



## DRAFT

# The College Cost Reduction and Access Act (CCRAA) Impact Summary for Parts B, D, G, and I

The College Cost Reduction and Access Act (CCRAA) was signed into law (Pub.L. 110-084) by President Bush on September 27, 2007.

This impact summary has been developed by OGSLP to highlight major provisions of the CCRAA. The information contained in this document will be updated as OGSLP receives clarification and additional guidance from the U.S. Department of Education, the National Council of Higher Education Loan Programs (NCHELP), and other industry sources.

This document includes any effective and trigger dates listed in the CCRAA provisions, some beginning as early as October 1, 2007. OGSLP will continue to work with the National Council of Higher Education Loan Programs (NCHELP) regarding the effective dates of these provisions.

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Draft - OGSLP Last Updated 02/18/2008

Item Number	Subject - Bill/HEA Section	The College Cost Reduction and Access Act	* Effective Date	Guidance and Sources
<b>Interest Rate Reductions</b>				
1	<b>FFEL Interest Rates</b> Bill Section: 201(a) HEA Section: 427A(l) and 427A(k)	<p>This provision provides for a phased-in approach in reducing the fixed interest rate for undergraduate, subsidized Stafford loans for which the first disbursement is made on or after July 1, 2008 and before July 1, 2012.</p> <p>The rates are as follows for loans first disbursed on or after:            July 1, 2008 through June 30, 2009: 6.00%            July 1, 2009 through June 30, 2010: 5.60%            July 1, 2010 through June 30, 2011: 4.50%            July 1, 2011 through June 30, 2012: 3.40%</p> <p>The provision also makes conforming changes to the special allowance section to include these loans.</p> <p>Note: The interest rate will revert back to 6.80% for undergraduate, subsidized Stafford loans first disbursed on or after July 1, 2012.</p> <p>DCL FP-08-02 explains the revised Federal Stafford Loan, Federal PLUS Loan, and Federal Consolidation Loan Application and Promissory Note addenda and plain language disclosures (PLDs) changes to loan terms and conditions that were made by the College Cost Reduction and Access Act (CCRAA). This topic is mentioned in the "Borrower's Rights and Responsibilities Statement."</p>	Only for undergraduate subsidized Stafford loans first disbursed on or after July 1 of each year through June 30 of the next year beginning July 1, 2008	<p><i>Federal Register</i>, final rules (Vol. 72. No. 211/November 1, 2007/pages 61993 and 62000)</p> <p>DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.</p> <p>DCL FP-08-02 contains revised promissory note addenda and Plain Language Disclosures for Federal Stafford Loans and Federal PLUS Loans, and a new promissory note addendum for Federal Consolidation Loans.</p>
2	<b>Direct Loan Interest Rates</b> Bill Section: 201(b) HEA Section: 455(b)(7)	<p>This provision provides for a phased-in approach in reducing the fixed interest rate for undergraduate, subsidized Stafford loans for which the first disbursement is made on or after July 1, 2008 and before July 1, 2012.</p> <p>The rates are as follows for loans first disbursed on or after:            July 1, 2008 through June 30, 2009: 6.00%            July 1, 2009 through June 30, 2010: 5.60%            July 1, 2010 through June 30, 2011: 4.50%            July 1, 2011 through June 30, 2012: 3.40%</p> <p>Note: The interest rate will revert back to 6.80% for undergraduate, subsidized Stafford loans first disbursed on or after July 1, 2012.</p>	Only for undergraduate subsidized Stafford loans first disbursed on or after July 1 of each year through June 30 of the next year beginning July 1, 2008	<p><i>Federal Register</i>, final rules (Vol. 72. No. 211/November 1, 2007/pages 61993 and 62009)</p> <p>DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.</p>

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<b>Lender Issues</b>				
3	<p><b>Reduction of Lender Special Allowance Payments (SAP)</b></p> <p>Bill Section: 305(a) HEA Section: 438(b)(2)(I)</p>	<p>For loans held by an entity <b>other than an eligible not-for-profit holder</b>, special allowance is reduced as follows:</p> <ul style="list-style-type: none"> <li>• 55 bp (basis points) reduction - <ul style="list-style-type: none"> <li>• Stafford loans not in repayment - reduced from 1.74% to 1.19%</li> <li>• Stafford loans in repayment status - reduced from 2.34% to 1.79%</li> <li>• Consolidation loans - reduced from 2.64% to 2.09%.</li> </ul> </li> <li>• 85 bp reduction - PLUS loans - reduced from 2.64% to 1.79%</li> </ul> <p>For loans held by an <b>eligible not-for-profit holder</b>, special allowance is reduced as follows:</p> <ul style="list-style-type: none"> <li>• 40 bp reduction – <ul style="list-style-type: none"> <li>• Stafford loans not in repayment - reduced from 1.74% to 1.34%</li> <li>• Stafford loans in repayment status - reduced from 2.34% to 1.94%</li> <li>• Consolidation loans - reduced from 2.64% to 2.24%</li> </ul> </li> <li>• 70 bp reduction - PLUS loans - reduced from 2.64% to 1.94%</li> </ul> <p>Per DCL FP-07-11, the new LaRS special allowance categories for loans first disbursed on or after October 1, 2007, are for:</p> <ul style="list-style-type: none"> <li>• CI – all Stafford loans that are in-school, grace or deferment period</li> <li>• CJ – all Stafford loans that are in repayment</li> <li>• CK – all Consolidation loans</li> <li>• CM – all PLUS loans, including Grad PLUS loans</li> </ul>	<p>Loans first disbursed on or after October 1, 2007</p>	<p><i>Federal Register</i>, final rules (Vol. 72. No. 211/November 1, 2007/pages 61991 and 62002-62003)</p> <p>DCL FP-07-11 contains initial guidance on reporting changes to the quarterly Lender's Request for Payment of Interest and Special Allowance (LaRS) as a result of CCRAA and the Third Higher Education Extension Act of 2007.</p> <p>DCL FP-07-12 contains guidance on the process that will be used to designate entities that meet the statutory definition of an eligible not-for-profit holder for purposes for SAP billings.</p> <p>DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.</p>
4	<p><b>Definitions - Eligible Not-for-Profit Holder</b></p> <p>Bill Section: 304 HEA Section: 435(p)</p>	<p><b><i>This topic is an agenda item for the 2007-2008 negotiated rulemaking process.</i></b></p> <p>Per Public Law 110-109, the term "eligible not-for-profit holder" is <b>now</b> defined as an eligible lender under section 435(d) of the HEA (except for a school lender) <del>definition includes an eligible lender that requests a special allowance payment under 438(b)(2)(I)(vi)(II) or a payment under section 771 and that is:</del> and that is:</p> <ul style="list-style-type: none"> <li>• A State, or a political subdivision, authority, agency, or other instrumentality thereof of a State, including such those entities that are eligible to issue tax-exempt bonds described in section 1.103-1 of title 26 CFR or section 144(b) of the Internal Revenue Code (the Code) of 1986;</li> <li>• an entity described under section 150(d)(2) of the Code authorized to issue tax-exempt bonds that has not made an election under section 150(d)(3) of the Code</li> </ul>	<p>Date of enactment - September 27, 2007</p> <p>The Secretary shall promulgate regulations in accordance with the provisions not later than 1 year after the date of enactment of The College Cost Reduction and Access Act.</p>	<p>Third Higher Education Extension Act of 2007 (Public Law 110-109) - Definition of Eligible Not-For-Profit Holder</p> <p><i>Federal Register</i>, final rules (Vol. 72. No. 211/November 1, 2007/pages 62003)</p>

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5	<b>Definitions - Eligible Not-for-Profit Holder</b> (continued)	<ul style="list-style-type: none"> <li>• a non-profit entity described in section 501(c)(3) of the Code</li> <li>• a trustee acting as an eligible lender (ELT) on behalf of a governmental or non-profit entity otherwise described above, regardless of whether the entity is an eligible lender under section 435(d) of the HEA in its own right <del>State, political subdivision, authority, agency, instrumentality, or other entity described above</del></li> </ul> <p>An eligible lender that is a governmental or non-profit entity listed above qualifies as an eligible not-for-profit holder if that entity acted as an eligible lender on the date of enactment of the CCRAA, September 27, 2007. A State may elect, in accordance with regulations to be issued by the Department, to waive this requirement for a new eligible not-for-profit holder (but not for a trustee for such a holder) if the State determines that such a waiver is necessary to fulfill a public purpose for the State.</p> <p>An ELT may qualify as an eligible not-for-profit holder with respect to loans it holds on behalf of a governmental or non-profit entity listed above, regardless of whether that entity qualifies as an eligible lender in its own right, only if, on September 27, 2007, that entity held sole beneficial ownership interest in a FFEL program loan eligible for special allowance.</p> <p>An otherwise eligible not-for-profit that is a governmental or non-profit entity may not be owned or controlled, in whole or in part, by a for-profit entity. An ELT acting on behalf of a governmental or non-profit entity cannot qualify as an eligible not-for-profit holder with respect to loans held on behalf of such an entity if that entity is owned or controlled by a for-profit entity.</p> <p>Whether held by a governmental or non-profit lender or by an ELT, loans qualify for the higher special allowance payment (SAP) rate only if a governmental or non-profit entity has sole beneficial ownership interest in those loans and any income from those loans. The pledge or grant of a security interest to any party in a loan or income from a loan to provide security for a debt obligation issued by a governmental or no-profit entity, does not give beneficial ownership in the loan to a for-profit entity, nor does such a pledge or grant of a security interest in a loan give a for-profit entity either ownership or control over that governmental or non-profit entity.</p> <p>If an eligible not-for-profit holder sells a loan on which the Secretary is paying the higher SAP to an entity that is not an eligible not-for-profit holder, that loan no longer qualifies for the higher SAP as of the date of the sale. In this context, the transfer from one trust to another would be considered a sale for purposes of determining eligibility for the higher SAP.</p>	<p>Date of enactment - September 27, 2007</p> <p>The Secretary shall promulgate regulations in accordance with the provisions not later than 1 year after the date of enactment of The College Cost Reduction and Access Act.</p>	<p>DCL FP-07-11 contains initial guidance on reporting changes to the quarterly Lender's Request for Payment of Interest and Special Allowance (LaRS) as a result of CCRAA and the Third Higher Education Extension Act of 2007.</p> <p>DCL FP-07-12 contains guidance on the process that will be used to designate entities that meet the statutory definition of an eligible not-for-profit holder for purposes for SAP billings.</p> <p>DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.</p>

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6	<b>Definitions - Eligible Not-for-Profit Holder</b> (continued)	<p>A loan transferred from one trust to another continues to qualify for the higher SAP rate only if, after the transfer, the loan continues to be held by an entity that qualifies as an eligible not-for-profit holder.</p> <p>DCL FP-07-12 provides guidance and procedures that will be used for a loan holder to request designation as an eligible not-for-profit holder for purposes of receiving SAP at the rate set for such holders will govern the payment of SAP until final regulations are published. Final regulations governing the definition of the term "not-for-profit eligible loan holder" are required by CCRAA to be published within one year of enactment.</p>	<p>Date of enactment - September 27, 2007</p> <p>The Secretary shall promulgate regulations in accordance with the provisions not later than 1 year after the date of enactment of The College Cost Reduction and Access Act.</p>	
7	<b>Elimination of Exceptional Performer Status for Lenders, Lender Servicers, and Guaranty Agencies</b>  Bill Section: 302 HEA Section: 428l, 428(c)(1), and 438(b)(5)	<p>Eliminates HEA section 428l under which lenders, lender servicers, and guaranty agencies could be designated as exceptional performers (EP) in loan servicing and collection.</p> <p>Under CCRAA, lenders (but not lender servicers) could retain EP status for the remainder of the year for which the designation was made. Only one lender was ever designated as an EP lender and that lender's designation had expired prior to October 1, 2007, and thus did not qualify for the extension.</p>	<p>October 1, 2007</p>	<p><i>Federal Register</i>, final rules (Vol. 72. No. 211/November 1, 2007/pages 61992, 61995)</p> <p>DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.</p>
8	<b>Reduction of Lender Insurance Percentage</b>  Bill Section: 303 HEA Section: 428(b)(1)	<p>Provision reduces the lender insurance on a defaulted loan from 97% to 95% of the loan's unpaid principal.</p> <p>There are no changes for a lender-of-last-resort (LLR) and exempt claims. Guaranty agencies will continue to insure 100% of the unpaid principal of loans made under LLR program [HEA sections 428(j) or 439(q)] and for exempt claims [HEA section 428(c)(1)(G)].</p>	<p>Loans made on or after October 1, 2012</p>	<p><i>Federal Register</i>, final rules (Vol. 72. No. 211/November 1, 2007/pages 61992)</p> <p>DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.</p>

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9	<p><b>Increased Loan Origination Fee from Lenders</b></p> <p>Bill Section: 305(b) HEA Section: 438(d)</p>	<p>Provides for an increase in the current lender loan origination fee from 0.50% to 1.0% of the principal amount of the loan with respect to any loan made under FFELP.</p> <p>This fee is paid to the Secretary by the lender and cannot be charged to the borrower. (CCRAA specifies that the fee may not be collected from the borrower.)</p> <p>Per DCL FP-07-11, the LaRS edits for Column C, "Fee Percent", have been changed to reflect the fee increase. The online form will display the new fee percent.</p>	<p>Applies to all loans for which the first disbursement is made on or after October 1, 2007</p>	<p><i>Federal Register</i>, final rules (Vol. 72. No. 211/November 1, 2007/pages 61992, 61995, and 62003)</p> <p>DCL FP-07-11 contains initial guidance on reporting changes to the quarterly Lender's Request for Payment of Interest and Special Allowance (LaRS) as a result of CCRAA and the Third Higher Education Extension Act of 2007.</p> <p>DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.</p>
10	<p><b>Competitive Loan Auction Pilot Program (FFELP Parent PLUS Loans)</b></p> <p>Bill Section: 701 HEA Section: 499(a) &amp; (b)</p>	<p><b><i>New section added by provisions in the CCRAA.</i></b></p> <p>The CCRAA directs the Secretary to undertake a pilot program to establish a mechanism for an auction of rights to originate FFEL PLUS loans to new parent borrowers.</p> <p>The Secretary is required to establish an auction mechanism, meeting certain requirements, that will allow for the origination and disbursement of all eligible FFEL parent PLUS loans beginning July 1, 2009. The Secretary must administer a competitive auction for each State every two years. Eligible loans are loans made to a parent of a dependent student who is a new borrower on or after July 1, 2009.</p> <p>Eligible lenders submit sealed and confidential bids. A bid consists of the amount of the special allowance payment (SAP) that a lender proposes to accept from the Secretary for the eligible PLUS loans the lender makes. The winning bids for each State auction are the two bids with the lowest and second lowest proposed SAP.</p>	<p>Beginning July 1, 2009 - auction every 2 years</p> <p>Federal Parent PLUS loans made to a parent of a dependent student who is a new borrower on or after July 1, 2009</p>	<p>DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.</p>

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11	<b>Competitive Loan Auction Pilot Program (FFELP Parent PLUS Loans)</b> (continued)	<p>Lenders with the winning bids will be the only FFEL lenders permitted to originate eligible parent PLUS loans for the cohort of dependent students at institutions within a State until those students leave or graduate from those institutions. Lenders must agree to originate PLUS loans for parents of dependent students who qualify for PLUS loans and whose dependent students attend institutions of higher education in the State, and who elect to borrow from that lender. It also must accept SAP base on the second lowest bid in the State's auction.</p> <p>Establishes prequalification requirements for eligible lenders -</p> <ul style="list-style-type: none"> <li>• a set of borrower benefits and servicing requirements each eligible lender shall meet</li> <li>• an assessment of each eligible lender's capacity, including capital capacity, to participate effectively</li> </ul> <p>The Secretary does not collect a loan fee for any PLUS loan made under this pilot program. The Secretary guarantees each loan against default at 99% of the amount of unpaid principal and interest due on the loan.</p> <p><i>Under the CCRAA, guaranty agencies do not have a role in this process.</i></p> <p>If there are no winning bids in a State, students and institutions in the State will be served by a lender-of-last-resort (LLR) selected by the Secretary from among lenders indicating an interest to serve in this capacity. In determining the amount of SAP paid to the LLR, the Secretary will take into account the lowest bid that was submitted in that State auction and the lowest bid submitted in a similar State. The special allowance amount paid to the lender of last resort will be kept confidential.</p> <p><b>Consolidation</b>            A pilot program lender may consolidate a borrower's PLUS loans made under this program under certain conditions. The borrower must first notify the pilot lender of his or her intent to consolidate with another lender and provide in that notice the terms and conditions of the consolidation loan being offered by the other lender. Within 10 days, the pilot program lender must agree to match the terms and conditions of the other lender's loans. Otherwise, the borrower may consolidate with the other lender.</p>	<p>Beginning July 1, 2009 - auction every 2 years</p> <p>Federal Parent PLUS loans made to a parent of a dependent student who is a new borrower on or after July 1, 2009</p>	

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12	<b>Competitive Loan Auction Pilot Program (FFELP Parent PLUS Loans)</b> (continued)	<p>The pilot program lender may also consolidate the borrower's Direct PLUS or other FFEL PLUS loans. For Direct PLUS loans, the pilot program lender must agree within 10 days to match the terms and conditions available under the Direct Consolidation Loan program. In the case of any other FFEL PLUS loan made on behalf of a dependent student, the pilot program lender must agree within 10 days to match the other lender's terms and conditions.</p> <p>The SAP to pilot program lenders on FFEL Consolidation loans is the lesser of:</p> <ul style="list-style-type: none"> <li>• the weighted average of the SAP on the loans consolidated (excluding Direct PLUS loans)</li> <li>• the 3-month average commercial paper rate plus 1.59%.</li> </ul> <p>A pilot program lender who consolidates a PLUS loan under this program is not subject to an interest payment rebate fee on the Consolidation loan.</p>	<p>Beginning July 1, 2009 - auction every 2 years</p> <p>Federal Parent PLUS loans made to a parent of a dependent student who is a new borrower on or after July 1, 2009</p>	
<b>Student Eligibility</b>				
13	<b>Loan Forgiveness for Public Service Employees</b>  Bill Section: 203 and 401 HEA Section: 455 (m)	<p><b><i>New forgiveness program added by provisions in the CCRAA.</i></b></p> <p><b><i>This topic is an agenda item for the 2007-2008 negotiated rulemaking process.</i></b></p> <p>Under this program, the U.S. Department of Education (ED) will forgive the remaining outstanding balance of principal and accrued interest on an eligible Direct Loan for a borrower who is not in default and who makes 120 monthly payments on the loan after October 1, 2007. The borrower must be employed full-time in a public service job during the same period in which qualifying payments are made and at the time that the cancellation is granted.</p>	<p>October 1, 2007</p> <p>The 120 payments must be made after October 1, 2007</p>	<p>DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.</p> <p>DCL FP-08-02 contains revised promissory note addenda and Plain Language Disclosures for Federal Stafford Loans and Federal PLUS Loans, and a new promissory note addendum for Federal Consolidation Loans.</p>

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14	<b>Loan Forgiveness for Public Service Employees</b> (continued)	<p><b>Qualifications:</b>            To qualify, the borrower must have made the required 120 monthly payments on the Direct Loan for which forgiveness is sought under one of the following repayment plans, or a combination of these plans:</p> <ul style="list-style-type: none"> <li>• an income-based repayment plan</li> <li>• an income-contingent repayment plan</li> <li>• a Direct Loan standard repayment plan based on a 10-year repayment period</li> <li>• any Direct Loan repayment plan or as a Direct Consolidation Loan if the monthly payment amounts paid are not less than those that would have been paid under a Direct Loan standard repayment plan based on a 10-year repayment plan</li> </ul> <p>Parent PLUS borrowers are eligible for the public service loan forgiveness, they are not eligible for the income-based and income-contingent repayment plans. Additionally, a borrower who pays only, or primarily, under a 10-year standard repayment plan or under another repayment plan in amounts consistent with a 10-year standard repayment is unlikely to have a remaining balance for loan forgiveness after making 120 payments on the loan.</p> <p>DCL FP-08-02 explains the revised Federal Stafford Loan, Federal PLUS Loan, and Federal Consolidation Loan Application and Promissory Note addenda and plain language disclosures (PLDs) changes to loan terms and conditions that were made by the College Cost Reduction and Access Act (CCRAA). This topic is mentioned in the "Borrower's Rights and Responsibilities Statement."</p> <p><b>Public Service Job</b>            The CCRAA defines the term "public service job" to mean a full-time job in: emergency management, government, military service, public safety, law enforcement, public interest law services (including prosecution or public defense or legal advocacy in low-income communities at a non-profit organization), public child care, public service for individuals with disabilities and the elderly, public health, social work in a public child or family service agency, public education (including early childhood education), public library sciences, school-based library sciences and other school-based services, or at a non-profit organization under section 501(c)(3) of the Internal Revenue Code (IRS) of 1986 that is exempt from taxation under 501(a) of such Code, or teaching full-time as a faculty member at a Tribal College or University, and other faculty teaching in high-needs areas, as determined by the Secretary.</p>	October 1, 2007  The 120 payments must be made after October 1, 2007	

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15	<p><b>Consolidation and Re-Consolidation for Loan Forgiveness for Public Service Employees</b></p> <p>Bill Section: 203(b)(1) HEA Section: 428C(b)(5); 428C(a)(3)(B)(i)(v); 455 (g)</p>	<p>Under CCRAA, effective July 1, 2008, a FFEL borrower may consolidate his or her FFEL loans into a Direct Consolidation Loan if the borrower intends to be eligible to use the public service loan forgiveness program. However, payments made on those FFEL loans prior to their consolidation into the Direct Loan Program do not count toward the 120 month requirement.</p> <p>A borrower may obtain a subsequent Consolidation loan under the Direct Loan program:</p> <ul style="list-style-type: none"> <li>• to obtain an income contingent repayment plan and only if the loan has been submitted for default aversion, or</li> <li>• <b>to participate in the public service loan forgiveness program</b> (<i>new permitted eligibility to consolidate into Direct Loan Program</i>)</li> </ul> <p>DCL FP-08-02 explains the revised Federal Stafford Loan, Federal PLUS Loan, and Federal Consolidation Loan Application and Promissory Note addenda and plain language disclosures (PLDs) changes to loan terms and conditions that were made by the College Cost Reduction and Access Act (CCRAA). This topic is mentioned in the "Borrower's Rights and Responsibilities Statement."</p>	July 1, 2008	DCL FP-08-02 contains revised promissory note addenda and Plain Language Disclosures for Federal Stafford Loans and Federal PLUS Loans, and a new promissory note addendum for Federal Consolidation Loans.
16	<p><b>Income-Based Repayment</b></p> <p>Bill Section: 203 HEA Section: 493C</p>	<p><b><i>New section added by provisions in the CCRAA. This topic is an agenda item for the 2007-2008 negotiated rulemaking process.</i></b></p> <p><b>Borrower Eligibility</b></p> <p>Income-based repayment (IBR) is a new repayment plan available to borrowers in both the FFEL and Direct Loan Programs. Borrowers with Stafford (subsidized and unsubsidized) and Grad PLUS loans are eligible regardless of the disbursement dates of their loans. Parent PLUS loans and Consolidation loans that contain parent PLUS loans are not eligible for IBR.</p> <p>Under the CCRAA, a "partial financial hardship" means a situation in which the annual amount due on all of the borrower's eligible FFEL and Direct Loans (as calculated under a standard repayment plan based on a 10-year repayment period) exceeds 15% of the result obtained by calculating, on at least an annual basis, the difference between the borrower's (and spouse's, if applicable) adjusted gross income (AGI) and 150% of the poverty line applicable to the borrower's family size.</p> <p>If a borrower meets this threshold, the borrower may elect to pay the loan under an IBR repayment plan and have his or her monthly loan payments limited to no more than 15% of the amount by which the borrower's (and, if applicable, the borrower's spouse's) AGI exceeds 150% of the poverty line applicable to the borrower's family size divided by 12. The maximum repayment period for a borrower with a "partial hardship" may exceed 10 years.</p>	July 1, 2009	<p>Public Law 110-153 (S. 2371), contains technical corrections to the definition of untaxed income and benefits, income-based repayment for married borrowers filing separately, and a TEACH Grants technical amendment.</p> <p>DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.</p> <p>DCL FP-08-02 contains revised promissory note addenda and Plain Language Disclosures for Federal Stafford Loans and Federal PLUS Loans, and a new promissory note addendum for Federal Consolidation Loans.</p>

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17	<p><b>Income-Based Repayment</b> (continued)</p> <p>Bill Section: 203(b)(2) HEA Section: 493C; 455(d)(1)(D)</p>	<p><b>Borrower Payments and Treatment of Unpaid Interest and Principal</b> The loan holder is required to apply a borrower's monthly payments first to the accrued interest due on the loan, then to fees due on the loan, and then to loan principal.</p> <p>Any accrued interest on a subsidized Stafford loan that is not covered by the borrower's payment is paid by the Secretary for a period not to exceed three years from the date the borrower elects IBR, excluding any period during which the borrower receives an economic hardship deferment on the loan. Any interest accruing on unsubsidized Stafford loans or on subsidized Stafford loans after the expiration of the three-year subsidy period is capitalized at the time the borrower elects to leave IBR or no longer has a "partial financial hardship." Any unpaid principal not covered by the borrower's payment is deferred.</p> <p><b>Borrower Leaves IBR</b> A borrower repaying a FFELP or Direct loan under IBR may elect to stop paying at any time and repay under the FFEL or Direct loan standard repayment plan. If a borrower elects to leave IBR or no longer has a "partial financial hardship," the borrower's monthly repayment amount is recalculated. The maximum monthly amount that the borrower can be required to repay as a result of this recalculation is the amount a borrower would have paid under a FFEL or Direct Loan standard repayment plan based on a 10-year repayment period on all the borrower's non-parent PLUS, FFEL and Direct loans that were outstanding in repayment at the time the borrower elected IBR. The borrower's total repayment period based on the recalculated payment amount may exceed 10 years.</p> <p>Special Allowance is calculated on the principal balance on the loan and any accrued interest unpaid by the borrower.</p> <p>A borrower is eligible to consolidate into the Direct Loan program if the borrower is unable to obtain a consolidation loan from a lender with IBR terms acceptable to the borrower. A borrower may obtain a subsequent consolidation loan under the Direct Loan program if the borrower wants to obtain an IBR plan and only if the loan has been submitted for default aversion or is already in default.</p> <p>Per Public Law 110-153 (S. 2371), a married borrower who files a separate Federal income tax return, the Secretary shall calculate the amount of the borrower's income-based repayment under this section solely on the basis of the borrower's student loan debt and adjusted gross income.</p>		

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Item Number	Subject - Bill/HEA Section	The College Cost Reduction and Access Act	* Effective Date	Guidance and Sources
18	Income-Based Repayment (continued)	<p><b>IBR Loan Forgiveness</b></p> <p>The CCRAA authorizes the Secretary to repay or cancel any outstanding balance of principal and interest on a borrower's non-parent PLUS, FFEL or Direct loans after a period prescribed by the Secretary not to exceed 25 years if the borrower elected to participate in IBR at any time, and the borrower meets one of the following requirements:</p> <ul style="list-style-type: none"> <li>• The borrower has paid a reduced monthly payment amount under a "partial financial hardship," or a reduced recalculated monthly payment amount after leaving IBR or after the borrower no longer has a "partial financial hardship."</li> <li>• The borrower paid a monthly payment amount that was not less than the amount the borrower would have paid under a FFEL or Direct loan standard repayment plan based on a 10-year repayment period on all the borrower's non-parent PLUS, FFEL and Direct loans that were outstanding in repayment at the time the borrower elected IBR.</li> <li>• The borrower paid a monthly payment amount that was not less than the amount required under a FFEL or Direct loan standard repayment plan with a 10-year repayment period on all the borrower's non-parent PLUS, FFEL and Direct loans.</li> <li>• The borrower paid Direct Loans under an income-contingent repayment plan.</li> <li>• The borrower has been in deferment due to an economic hardship.</li> </ul> <p>Per DCL GEN-08-01/FP-08-01, the Department will be developing regulations to implement the new IBR repayment plan through a negotiated rule-making process.</p> <p>DCL FP-08-02 explains the revised Federal Stafford Loan, Federal PLUS Loan, and Federal Consolidation Loan Application and Promissory Note addenda and plain language disclosures (PLDs) changes to loan terms and conditions that were made by the College Cost Reduction and Access Act (CCRAA). This topic is mentioned in the "Borrower's Rights and Responsibilities Statement."</p>	July 1, 2009	

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**Draft - OGSLP Last Updated 02/18/2008**

Item Number	Subject - Bill/HEA Section	The College Cost Reduction and Access Act	* Effective Date	Guidance and Sources
19	<p><b>Definitions - Economic Hardship</b></p> <p>Bill Section: 304(a) HEA Section: 435(o)</p>	<p>The provision changes the current definition from “100% of the poverty line for a family of two” to “150% of the poverty line applicable to the borrower’s family size.”</p> <p>Eliminates the debt burden criterion for economic hardship deferment. The debt burden criterion for determining economic hardship is a borrower who is working full time and has a federal educational debt burden that equals or exceeds 20% of such borrower's adjusted gross income (AGI), and the difference between such borrower's AGI minus (-) such burden is less than 220% of the greater of:</p> <ul style="list-style-type: none"> <li>• the annual earnings of an individual earning the minimum wage under section 6 of the Fair Labor Standards Act of 1938; or</li> <li>• the income official poverty line (as defined by OMB, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act) applicable to a family of two.</li> </ul> <p>The U.S. Department of Education clarified that lenders may continue to grant economic hardship deferment based on a borrower's certification eligibility under the debt-to-income ratio criterion listed in section 2, number 6 of the <i>Economic Hardship Deferment Request</i> form.</p> <p>Per <i>Federal Register</i>, Vol. 72, No. 211, dated November 1, 2007, a revised Deferment Request Form will be submitted for OMB review by December 10, 2007.</p> <p>Per DCL GEN-08-01/FP-08-01, the CCRAA did not eliminate the Secretary's authority to establish, by regulation, additional criteria for an economic hardship deferment based on the borrower's income and debt-to-income ratio. Accordingly, until the Department issues new regulations to implement the CCRAA, the regulations at 34 CFR 674.34(e)(4) and (5) and 682.210(s)(6)(iv) and (v) that establish an income and debt-to-income criteria for the economic hardship deferment remain in effect.</p> <p>The applicable poverty line standard for purposes of these regulatory provisions, however, is the new poverty line standard (150 percent of the poverty line applicable to the borrower's family size).</p> <p>An economic hardship deferment may be granted for a maximum of three years with a re-evaluation of the borrower's eligibility every 12 months. A borrower currently receiving an economic hardship deferment may continue to receive the deferment, but is subject to the new poverty line standard at the borrower's next scheduled re-evaluation of eligibility.</p>	<p>Economic hardship deferment requests made on or after October 1, 2007</p>	<p><i>Federal Register</i>, final rules (Vol. 72, No. 211/November 1, 2007/pages 61993, 61995, and 62001)</p> <p>DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.</p>

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Item Number	Subject - Bill/HEA Section	The College Cost Reduction and Access Act	* Effective Date	Guidance and Sources
20	<b>Graduate/ Professional PLUS Borrower Eligibility for Income- Contingent Repayment</b>  Bill Section: 203(b)(1)(3) HEA Section: 455(d)(1)(D)	Currently, PLUS loan borrowers are ineligible for income-contingent repayment (ICR). Section 203(b)(1)(3) of this legislation allows Graduate and Professional PLUS loans to be eligible for the program.  Effective July 1, 2009, graduate and professional student PLUS borrowers in the Direct Loan program will be eligible to use the ICR plan. Direct Loan parent PLUS borrowers will not be eligible for the ICR repayment plan.	July 1, 2009	DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.
21	<b>Maximum Repayment Period for Income-Contingent Repayment</b>  Bill Section: 205 HEA Section: 455(e)	The CCRAA modifies the maximum period of time for which income-contingent repayment (ICR) plan may be in effect for a borrower. In calculating the maximum 25-year period a borrower may repay under ICR, as provided under section 455(d)(1)(D) of the HEA, the maximum repayment period will include any period in which the borrower is: <ul style="list-style-type: none"> <li>• repaying a loan under ICR and is not in default on that loan</li> <li>• repaying under ICR and is in an economic hardship deferment</li> <li>• making a reduced monthly payment under the new income-based repayment (IBR) plan or a recalculated reduced monthly payment after electing to leave IBR or after the borrower no longer has a partial financial hardship</li> <li>• making monthly payments that are not less than an amount the borrower would pay under a standard repayment plan based on a 10-year repayment period at the time the borrower elected IBR</li> <li>• making monthly payments that are not less than the amount required under a standard repayment plan with a 10-year repayment period</li> </ul>	October 1, 2007	DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.
22	<b>Student Loan Deferment for Certain Members of the Armed Forces (Military Deferment)</b>  Bill Section: 202 HEA Section: 428(b)(1) (M)	<p><b>The 3 year limit for deferment is eliminated.</b> This applies to FFEL, DL, and Perkins programs.</p> <p>The Higher Education Reconciliation Act of 2005 (HERA) is amended for the military deferment by eliminating the limitation to loans made on or after July 1, 2001 and inserting, "all loans under Title IV of the Higher Education Act of 1965."</p> <p>Per DCL GEN-08-01/FP-08-01, eligible borrowers may now receive the deferment on all outstanding Title IV loans in repayment on October 1, 2007, for all periods of active duty service that include that date or begin on or after that date. A borrower whose deferment eligibility had expired due to the prior three-year limitation and who was still serving on eligible active duty on or after October 1, 2007, may receive the deferment retroactively from the date the prior deferment expired until the end of the borrower's active duty service.</p>	October 1, 2007	<p><i>Federal Register</i>, final rules (Vol. 72, No. 211/November 1, 2007/pages 61993, 61995 and 62001)</p> <p>DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.</p> <p>DCL FP-08-02 contains revised promissory note addenda and Plain Language Disclosures for Federal Stafford Loans and Federal PLUS Loans, and a new promissory note addendum for Federal Consolidation Loans.</p>

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Item Number	Subject - Bill/HEA Section	The College Cost Reduction and Access Act	* Effective Date	Guidance and Sources
23	<b>Student Loan Deferral for Certain Members of the Armed Forces (Military Deferment)</b> (continued)	<p>Lenders and schools may apply these changes to an eligible borrower who is currently receiving the military deferment or received the deferment for a period that included October 1, 2007, without receiving a new deferment request from the borrower or borrower's representative. If expanded deferment benefits are granted in this manner, however, the lender or school must send a notice to the borrower explaining the additional benefits and providing the borrower an opportunity to decline the deferment.</p> <p>The military service deferment may not be granted for a period that will result in a refund to the borrower of payments previously paid on the loan.</p> <p><b>The provision also adds 180 days after the demobilization date as an eligible timeframe for deferment.</b> This applies to FFEL, DL, and Perkins programs.</p> <p>Per DCL GEN-08-01/FP-08-01, effective October 1, 2007, the deferment period for any borrower whose qualifying active duty service includes October 1, 2007, or begins on or after that date, is extended for an additional 180 days following the date the borrower is demobilized from that active duty service. This additional 180-day deferment period is available each time a borrower is demobilized at the conclusion of an eligible active duty service that supports the military deferment.</p> <p>Lenders and schools may grant this additional deferment period based on any documentation received supporting the borrower's military service deferment that identifies an end-of-military service date for the borrower. The additional 180-day deferment period cannot be granted unless the lender or school has documentation of that date since the lender or school would not otherwise have a basis for establishing the beginning of the 180-day period.</p> <p>DCL FP-08-02 explains the revised Federal Stafford Loan, Federal PLUS Loan, and Federal Consolidation Loan Application and Promissory Note addenda and plain language disclosures (PLDs) changes to loan terms and conditions that were made by the College Cost Reduction and Access Act (CCRAA). This topic is mentioned in the "Borrower's Rights and Responsibilities Statement."</p>	October 1, 2007	<p><i>Federal Register</i>, final rules (Vol. 72, No. 211/November 1, 2007/pages 61993, 61995 and 62001)</p> <p>DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.</p> <p>DCL FP-08-02 contains revised promissory note addenda and Plain Language Disclosures for Federal Stafford Loans and Federal PLUS Loans, and a new promissory note addendum for Federal Consolidation Loans.</p>

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Item Number	Subject - Bill/HEA Section	The College Cost Reduction and Access Act	* Effective Date	Guidance and Sources
24	<p><b>Deferral of Loan Repayment Following Active Duty (Active Duty Student Deferment)</b></p> <p>Bill Section: 204 HEA Section: 493D</p>	<p><i>New deferment applies to FFEL, DL, and Perkins programs.</i></p> <p>The provision provides for a 13-month deferment period following the completion of active duty military service for borrowers who are members of the National Guard or Armed Forces Reserve and members of the Armed Forces who are in a retired status, who are called or ordered to active duty services while enrolled (or enrolled within 6 months of the call to active duty) at an eligible institution.</p> <p>The deferment period expires at the earlier of a borrower's re-enrollment in school or the end of the 13-month period.</p> <p>For purposes of this section, "active duty" is defined as full-time duty in the active military service of the U.S., including State duty for members of the National Guard. This does not include active duty for training or attendance at a service school.</p> <p>Per <i>Federal Register</i>, Vol. 72, No. 211, dated November 1, 2007, the changes authorize a new deferment. A revised Military Deferment Request Form will be submitted for review by January 30, 2008.</p> <p>Per DCL GEN-08-01/FP-08-01, unlike a borrower receiving the Military Service deferment, a borrower receiving the Active Duty Student Deferment is not required to have been activated during a war or other military operation, or national emergency, or performing qualifying National Guard service during a war or other military operation or national emergency.</p> <p>Under the CCRAA, members of the National Guard may qualify for this deferment for:</p> <ul style="list-style-type: none"> <li>• Title 32 Full-Time National Guard Duty under which a Governor is authorized, with the approval of the President or the U.S. Secretary of Defense, to order a member to State active duty and the activities of the National Guard are paid for by federal funds; or</li> <li>• State active duty under which a Governor activates National Guard personnel based on State statute or policy, and the activities of the National Guard are paid for by State funds.</li> </ul>	October 1, 2007	<p><i>Federal Register</i>, final rules (Vol. 72, No. 211/November 1, 2007/pages 61993, 61995 and 62001)</p> <p>DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.</p> <p>DCL FP-08-02 contains revised promissory note addenda and Plain Language Disclosures for Federal Stafford Loans and Federal PLUS Loans, and a new promissory note addendum for Federal Consolidation Loans.</p>

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Item Number	Subject - Bill/HEA Section	The College Cost Reduction and Access Act	* Effective Date	Guidance and Sources
25	<b>Deferral of Loan Repayment Following Active Duty (Active Duty Student Deferment)</b> (continued)	<p>Until the Department issues regulations implementing this deferment, for purpose of this deferment the term "enrolled" means at least half-time enrollment and "active duty" must include at least 30 consecutive days of service, excluding training. Eligible National Guard service does not include employment in a full-time, permanent position in the National Guard unless the borrower employed in such a position is reassigned as part of a Title 32 call to State active duty.</p> <p>If a borrower has already received the Military Service Deferment, a lender or school may grant the 13-month deferment to a borrower without an additional request from the borrower or the borrower's representative if the lender has documentation that:</p> <ul style="list-style-type: none"> <li>(1) demonstrates that the borrower was a member of National Guard or reserves or was in a retired status from the Armed Forces when entering active duty military service;</li> <li>(2) establishes an end-of-military service date; and</li> <li>(3) establishes the borrower's enrollment status at an eligible institution prior to the borrower's military activation.</li> </ul> <p>If the 13-month deferment is granted without a separate request from the borrower, the lender must send a notice to the borrower advising the borrower of the deferment and providing the borrower the opportunity to decline the deferment.</p> <p>The 180-day extended military service deferment period and the 13-month post-active duty service deferment periods will run concurrently for such a borrower.</p> <p>DCL FP-08-02 explains the revised Federal Stafford Loan, Federal PLUS Loan, and Federal Consolidation Loan Application and Promissory Note addenda and plain language disclosures (PLDs) changes to loan terms and conditions that were made by the College Cost Reduction and Access Act (CCRAA). This topic is mentioned in the "Borrower's Rights and Responsibilities Statement."</p>	October 1, 2007	

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Draft - OGSLP Last Updated 02/18/2008

Item Number	Subject - Bill/HEA Section	The College Cost Reduction and Access Act	* Effective Date	Guidance and Sources
26	<p><b>Teacher Education Assistance for College and Higher Education (TEACH) Grants</b></p> <p>Bill Section: 104 HEA Section: 420L, 420M, 420N, and 420O</p>	<p><b><i>New Grant Program</i></b></p> <p><b><i>This topic is an agenda item for the 2007-2008 negotiated rulemaking process.</i></b></p> <p>The CCRAA establishes the Teacher Education Assistance for College and Higher Education (TEACH) Grants program providing grant assistance to students who plan on becoming teachers and teachers who are obtaining graduate degrees attending eligible institutions.</p> <p>The eligible institution must satisfy all of the following requirements:</p> <ul style="list-style-type: none"> <li>• provides high quality teacher preparation and professional development services, including extensive clinical experience as a part of pre-service preparation <ul style="list-style-type: none"> <li>o is financially sound responsible (Public Law 110-153, in section 420L(1)(B), strikes "sound" and inserts "responsible.")</li> <li>o provides pedagogical coursework, or assistance in the preparation of such coursework, including the monitoring of student performance, and formal instruction related to the theory and practices of teaching</li> </ul> </li> <li>• provides supervision and support services to teacher, or assistance in the provision of such services, including mentoring focused on developing effective teachers</li> </ul> <p>Teacher candidates can receive a TEACH Grant of up to \$4,000 for each academic year during which the teacher candidate is in attendance at the institution full-time. (Public Law 110-153, in section 420M, strikes "academic year" each place it appears in subsections (a)(1) and (c)(1) and inserts "year.") Applicants for TEACH Grants may be undergraduate students, graduate students, students enrolled in a post-baccalaureate teacher credential program, or current prospective teachers.</p> <p>TEACH Grant amounts will be prorated for less than full-time attendance based upon a schedule of reduction to be published in the Federal Register.</p> <p>The amount of the TEACH Grant, in combination with <del>other student assistance</del> other assistance the student may receive may not exceed the cost of attendance (COA). (Public Law 110-153, in section 420M, strikes "other student assistance" in subsections (c)(2) and inserts "other assistance the student may receive" and strikes the second sentence.)</p> <p>If the TEACH Grant and other aid exceeds the cost of attendance for an academic year, the student's aid package must be reduced.</p>	Funding available beginning July 1, 2008	<p>Public Law 110-153 (S.2371), contains technical corrections to the definition of untaxed income and benefits, income-based repayment for married borrowers filing separately, and a TEACH Grants technical amendment.</p> <p>DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.</p>

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Item Number	Subject - Bill/HEA Section	The College Cost Reduction and Access Act	* Effective Date	Guidance and Sources
27	<b>Teacher Education Assistance for College and Higher Education (TEACH) Grants</b> (continued)	<p>The total amount that a teacher candidate may receive for undergraduate or post-baccalaureate study shall not exceed \$16,000. The total amount that a graduate student may receive for a master's degree course of study shall not exceed \$8,000.</p> <p>Noncredit and remedial courses that the eligible institution determines are necessary to help the student, and study-abroad programs approved for credit by the home institution, are eligible.</p> <p>The Secretary shall set application deadlines.</p> <p>To qualify for a TEACH Grant, an applicant must meet certain academic standards as follows:</p> <ul style="list-style-type: none"> <li>• a minimum GPA of 3.25 on a zero to 4.0 scale (if student is in first year of a program of undergraduate study, use secondary GPA) or scored above the 75th percentile on at least one of the batteries in an undergraduate, post-baccalaureate, or graduate school admission test;</li> <li>• completing or plans to complete coursework and other requirements necessary to begin a career in teaching.</li> </ul> <p>The GPA requirements do not apply to certain applicants who are or will be working on a graduate degree. Those applicants include a current or retiree from another occupation with expertise in a field where there is a shortage of teachers (e.g., mathematics, science, special education, English language acquisition, or other high-need field) applying for a grant to obtain a graduate degree:</p> <ul style="list-style-type: none"> <li>• applicant is a teacher or retiree from another occupation with expertise in a field in which there is a shortage of teachers</li> <li>• the applicant is or was a teacher using high-quality alternative certification route, such as Teach for America, to be certified as a teacher</li> </ul>	Funding available beginning July 1, 2008	

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Item Number	Subject - Bill/HEA Section	The College Cost Reduction and Access Act	* Effective Date	Guidance and Sources
28	<b>Teacher Education Assistance for College and Higher Education (TEACH) Grants</b> (continued)	<p>To receive TEACH Grants, a teacher candidate must agree to:</p> <ul style="list-style-type: none"> <li>• serve as a full-time teacher for a total of not less than 4 academic years within 8 years of completing his or her course of study</li> <li>• comply with the requirements for being a highly qualified teacher as defined in section 9101 of the Elementary and Secondary Education Act of 1965 (ESEA)</li> <li>• teach at a public or other qualified nonprofit private elementary or secondary school that is eligible for assistance under Title I of the ESEA, as provided in section 465(a)(2)(A) of the HEA</li> <li>• teach in any of the following fields: mathematics, science, a foreign language, bilingual education, special education, as a reading specialist, or in another field designated as high need by the Federal Government, State Government, or local educational agency and approved by the Secretary</li> <li>• Provide evidence of required employment after each year of service in the form of a certification by the chief administrative officer of the school</li> </ul> <p><b>If a recipient fails or refuses to comply with this service obligation, the sum of the TEACH Grants amounts the recipient received shall be treated as a Federal Direct Unsubsidized Stafford Loan and shall be subject to repayment with interest from the date of the grant award.</b></p>	Funding available beginning July 1, 2008	
29	<b>College Access Challenge Grants</b>  Bill Section: 801 HEA Section: 771	<p><b><i>New Grant Program</i></b></p> <p>Authorizes \$66 million for each of the fiscal years 2008 and 2009 so the Secretary may award grants to states and qualifying philanthropic organizations to assist in carrying out activities to increase the number of students from underserved, low-income populations. The federal share of the matching grant is 2/3 and the state share is 1/3 for the costs of carrying out the following:</p> <ul style="list-style-type: none"> <li>• postsecondary education information and career preparation for students and families</li> <li>• instruction and education on postsecondary education financing options that promote financial literacy and debt management</li> <li>• outreach activities for students at risk of not enrolling in or completing postsecondary education</li> <li>• assistance in completing the FAFSA or other common forms</li> <li>• need-based grant aid for students</li> </ul>	FY 2008 and FY 2009	DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.

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Item Number	Subject - Bill/HEA Section	The College Cost Reduction and Access Act	* Effective Date	Guidance and Sources
30	<b>College Access Challenge Grants</b> (continued)	<ul style="list-style-type: none"> <li>professional development for guidance counselors at middle and secondary schools, and financial aid administrators and college admissions counselors at institutions of higher education to help give students better guidance on how to prepare for and navigate through college</li> <li>student loan cancellation or repayment of interest rate reductions for borrowers employed in a high-need geographical area or profession as determined by each State</li> <li>providing subgrants to certain eligible nonprofit organizations</li> </ul> <p>Activities may be carried out by state agencies or not-for-profit lenders. Philanthropic organizations will be allowed to apply for a grant in the case where the State does not meet the matching requirements or chooses not to apply for a grant.</p> <p>It is prohibited to use these funds to promote any lender's loans. Not more than 6% of the total amount of the grant (Federal and non-Federal portions) can be used for administrative purposes. Grantees must provide annual reports to the Secretary.</p>	FY 2008 and FY 2009	
<b>Guaranty Agency Issues</b>				
31	<b>Guaranty Agency Collection Retention</b>  Bill Section: 301 HEA Section: 428(c)(6)(A)	Provision reduces guaranty agency collection retention from 23% to 16% that guaranty agencies may retain from payments received on defaulted loans collected by the agency.	All borrower payments received by the guaranty agency on a defaulted loan on or after October 1, 2007	<i>Federal Register</i> , final rules (Vol. 72. No. 211/November 1, 2007/pages 61992, 61995, and 62006)  DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.
32	<b>Account Maintenance Fees</b>  Bill Section: 306 HEA Section: 458(b)	Reduces the percentage amount of the account maintenance fee (AMF) paid to guaranty agencies from 0.10% to 0.06% of the original principal amount of outstanding loans.	All AMF payments made to an agency on or after October 1, 2007	<i>Federal Register</i> , final rules (Vol. 72. No. 211/November 1, 2007/pages 61992, 61995, and 62006)  DCL GEN-08-01/FP-08-01 discusses the major changes made to Title IV loan and grant programs by the CCRAA.

\* This document includes any effective dates listed in the CCRAA provisions. OGSLP will continue to work with the National Council of Higher Education Loan Programs (NCHELP) regarding the effective dates of these provisions.

**NOTE:** This impact summary has been developed by OGSLP to highlight major provisions of The College Cost Reduction and Access Act. The information contained in this document will be updated as OGSLP receives clarification and additional guidance from the U.S. Department of Education, the National Council of Higher Education Loan Programs (NCHELP), and other industry sources.

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