

OGSLP Online News

February 25, 2002

OGSLP Online News is sponsored and operated by the Oklahoma Guaranteed Student Loan Program, a division of the Oklahoma State Regents for Higher Education. This electronic newsletter provides information to schools and lenders participating in the Federal Family Education Loan Program.

President Signs 2003 Interest Rate Bill : On February 8th, President Bush signed S. 1762 into law. The bill was designed to preserve the current FFELP interest rate index, which now provides borrowers the lowest interest rates in the history of the FFEL Program, for an additional three years.

Revised NEW HRD Form Available With 2002 Poverty Guidelines: The Economic Hardship Deferment form (NEW HRD) has been updated with the 2002 poverty guidelines.

FY 2000 Draft Cohort Default Rates Mailed by ED: On February 11, 2002, the U.S. Department of Education (ED) mailed schools their FY 2000 draft cohort default rates. Schools have the opportunity to review and comment before rates are finalized and released publicly later this year. These draft rates have only been released to schools.

2002 Negotiated Rulemaking Update: The 2002 Negotiated Rulemaking process is well underway. As we discussed in a recent [Online News article](#) there are two teams involved. Team I will address "Student Loan Issues" and Team II will address "Program and Other Issues." Both of these teams did meet in January and during the first sessions identified items that could be classified as a "quick fix" as well as those items that should be held for "full discussion."

Common Manual Update: We hope that many of you have taken the opportunity to use the new Integrated version of the Common Manual (ICM) that OGSLP discussed in a recent Online News article. The January version of the ICM is now available for downloading.

The Common Manual Governing Board recently approved changes that modify policies contained in the July 2001 version of the *Common Manual*. These changes are identified in OGSLP's *Common Manual Update (CM-60)*.

OGSLP Annual Conference: OGSLP is making plans for it's Fourth Annual Conference. We expect this one-day conference to occur mid to late June, 2002. As we continue to plan for this conference, we definitely want input from our clients to enable us to design a conference that meets your needs.

If you have any questions regarding these articles, please contact OGSLP's Client Relations Department at (405) 234-4329 or (800) 247-0420.

President Signs 2003 Interest Rate Bill

On February 8th, President Bush signed S. 1762 into law. The bill was designed to preserve the current FFELP interest rate index, which now provides borrowers the lowest interest rates in the history of the FFEL Program, for an additional three years. As you will recall, the House approved the bill by a vote of 372-3 on January 24 after the Senate passed the bill with unanimous consent in December, 2001.

The new law, which amends the Higher Education Act of 1965, includes the following modifications:

Stafford Loans - The current provisions for determining borrower interest rates will remain the same until June 30, 2006. This applies to borrowers with first disbursements made on or after July 1, 1998, and through June 30, 2006. Stafford loans disbursed on or after July 1, 2006, will carry a fixed interest rate of 6.8%.

PLUS Loans - The current provisions for determining PLUS borrower interest rates will remain the same until June 30, 2006. This applies to parent borrowers with first disbursements made on or after July 1, 1998, and through June 30, 2006. PLUS loans disbursed on or after July 1, 2006, will carry a fixed interest rate of 7.9%.

Consolidation Loans - The provisions for determining Consolidation loans remains unchanged. The consolidation loans will continue to be determined by the weighted average of the interest rates on the loans consolidated, rounded up to the nearest 1/8th of 1%, not to exceed 8.25%.

Special Allowance - S. 1762 also amended certain Special allowance provisions, extending the dates from July 1, 2003 to July 1, 2006. Under this legislation, the current provisions for determining special allowance for Stafford loans will remain the same until June 30, 2006, and thereafter.

The current provisions for determining special allowance for PLUS loans will remain the same until June 30, 2006. However, the new law revises the formula for the limitation on special allowance for PLUS loans first disbursed on or after July 1, 2006. Special allowance on these loans will be paid only when the average bond equivalent rates for 3-month commercial paper for the last calendar week ending on or before July 1, plus 2.64%, exceeds 9.0%.

With regard to Consolidation loans, the current calculation and limitation provisions were extended to July 1, 2006.


Revised NEW HRD Form Available With 2002 Poverty Guidelines

The Economic Hardship Deferment form (NEW HRD) has been updated with the 2002 poverty guidelines. The 2002 poverty guideline monthly income amount for a family of two in all states and the District of Columbia (except Alaska and Hawaii) is \$995.00. The poverty guideline monthly income amounts for a family of two in Alaska and Hawaii are \$1,244.17 and \$1,145.00, respectively.

The revised form and worksheets may be downloaded from OGSLP's web site. To order these forms by phone, call OGSLP's Customer Service Department at (405) 234-4340 or 1-800-247-0420.

FY 2000 Draft Cohort Default Rates Mailed by ED

On February 11, 2002, the U.S. Department of Education (ED) mailed schools their FY 2000 draft cohort default rates. Schools have the opportunity to review and comment before rates are finalized and released publicly later this year. These draft rates have only been released to schools. The cohort default rate measures the percentage of borrowers who enter repayment in a given federal fiscal year and default by the end of the following federal fiscal year.


Schools are given a 45 calendar day period to review the data and determine if the data was correctly used in determining the cohort default rate. If the school believes the data is incorrect, the school must submit the challenge to the appropriate guarantor within this 45-day review period and must include the specific information as defined in federal regulation. A detailed explanation of how challenges are submitted is fully explained in ED's *Cohort Default Rate Guide*. If the challenge is successful, ED will use the corrected data to calculate the official cohort default rate. 

In addition, ED also mailed with the cohort default rate information, a printed copy of the Loan Record Detail Report (eLRDR) to schools that had borrowers entering repayment in FY 2000. An electronic version of this report is also available to schools to allow for a more efficient way to review, sort, and analyze the cohort default rate data. Schools may request a FY 2000 draft eLRDR through the NSLDS website at <http://www.nslsdfap.ed.gov>. For more information on how this electronic report is obtained, you may visit the attached link. <http://www.ifap.ed.gov/eannouncements/0211Draft2000eLRDR.html>

If you have questions about the FY 2000 draft cohort rate challenge procedures, you may contact Mary Heid at mheid@osrhe.edu or at (405) 225-9489. "Incorrect Data" Challenges for Oklahoma guarantees are sent to the following address:

Oklahoma State Regents for Higher Education
Attention: Mary Heid
Legal Division
655 Research Parkway, Suite 200
Oklahoma City, OK 73104

2002 Negotiated Rulemaking Update

The 2002 Negotiated Rulemaking process is well underway. As we discussed in a recent Online News article there are two teams involved. Team I will address "Student Loan Issues" and Team II will address "Program and Other Issues." Both of these teams did meet in January and during the first sessions identified items that could be classified as a "quick fix" as well as those items that should be held for "full discussion." Listed below is a partial list of the items identified as a "quick fix" for Team I. For more details and information on both teams, you may visit ED's web site. <http://www.ed.gov/offices/OPE/rulemaking/index2002.html> 

- Eligible Lender [682.200(b)] - - Revise the definition of lender to provide that loans held in trust are not considered part of a lender's consumer credit function in determining whether the lender has exceeded the limit of one-half of the lender's combined consumer credit portfolio in the regulations.
- Repayment - First Payment Due Date [682.209(a)] - - Allow the first payment due on all loan types to be up to 60 days from the repayment begin date.
- Borrower Repayment Terms [682.209(a)(8)(iv)] - - Delete the requirement that a borrower who has a repayment term of less than five years must submit a "written notice" to extend the repayment term beyond five years.


The next session is scheduled for March 4th and the final session is scheduled to occur the week of April 22nd. OGSLP will continue to provide updates on the Negotiated Rulemaking process.

Common Manual Update

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OGSLP will continue to advise clients each time the ICM is updated with new approved language. Updates typically occur on a monthly basis. In addition, when you are downloading the ICM, we have found that downloading it to your desktop will save you time, especially if you are using the search features.

Policy Modification

The Common Manual Governing Board recently approved changes that modify policies contained in the July 2001 version of the *Common Manual*. These changes are identified in OGSLP's *Common Manual Update (CM-60)*. 

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