federal privacy statutes; • Measures taken to safeguard the data; • Other information as determined appropriate by ED. 	
NSLDS disclosure to borrowers	HEA Sec. 485B(d)(4) DCL GEN-08-12, pg. 66	Sec. 489(3). Secretary is to require guaranty agencies, eligible lenders, and eligible institutions of higher education that enter into agreements with a potential student, student, or parent of such student regarding a loan to inform the student or parent that the loan shall be: <ul style="list-style-type: none"> • Submitted to NSLDS; • Accessible to guaranty agencies, lenders, and institutions of higher education determined to be authorized users by ED. 	
NSLDS Security	HEA Sec. 485B(d)(5) DCL GEN-08-12, pgs. 65 - 66 [misabeled in DCL as HEA section 485B(e)]	Sec. 489(3). Secretary is to regularly review the system to: <ul style="list-style-type: none"> • Delete inactive users; • Ensure data is not used for marketing purposes; • Monitor use by eligible lenders and guaranty agencies to determine whether they are accessing records of students on whom they have no existing financial interest. 	
NSLDS Access Limitations	HEA Sec. 485B(d)(6) DCL GEN-08-12, pgs. 65 - 66 [misabeled in DCL as HEA section 485B(e)]	Sec. 489(3). Secretary is to develop standardized protocols for limiting access that include: <ul style="list-style-type: none"> • Collecting data on use of system to determine whether it is being accessed for purposes that are contrary to its purpose; • Defining the steps necessary for determining whether and how to deny or restrict access; and • Determining steps necessary to reopen access after it has been denied or restricted. 	
NSLDS reporting by ED	HEA Sec. 485B(e)(1) DCL GEN-08-12, pgs. 65 –	Sec. 489(4). Deletes previous section (d), which required Secretary to report to Congress on results obtained by the establishment of the data system and adds section (e) with the requirement of an annual report describing: <ul style="list-style-type: none"> • Effectiveness of existing privacy safeguards; • Success of any new authorization protocols in preventing abuse; 	

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
	66 and 187	<ul style="list-style-type: none"> Ability of ED to monitor whether the system is being used for its intended purposes; and Any protocols developed as required in the preceding fiscal year. 	
NSLDS study by ED	HEA Sec. 485B(e)(2) DCL GEN-08-12, pgs. 65 – 66 and 187	Sec. 489(4). Requires ED to conduct a study of available mechanisms for providing the ability of students and parents to opt out of allowing lenders access to their information and appropriate protocols for limiting access based on risk assessment required by subchapter III of chapter 35 of title 44, United States Code (regarding information security) and submit a report on the findings to the authorizing committees not later than 3 years after the date of enactment of the HEOA of 2008.	No later than 3 years after date of enactment (August 14, 2011)
Early Awareness of Financial Aid Eligibility	HEA Sec. 485E(a) and (b)(1-3) DCL GEN-08-12, pgs. 66 – 67	Sec. 490. Provides that ED shall implement — in cooperation with states, postsecondary and secondary schools, early intervention and outreach programs, other student financial assistance/college access agencies and organizations, public libraries, community centers, employers and businesses — a comprehensive system to provide students and families with early awareness of financial aid availability, and estimates of such students' eligibility, including students receiving aid under a federal means-tested benefit program, high school students and individuals who would qualify as independent students. 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.	
Early Awareness of Financial Aid Eligibility: Public Awareness Campaign	HEA Sec. 485E(b)(4) DCL GEN-08-12, pgs. 66 – 67	Sec. 490. Requires ED, not later than 2 years after enactment, to develop a public awareness campaign designed to increase national awareness of financial aid available under Title IV, and shall use a variety of media, including print, television, radio, and the Internet. The campaign is to be designed and implemented based on independent research and strategies found most effective in implementing early awareness program.	No later than 2 years after date of enactment (August 14, 2010)
Articulation agreements: definition	HEA Sec. 486A(a) DCL GEN-08-12, pg. 67	Sec. 492. Adds a definition of articulation agreements which is an agreement between or among institutions of higher education that specifies the acceptability of courses in transfer toward meeting specific degree or program requirements.	
Articulation agreements: program	HEA Sec. 486A(b) DCL GEN-08-12, pg. 67	Sec. 492. Provides that ED shall “carry out a program” for States in cooperation with public institutions of higher education to develop, enhance, and implement comprehensive articulation agreements between institutions in that state, and where practicable, across state lines. Agreements are to be widely and publicly available on state and school websites. States and institutions may employ strategies including common course numbering, general education core curriculum, management systems and other strategies defined by ED. ED is to provide technical assistance, but not require particular policies to be adopted.	ED shall carry out a program by 2010
Program participation agreements: Voter registration	HEA Sec. 487(a)(23) (D) DCL GEN-08-	Sec. 493(a). Adds a provision that an institution is in compliance with the requirement to provide voter registration forms to students if the institution electronically transmits a form or a link to an Internet address where the form can be accessed as long as the electronic message is devoted exclusively to voter registration.	

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
	12, pgs. 67 – 68		
90/10 rule	HEA Sec. 487(a)(24) DCL GEN-08-12, pg. 68	Sec. 493(a). Provides that a proprietary school must derive not less than ten percent of its revenue from sources other than Title IV funds as that amount is calculated in accordance with new accounting provisions or be subject to sanctions (HEA Sec.487(d)(1) and (2))	
School Code of conduct	HEA Sec. 487(a)(25) (A)-(C) DCL GEN-08-12, pg. 69	Sec. 493(a). Codifies requirement that institutions participating in Title IV loan programs must develop a code of conduct with respect to loans to which the institution's officers, employees, and agents shall comply that: <ul style="list-style-type: none"> • Prohibits conflict of interest with the responsibility of the officer, employee, or agent, and • At a minimum, includes provisions already mentioned in the HEA. • Ensures it is published prominently on the school's website, • Require all officers, employees and agents are informed of the code annually 	NASFAA will provide Trigger
Report on Results of Disciplinary Actions	HEA Sec. 487(a)(26) DCL GEN-08-12, pg. 71	Sec. 493(a). Adds a provision that an institution of higher education, will, upon request of a victim (or the victim's next of kin, if the victim is deceased as the result of the offense) of a violent crime or a sex offense, provide a report on the results of any disciplinary proceedings against a student who is the alleged perpetrator of the offense.	August 14, 2009 Trigger date: Disciplinary actions one year from date of enactment
Preferred lender arrangements	HEA Sec. 487(a)(27) DCL GEN-08-12, pg. 71	Sec. 493(a). Institutions that have entered a preferred lender arrangement, must annually compile, maintain, and make available to students (and families) attending the school a list of lenders for Title IV or private loans that the school promotes, recommends, endorses in accordance with the arrangement. Institutions are to comply with Subsection (h) of this section in compiling the list.	Trigger Date: Subject to Negotiated Rulemaking and Master Calendar
Private Loan Disclosures by Schools	HEA Sec. 487(a)(28) DCL GEN-08-12, pgs. 71 - 72	Sec. 493(a). The institution is required, upon request of an applicant for a private education loan, to provide, by written or electronic means, the new Self Certification form and the information required to complete the form, to the extent the institution has the information. The Truth in Lending Act (TILA), Sec. 128(e)(3) requires lenders to collect the form; HEA Title I, Sec. 155 instructs ED to develop said form and describes its contents, which include disclosures that: <ul style="list-style-type: none"> • The applicant may be eligible for Title IV, state, and/or institutional aid, in place of, or in addition to, a private education loans, • A private education loan may affect the applicant's eligibility for free or low-cost federal, state or institutional aid, • The financial aid office at the applicant's school may provide the information required to complete the self-certification form such as: <ul style="list-style-type: none"> ○ cost of attendance (COA) at the school ○ expected family contribution (EF), as applicable for students who have completed 	Trigger Date: Subject to regulation by the Federal Reserve Board in consultation with the Secretary of Education

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
		<ul style="list-style-type: none"> o the FAFSA, o estimated financial assistance (EFA) o the difference between the COA and the EFA o the sum of (COA-EFA) and EFC <ul style="list-style-type: none"> • Specifies “private education loan” has the meaning given in section 140(a)(7) of TILA: such loan is not made, insured or guaranteed under HEA, Title IV, is issued expressly for postsecondary educational expenses, regardless of whether the loan is provided through the school or directly to the borrower and does not include an extension of credit under an open-end consumer credit plan, a reverse mortgage transaction, a residential mortgage, or any other loan that is secured by real property or a dwelling. 	
Copyright Infringement Prevention Plan	HEA Sec. 487(a)(29) (A) DCL GEN-08-12, pg. 72	Sec. 493(a). The institution must certify that it has a plan to effectively combat misuse of copyrighted material, including through the use of technology-based deterrents.	
Illegal Downloading of Intellectual Property	HEA Sec. 487(a)(29) (B) DCL GEN-08-12, pg. 72	Sec. 493(a). The institution must certify that it will, to the extent practicable, provide alternatives to illegal downloading and distribution of intellectual property and will consult with the chief technology officer or other designated officer of the institution in providing such alternatives.	
Foreign School Audit Requirements	HEA Sec. 487(c)(1)(A) (i) DCL GEN-08-12, pg. 26	Sec. 493(b). Financial and compliance audit requirements for foreign schools may be waived by ED if the foreign school receives less than \$500,000 in Title IV loans in the award preceding the audit period.	
Calculation for 90/10 rule	HEA Sec. 487(d)(1) (A) DCL GEN-08-12, pgs. 68 – 69	Sec. 493(c)(2). In making 90-10 calculations, proprietary school shall use cash basis of accounting except for loans made by a proprietary school on or after July 1, 2008, and prior to July 1, 2012.	Trigger Date: Date of enactment for loans first disbursed on or after July 1, 2008 and prior to July 1, 2012
Calculation for 90/10 rule: Revenue	HEA Sec. 487(d)(1)(B) DCL GEN-08-12, pg. 69	Sec. 493(c)(2). In making 90-10 calculations, proprietary school shall consider as revenue only those funds generated from <ul style="list-style-type: none"> (i) tuition, fees, and institutional charges for enrollment in programs eligible for Title IV aid and (ii) activities conducted by the school that are necessary for education and training of students if activities are: <ul style="list-style-type: none"> • Conducted on campus or a campus controlled facility; • Performed by the institution’s faculty; and 	

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
		<ul style="list-style-type: none"> • Required for all students in a particular program of study and (iii) funds paid by a student, or on behalf of the student by someone other than the school, for an education or training program that is not eligible for Title IV aid, if the program is: <ul style="list-style-type: none"> • Approved or licensed by the State; • Is accredited by an accrediting agency recognized by ED; or • Provides an industry-recognized credential or certification. 	
Calculation of 90/10 Rule: Non-Title IV revenue requirement	HEA Sec. 487(d)(1)(C) DCL GEN-08-12, pg. 69	<p>Sec. 493(c)(2). In making 90-10 calculations, proprietary school shall presume that any funds received under Title IV for or on behalf of a student will be used for tuition, fees and other institutional charges, regardless of whether these funds are credited to the student's account with the school or paid directly to the student, except to the extent the tuition, fees and other institutional charges are paid by:</p> <ul style="list-style-type: none"> • Non federal grant funds paid by other public agencies or private sources; • Funds provided under a contract with a Federal, State, or local government agency for job-training for low-income persons in need of the training • Funds used by a student from college savings plans approved for special tax treatment under Internal Revenue Code • Institutional scholarships 	
Calculations under 90/10 rule: Non-Title IV revenue requirements	HEA Sec. 487(d)(1) (D)(i) DCL GEN-08-12, pg. 69	<p>Sec. 493(c)(2). In making 90-10 calculations, proprietary school shall include institutional aid as revenue to the school only as follows: for loans made by the school on or after July 1, 2008 and prior to July 1, 2012, the net present value of loan payments received during the institutional fiscal year accounted for on an accrual basis and estimated in accordance with generally accepted accounting principles (GAAP) if the loans:</p> <ul style="list-style-type: none"> • Are evidenced by enforceable promissory notes; • Are issued at intervals related to the school's enrollment periods; and are subject to regular loan repayments and collections. 	Trigger Date: Date of enactment for loans made on or after July 1, 2008 and prior to July 1, 2012
Calculations under 90/10 rule: Non-Title IV revenue requirements	HEA Sec. 487(d)(1) (D)(ii) and (iii) DCL GEN-08-12, pg. 69	<p>Sec. 493(c)(2). In making 90-10 calculations, proprietary school shall include institutional aid as revenue to the school only as follows:</p> <ul style="list-style-type: none"> • In the case of loans made by the school on or after July 1, 2012, only the amount of loan repayments received during the applicable institutional fiscal year, excluding repayments on loans made and accounted for as specified in clause (i) • In the case of scholarships provided by the school, only those scholarships in the form of monetary or tuition discounts based on academics or financial need disbursed from an established restricted account, only to the extent that funds in the account represent designated funds from an outside source or from income earned on those funds 	Trigger Date: For loans made on or after July 1, 2012
Calculations under 90/10 rule: Non-Title IV revenue requirement	HEA Sec. 487(d)(1)(E) DCL GEN-08-12, pg. 69	<p>Sec. 493(c)(2). In making 90-10 calculations, proprietary school shall treat unsubsidized loan amounts (Direct or FFELP) received by a student on or after July 1, 2008, and prior to July 1, 2011, and that exceed the limit on such loans in effect on the day before the enactment of ECASLA, as revenue received by the school from sources other than funds received under Title IV.</p>	Trigger Date: Unsub loans (Direct or FFELP) received on or after July 1, 2008

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
Calculations under 90/10 rule: Exclusions from revenue	HEA Sec. 487(d)(1)(F) DCL GEN-08-12, pg. 69	Sec. 493(c)(2). In making 90-10 calculations, proprietary school shall exclude the following from revenues: <ul style="list-style-type: none"> • The amount of funds received for federal work study unless those funds were used to pay student's institutional charges; • The amount of LEAP funds received; • The amount of funds provided by the institution as part of Title IV matching funds; • The amount of Title IV funds that are required to be refunded or returned; and • The amount charged for books, supplies, and equipment, unless the institution includes that amount as tuition, fees, or other institutional charges. 	
Calculations under 90/10 rule: Sanctions	HEA Sec. 487(d)(2) DCL GEN-08-12, pg. 69	Sec. 493(c)(2). Provides that if the proprietary institution fails to meet the 90-10 requirements: <ul style="list-style-type: none"> • for two consecutive institutional fiscal years, it is ineligible to participate in Title IV for a minimum of 2 institutional fiscal years. To regain eligibility, the school must demonstrate compliance with all eligibility and certification requirements of Section 498 (Eligibility and Certification Procedures) for a minimum of 2 fiscal years after the fiscal year in which the school became ineligible. • for one institutional fiscal year, the institution's eligibility becomes provisional for the following two institutional fiscal years, except that the provisional eligibility shall terminate on the expiration of the school's participation agreement that is in effect at the time of the failure to meet 90-10 requirements or on the date ED determines that the institution is determined ineligible if the institution fails to meet 90-10 requirements for 2 consecutive institutional fiscal years. 	
Publish list of Sanctioned Schools	HEA Sec. 487(d)(3) DCL GEN-08-12, pg. 68	Sec. 493(c)(2). ED shall publicly disclose on the College Navigator website the identity of any proprietary school that fails to meet 90-10 requirements and the extent to which the school failed to meet the requirement.	
ED report on 90/10 day Rule Statistics	HEA Sec. 487(d)(4) DCL GEN-08-12, pgs. 68, 188, and 199	Sec. 493(c)(2). ED is to report to the authorizing committees by July 1, 2009, and by each July 1 thereafter, for each proprietary school that receives Title IV funds, the amount and percentage of such school's revenues received from sources other than Title IV and the amount and percentage of such school's revenues received from Title IV.	Report by July 1, 2009
School Code of Conduct	HEA Sec. 487(e) DCL GEN-08-12, pgs. 69 - 70	Sec. 493. An Institute of Higher Education's Code of Conduct shall include the following requirements. Ban on Revenue-Sharing Arrangements – A school shall not enter into a revenue-sharing arrangement, which is any arrangement between a school and a Title IV lender where the lender pays a fee or provides other material benefits to the school or its officers, employees or agents in exchange for the school recommending the lender to its students, with any lender.	

Subject	Section of HEA Impacted/ DCL page #	Summary of change	Effective date/trigger date
		<p>Gift Ban – Any school officer, employee or agent with responsibilities with respect to education loans or financial aid is prohibited from requesting or receiving gifts from lenders, guarantors or loan servicers. A gift is any item or service having a monetary value or more than a de minimus amount.</p> <p>Exceptions include the following:</p> <ul style="list-style-type: none"> (a) materials or services related to loan issues, default aversion and prevention, or financial literacy; (b) expenses integrally related to training designed to improve service to the school and contribute to professional development; (c) favorable loan conditions provided to students employed by the school if the same conditions provided to all other students at the school; (d) entrance and exit counseling services controlled by school staff and that do not promote a specific lender; (e) contributions from a lender, guarantor or servicer made to a school that are philanthropic, unrelated to education loans or are not made in exchange for an advantage related to education loans; (f) education grants, scholarships or financial aid administered by or on behalf of a State. <p>Gifts to Family Members – Gifts to family members and others with relationships to school employees, officers, and agents shall be considered gifts to said employees, officers and agents if they know about the gift and believe the gift was based on the position of the employee, officer or agent.</p> <p>Contracting Arrangements Prohibited – A school officer, employee or agent with responsibilities with respect to education loans or financial aid is prohibited from receiving financial benefit from a lender or lender affiliate as compensation for any consulting or services provided to or for a lender.</p>	
		<p>Interaction With Borrowers – A school shall not assign a loan from a first-time borrower to a particular lender or delay or refuse to certify a loan based on the borrower’s choice of lender or guarantor.</p> <p>Prohibition on Offers of Funds for Private Loans – A school shall not request or receive an offer of funds from a lender for private education loans including funds for opportunity pool loans to its students in exchange for concessions or promises to the lender regarding the number or volume of Title IV loans made by said lender or a preferred lender status for such loans.</p> <p>Ban on Staffing Assistance – A school shall not request or accept assistance from a lender for call center or financial aid office staffing. A school can receive assistance for FAA training, lender identified educational materials for borrowers, and short-term non-recurring staffing assistance</p>	

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		<p>during emergencies.</p> <p>Advisory Board Compensation – Any school employee with responsibilities with respect to education loans or financial aid who serves on an advisory group established by a lender, guarantor or group of lenders or guarantors may only receive reimbursement for reasonable expenses related to serving in group.</p>	
Teach-Out Plan	HEA Sec. 487(f) DCL GEN-08-12, pg. 72	<p>Sec. 493. Requires an institution of higher education to provide a Teach-Out plan to its accrediting organization if the institution whenever ED initiates an action to limit, suspend, or terminate Title IV participating or other emergency action.</p> <p>A Teach-Out Plan is a written plan that provides for fair treatment of students if the school closes before the students have completed their programs of study.</p>	
Code of Conduct Violations Published	HEA Sec. 487(g) Not included in DCL GEN-08-12	<p>Sec. 493. The Office of Inspector General of the Department will submit and publish through the Department’s website an annual report identifying all substantiated gift ban violations of an institute’s code of conduct.</p>	
Preferred Lender Lists	HEA Sec. 487(h) DCL GEN-08-12, pg. 71	<p>Sec. 493. Preferred Lender List Requirements – In addition to what is required per Sec. 153(a)(2)(A), a school must fully disclose the reason for including the lender, especially borrower terms and benefits, and a statement that the student or student’s family does not have to choose a lender on the list.</p> <p>The list for FFELP Loans must include at least three unaffiliated lenders, and a list for private education loans must include at least two unaffiliated lenders.</p> <p>The list must disclose the details of any affiliations between any of the lenders on the list.</p> <p>The school must disclose the method and criteria for selecting lenders with the most beneficial terms to the borrowers including:</p> <ol style="list-style-type: none"> (1) Payment of loan fees for borrower, (2) Competitive interest rates or terms, (3) Quality servicing, or (4) Additional benefits beyond the standard terms. <p>The school shall exercise care in preparing the list without prejudice and with the sole benefit of the borrowers in mind.</p> <p>The school shall not deny the borrower’s right to choose a lender not on the list nor shall the school delay certification because the borrower chose a different lender.</p>	

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		The Department of Education shall maintain an updated list of all eligible lenders and their affiliates for the use of schools in preparing preferred lender lists. Schools shall use the most recent list available from the Department.	
Affiliate Definition	HEA Sec. 487(i) Not included in DCL GEN-08-12	Sec. 493. An affiliate is defined as an entity that controls, is controlled by, or under common control with another entity. Criteria is met if: (a) The entity directly or indirectly owns, controls, or has the power to vote 5% of the voting securities of the other entity, (b) Controls in any manner the election of a majority of directors or trustees of the other entity, or (c) ED (after a possible hearing) determines that the entity has a controlling interest over the management or policies of the other entity's education loans.	
Regulatory Improvement and Streamlining Experiments	HEA Sec. 487A(b) DCL GEN-08-12, pg. 72	Sec. 494. Any experimental site in existence as of July 1, 2007 is allowed to continue unless deemed unsuccessful by ED. Any previously approved activities that have not been successful shall be discontinued by June 30, 2009. ED shall continue to report every two years to the authorizing committees. ED is authorized to select new institutions as experimental sites without consulting with the authorizing committees. For a school participating as an experimental site, ED may waive any Title IV regulation that will bias the results of the experiment except grant and loan limits and need analysis requirements unless waiver of such provisions is authorized somewhere else in Title IV.	
Transfer of Allotments	HEA Sec. 488 DCL GEN-08-12, pg. 106	Sec. 494A. In addition to the previously allowed allotment transfers of 25% of Perkins funds to FSEOG or FWS and 25% from FWS to FSEOG, transfers are now allowed of 25% of allotments from FWS to Perkins and from FSEOG to FWS.	
Negotiated Rulemaking	HEA Sec. 492 DCL GEN-08-12, pg. 74	Sec. 494D. Includes State student grant agencies as one of the groups to pull representatives from for Negotiated Rulemaking. ED is required to select individuals with expertise in the relevant subjects for the negotiation process.	
Income-Based Repayment	HEA Sec. 493C DCL GEN-08-12, pg. 119	Sec. 494F. This section is amended so that the Income-Based Repayment option is not eligible for loans currently in default. However, loans that are in default aversion or have been successfully rehabilitated are eligible for IBR.	August 14, 2008, for the July 1, 2009, Implementation of IBR
		Title IV Part I— Competitive Loan Auction Pilot Program	
Competitive Loan Auction Pilot Program	HEA Sec. 499(b)(3)(B) DCL GEN-08-12, pg. 75	Sec. 499(1)(A). Added requirement to the prequalification process in order for lenders to participate. Lenders must commit that if they have a winning bid, the lender will enter into agreements with Secretary regarding the terms of the auction program.	July 1, 2009

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Auction Pilot Program: Winning Bidder Penalties for not entering into Agreement with ED	HEA Sec. 499(b)(3) (G) DCL GEN-08-12, pg. 75	Sec. 499(1)(B). The first part of the terms of the agreement between ED and the lender is the same as current CCRAA statute. The following has been added: If the lender wins the bid and fails to enter into agreements or fails to comply with agreements, the following sanctions could apply: <ol style="list-style-type: none"> 1. Penalty in the amount of additional costs to ED in obtaining another eligible PLUS lender (this includes the increase in Special Allowance payments). The penalty could be assessed by: <ul style="list-style-type: none"> • Reducing payments otherwise due from ED, or • Reducing payments due that lender from any other Federal agency, pursuant to section 3716 of title 31 2. Prohibiting the lender from bidding in other auctions under this section 3. Limitation, suspension, or termination of the lender's participation in FFELP loan program 4. Any other enforcement action ED is authorized to take under FFELP. 	July 1, 2009
Auction Pilot Program: Loans with 100% insurance.	HEA Sec. 499(b)(3)(J) DCL GEN-08-12, pg. 75	Sec. 499(1)(C). Add the verbiage that the insurance is subject to section 428(b)(1)(G) which adds the 100% insurance on exempt claims and lender of last resort. Otherwise, insurance on loans in the pilot program is 99%. These Federal PLUS loans will be guaranteed by a FFELP Guaranty Agency.	July 1, 2009
Auction Pilot Program: Required Initial Evaluation	HEA Sec. 499(c) DCL GEN-08-12, pg. 75	Sec. 499(2). Requires that ED & the Secretary of Treasury jointly conduct (in consultation with OMB, CBO & Comptroller General) an evaluation of the pilot program to determine the following 6 items: <ul style="list-style-type: none"> • Extent of savings generated via the Pilot vs. operating the PLUS program under Title IV Part B • Number of lenders that participated & the extent the pilot generated competition • Number & volume of loans made under the pilot in each state • Effect of the transition to & operation of the pilot in the ability of lenders and schools to originate loans smoothly and efficiently • Differential impact of the auction among the States, including between rural & non-rural States, and • Feasibility of using this mechanism to operate other Title IV Part B loan programs. 	July 1, 2009
Auction Pilot Program: Report by ED	HEA Sec. 499(d) DCL GEN-08-12, pg. 188	Sec. 499(2). ED and the Secretary of the Treasury must submit to the authorizing committees not later than: <ul style="list-style-type: none"> • 9/1/2010 a preliminary report of the findings in the Initial Evaluation • 9/1/2012 an interim report of findings • 9/1/2013 a final report of findings. Included in each of these three reports will be ED's recommendations for: <ul style="list-style-type: none"> • Improving the operation & administration of the auction & • Improving the operation & administration of other Title IV Part B loan programs 	July 1, 2009

