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Federal updates

ED issues updated military mobilization guidance

As we all know, many members of the U.S. Armed Forces are being called to active duty or reassigned due to the recent military mobilization. Among these servicemen and women are students and borrowers affiliated with our institutions whose educational or loan repayment circumstances are being interrupted due to this life change.

On March 25, 2003, ED published Dear Colleague Letter (DCL) GEN-03-06, which allows schools, lenders, and guarantors to provide administrative relief for students and borrowers who are military personnel activated or reassigned for a period of more than 30 days as a result of this military mobilization. The DCL updates the guidance that ED issued following the September 11, 2001, terrorist attacks, and specifically addresses the topics of:

- Loan issues for borrowers not in default and those in default.
- Institutional charges and refunds for withdrawn students.
- Return of Title IV Funds calculations for withdrawn students.
- The Soldiers' and Sailors' Civil Relief Act of 1940.

Loan issues

Borrowers who are in school, in an in-school deferment, or in their grace period

If these borrowers are ordered to active duty or reassigned, the lender must take the following actions:

- Maintain the loan in its existing status during the period of the borrower's active duty service or reassignment, plus the time necessary for the borrower to

resume enrollment in the next regular enrollment period, if the borrower wishes to go back to school (during a period not to exceed a total of 3 years).

- If the borrower's loan is in a grace period status at the time the borrower is called to active duty, exclude the period of time during which the borrower serves in active duty; the borrower will receive his or her full grace period in the future.

Borrowers who are in repayment

If these borrowers are ordered to active duty or reassigned, the loan holder (lender or Perkins school, as applicable):

- Must grant the borrower a forbearance based on the request of the borrower, the borrower's family, or another reliable source, for the period of the borrower's active duty service, not to exceed one year. This forbearance does not require a written agreement or supporting documentation.
- May immediately grant a discretionary, administrative forbearance to FFELP borrowers for up to three months, that, if granted, will extend the initial period of forbearance to 15 months.
- May grant the borrower a forbearance beyond the initial period detailed above, with a written agreement and supporting documentation from the borrower. This forbearance authority applies to all borrowers who have been part of a military mobilization, including those borrowers who were called up immediately following September 11, 2001, and who are still on active duty.
- Is encouraged to examine the borrower's eligibility for a deferment during the initial forbearance.

Borrowers in default

If these borrowers are ordered to active duty or reassigned, the loan holder (guarantor or Perkins school, as applicable):

- Must cease all collection activities for the expected period of the borrower's military service.
- Must resume collection activities no later than 30 days after the end of the borrower's military service.

Institutional charges and refunds

ED strongly encourages schools to provide either of the following to those students forced to withdraw due to military mobilization:

- A full refund of required tuition, fees, and other institutional charges; or
- A credit in a comparable amount against future charges should the student later decide to re-enroll.

In addition, ED encourages schools to be flexible concerning the re-enrollment options they provide to affected students.

Return of Title IV Funds (RT4) calculations

If a Title IV eligible student withdraws because he or she was called to active duty or otherwise affected by the military mobilization, the school is required to do an RT4 calculation.

- If the school is required to return funds to one or more of the Title IV programs, it must do so.
- If the calculation results in an overpayment that is the responsibility of the student to repay, the school should not contact the student or notify NSLDS. Previous guidance instructed the school not to refer such overpayments to ED; however, beginning on May 1, 2003, the school must refer overpayments to ED for tracking and verification purposes.

To the extent possible, referrals should also include any overpayments identified previously by the school for military mobilization withdrawals. Also, schools should make the referral using the overpayment referral format on page 1-131 of the Student Eligibility section (Volume 1) of the 2002-2003 Federal Student Aid Handbook and specify "MILITARY MOBILIZATION" as the reason for the overpayment in Part 5 of the overpayment referral format.

The Soldiers' and Sailors' Civil Relief Act of 1940

The Soldiers' and Sailors' Civil Relief Act of 1940 (the Act) provides for reduced commercial loan interest rates for certain borrowers in military service. It does not include loans under the Higher Education Act of 1965, as amended. The Act applies in the FFELP only if a lender or guaranty agency is suing a borrower who is covered by the Act. That is, the Act prevents a creditor from obtaining a default judgment in court, but does not prohibit other collection activities.

More information

To access DCL GEN-03-06, visit the Information for Financial Aid Professionals Web site at <http://ifap.ed.gov/dpcletters/GEN0306.html>.

For questions about this guidance, contact TG Customer Assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgsic.org.

TG updates

TG Conference keynote to focus on taking a step beyond

In keeping with the theme of the 2003 TG Conference—FFELP: Live in Concert!—this year's keynote address will feature guitar virtuoso and humorist Mike Rayburn.

Mike Rayburn has been awarded the prestigious Harry Chapin Award for Contributions to Humanity—past recipients include President Jimmy Carter, Jackson Browne, and Kenny Rogers. Mike draws from his wealth of experiences here and abroad to illustrate that one person *can* make a difference in this world.

Following opening remarks on the first day of the TG Conference, Mike will address conference attendees from 1:15 to 2:00 p.m. Mike will use his comedy, guitar virtuosity, and contagious zest for life to challenge and encourage us to step beyond perceived limitations.

Always challenging himself to take a step beyond, Mike recently completed a 4,000-mile cross-country tour—on bicycle. Along the way, he learned humorous yet profound lessons about pushing the limits and realizing we all have an important purpose in life. Mike will share these lessons and show us how to apply them directly to the work we do, our own personal development, and life in general.

The keynote address promises to help the 2003 conference focus on how each of us can make a difference to the students and families we serve.

You don't want to miss this exciting event. Block this time now on Wednesday, April 23, 2003, to take advantage of this special opportunity and launch into the jam session of the year!

More information

For more information about the TG 2003 Conference, visit *TG Online* at www.tgslc.org/tgconference/index.cfm. You'll find a tentative agenda, online registration and sponsorship forms, information about accommodations, and more.

AIE.org provides online college planning tools for families

Adventures In Education (AIE), TG's public-service Web site, now offers two online calculators to help families and students estimate college costs and plan for the future. The Early College-Cost Estimator and College Aid Calculator are user-friendly tools, designed for AIE by Think Ahead Inc., to help families make informed decisions about college planning. Both calculators are available at www.AIE.org.

Specific features of the Early College-Cost Estimator allow families with children of all ages to:

- Calculate current and future college costs.
- Design a saving and borrowing plan for college financing.
- Estimate eligibility for financial aid years in advance.
- Print a detailed college financial analysis report.
- Analyze the effects of saving and borrowing.

The College Aid Calculator provides families with a close look at financial aid eligibility at both public and private institutions and allows users to:

- Estimate Expected Family Contribution (EFC) for public and private colleges.
- Calculate an inflation adjusted EFC any number of years into the future.
- Obtain before and after "what if" results for changes in income and assets.
- Access an educational loan calculator to compare loan types and estimate loan repayment.
- Print an EFC estimate report to save for future reference.

"In addition to the other valuable information on AIE, these online tools can help families and students understand college costs and how to prepare for college both academically and financially," said Milt Wright, TG president and chief executive officer. "TG is pleased to offer these resources to help all families and students realize their educational and career dreams."

This, that, and the other...

ED last week announced some improvements to its Information for Financial Aid Professionals (IFAP) Web site:

- All FSA brochures and pamphlets promoting federal aid are now available in a single area of IFAP called "Aids to Promoting Federal Aid."
- FSA now offers downloadable computer-based training on the new Common Origination and Disbursement Process and EDEXpress.
- A new series of Web pages offers counselors information and suggestions for addressing critical problems of misinformation and lack of information about postsecondary education options and financial aid.

More information on these improvements is available in ED's announcement, available at www.ifap.ed.gov/eannouncements/0326LooksWhatNew.html.



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