

OGSLP Online News

September 18, 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.

(405) 234-4329 or (800) 247-0420.

Extension Requested for MPN: The current version of the Stafford Master Promissory Note (MPN) has an expiration date of August 31, 2002. Because a new version of the MPN is currently in the approval and clearance process, the Office of Management and Budget (OMB) has automatically extended the expiration date by 30 days, to September 30, 2002.

Disbursement Exemption Update: OGSLP advised in a recent newsletter of the potential expiration of certain disbursement exemption rules for those schools that had a cohort default rate of less than 10% for the three most recent fiscal years.

Child Care Provider Loan Forgiveness Program Update: The funding and criteria for Child Care Provider Loan Forgiveness Program's (CCPLFP) was established for FY 2002 in the Federal Register published on August 29, 2002. The Federal Register explains the criteria for both new applicants and borrowers who previously received loan forgiveness under this program during a prior fiscal year

Total and Permanent Disability Discharge Update: Amidst the many changes this summer to the Total and Permanent Disability Discharge requirements, came certain U.S. Department of Education (ED) expectations for loan holders who are making the initial preliminary determination. As part of the rigorous review for all disability discharge requests, ED expects loan holders to verify the certifying physician's license number.

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The current version of the Stafford Master Promissory Note (MPN) has an expiration date of August 31, 2002. Because a new version of the MPN is currently in the approval and clearance process, the Office of Management and Budget (OMB) has automatically extended the expiration date by 30 days, to September 30, 2002. The Department of Education is currently reviewing comments submitted by the industry during the Stafford Loan MPN's final 30-day comment period.

In the interim, schools and lenders should feel comfortable to continue using the current form until the updated form is published. As in the past, we expect that when the form is approved, the Dear Colleague letter will also include language describing a transition period that should include guidance regarding dates and triggering events that will require use of the new form. We will keep you updated regarding approval of the form.

Disbursement Exemption Update

OGSLP advised in a recent newsletter of the potential expiration of certain disbursement exemption rules for those schools that had a cohort default rate of less than 10% for the three most recent fiscal years. As indicated in the DCL GEN-02-06 <http://www.ifap.ed.gov/dpcletters/GEN0206.html>, these special exemption rules are set to expire on September 30, 2002.

The Department of Education (ED) has clarified that schools that have been participating in the Disbursements (Multiple/30 Day Delay) segment of the Experimental Sites Initiative will not be affected. However, schools that were earlier participants of this segment of the Initiative, but withdrew from the Initiative after reauthorization exempted low cohort default rate schools, will **not** be allowed to continue as if they were an Experimental Site school.

Other information provided by ED regarding this subject includes the following:

- Participating schools were offered two extensions of the current approved experiments. Schools who opted out (during either extension) will not be able to reenter as an Experimental Sites participant. Those who remained in the experiments will continue until the next reauthorization is complete.
- Those schools that canceled the experimental site can not renew. ED has not recently accepted any new applications for the Initiative and does not plan to approve any new Experimental Sites in these areas.

School customers need to be aware that OGSLP's database will not edit for these requirements/exemptions. Each school is responsible for making the determination within their individual certification processes.

A special note of interest: The University of Oklahoma has been an active participant in the Disbursement segment of the Experimental Sites Initiative, and thus will continue to be exempt from these disbursement exceptions, including disbursements after September 30, 2002.

Child Care Provider Loan Forgiveness Program Update

The funding and criteria for Child Care Provider Loan Forgiveness Program's (CCPLFP) was established for FY 2002 in the Federal Register published on August 29, 2002. The Federal Register explains the criteria for both new applicants and borrowers who previously received loan forgiveness under this program during a prior fiscal year. For additional background information on this loan forgiveness program, you may review a prior article from OGSLP.

Congress appropriated one million dollars for new applicants under the demonstration program for FY 2002. There is not a deadline for borrowers to apply for loan forgiveness for FY 2002, however borrowers are encouraged to apply early, as this program is available to eligible borrowers on a first-come, first-serve basis and is contingent upon the availability of funds.

In addition, the Office of Management and Budget (OMB) approved the new loan forgiveness application and forbearance forms for CCPLFP for 2002. Also of notice is a change in process regarding forbearance forms. Previously, ED had been including forbearance forms with outgoing applications. However, because borrowers continue to return these forms to them, instead of the lender/servicer, they will cease including the forbearance forms. Therefore, lenders and servicers will now be the source for these forms.

Total and Permanent Disability Discharge Update

Amidst the many changes this summer to the Total and Permanent Disability Discharge requirements, came certain U.S. Department of Education (ED) expectations for loan holders who are making the initial preliminary determination. As part of the *rigorous* review for all disability discharge requests, ED expects loan holders to verify the certifying physician's license number.

As a reference tool, ED has provided *The Federal Physicians License List* and *State Physicians List*. This is a listing of state web sites for FFELP guarantors, lenders and servicers to use to confirm or verify a physician's license number provided in Section 3 of the Total and Permanent Disability form.

As a service to our lenders and servicers, OGSLP's Claims Review Department has begun verifying that the physician's name and license number listed on the form are both valid and that the physician is considered actively practicing. If the physician's name and license number are not complete, valid, or some other discrepancy exists, the form will not be accepted and the claim will be returned to the lender.

If you have any questions regarding this new process, you may contact Claims Review at (405) 234-4332.