



DRAFT

Final Regulations - Federal Student Loan Programs

November 1, 2007

Impact Summary

Final Regulations: Final Regulations for federal student loan programs were published in the *Federal Register* dated November 1, 2007.

Background: The Loans Committee Notice of Proposed Rulemaking (NPRM) was issued in the *Federal Register* dated June 12, 2007, reflecting the changes proposed to 34 CFR 682 and 34 CFR 685. A notice was published in the *Federal Register* dated August 28, 2006, establishing four negotiated rulemaking committees. The Loans Committee reviewed issues related to the federal student loan programs. Beginning December 2006 through April 2007, the committee met four times and failed to reach consensus.

Impact Summary: This impact summary has been developed by OGSLP to highlight major NPRM proposed rules and will be updated as OGSLP receives final regulations and additional guidance from the U.S. Department of Education, the National Council of Higher Education Loan Programs (NCHELP), and other industry sources.

Effective Date: The effective date for these regulations is July 1, 2008. Institutions, lenders, guaranty agencies, and loan servicers may at their discretion, choose to implement certain sections of these final regulations earlier, on or after November 1, 2007. OGSLP will continue to work with NCHELP regarding the effective and trigger dates of these provisions.

Item Number	Subject/ Regulation Section	Final Regulations for Federal Student Loan Programs	* Effective Date	Guidance and Sources
Simplification of Deferment Process (§§674.38, 682.210, and 685.204)				
1	Processing of Deferments by Lender §682.210(s)(1)(ii)-(v) / §685.204(g)(1)(5)	Allows (but does not require) a lender to grant a deferment to a borrower who is already being deferred for same reason and same time period with another lender. Lenders can use information obtained from another lender or authoritative database in granting deferments in this manner. Lender may rely in good faith on the information it receives when determining a borrower's eligibility for deferment, unless the lender (as of the date of determination) has information to the contrary. In this case, the lender must resolve any discrepant information. Lenders who grant deferments in this manner must notify the borrower that the deferment has been granted and that the borrower has the option to pay the interest that accrues on an unsubsidized loan or to cancel the deferment and continue to make payments. Limited to new borrowers on or after 7/1/93; not available to pre-7/1/93 borrowers.	May implement as early as November 1, 2007 July 1, 2008	Topic in final regulations found on pages 61960 and 61962-61693 No changes from the June 12, 2007, NPRM
2	Military Deferments - Use of Borrower Representative §682.210(i)(1) & (t)7/ §685.204(g)(1)	Allows a borrower's representative to request a military deferment on the borrower's behalf. If military deferment is requested by borrower's representative, lender must notify the borrower that the deferment has been granted and that the borrower can cancel the deferment or continue to make payments on the loan. The lender must also notify the borrower's representative of the outcome of the deferment request.	May implement as early as November 1, 2007 July 1, 2008	Topic in final regulations found on pages 61960 and 61962-61693 No changes from the June 12, 2007, NPRM
Accurate and Complete Copy of a Death Certificate (§§674.61, 682.402, and 685.212)				
3	Documentation for Death Claims §682.402(b)/ §685.212(a)	Allows for the use of an accurate and complete photocopy of the original or certified copy of the borrower's death certificate when granting loan discharge based on a borrower's death. Currently, loans of a deceased borrower can only be discharged if an original or certified copy of the death certificate is obtained, unless authorized by the guaranty agency CEO.	May implement as early as November 1, 2007 July 1, 2008	Topic in final regulations found on pages 61690, 61963, and 62005 No changes from the June 12, 2007, NPRM
Total and Permanent Disability Discharge (TPD) (§674.61, 682.402, and 685.213)				
4	Definition of TPD §682.402(c)(1)/ §685.213(a)	No change in definition from current regulations. A borrower's loan will be discharged if he/she meets all eligibility requirements.		

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5	TPD Application Process §682.402(c)(2)/ §685.213(b)(1)	Upon notification from the borrower or his/her representative that the borrower is totally and permanently disabled, the lender must request a TPD application be completed, and submitted within 90 days of physician's certification on the application.	For borrowers who apply for TPD discharge on or after 7/1/2008	Topic in final regulations found on pages 61963 and 62005-62006 No changes from the June 12, 2007, NPRM
6	Secretary's Initial TPD Eligibility Determination §682.402(c)(4)(i)/ §685.213(d)(1)	If the discharge request is approved by the lender and the guarantor, the loan(s) is assigned to the Secretary. During the Secretary's evaluation period (from the date the physician completes and certifies the TPD application until the Secretary makes an initial determination of eligibility for discharge throughout the prospective three-year conditional discharge period), the borrower cannot take out any loans or earn more than 100 percent of the poverty line for a family two, as determined with the Community Service Block Grant Act. Doing so disqualifies the borrower for discharge. If the borrower took out a loan prior to the date the physician completed and certified the TPD application, he/she must return any monies disbursed on or after the date of the physician's certification within 120 days of the disbursement date.	For borrowers who apply for TPD discharge on or after 7/1/2008	Topic in final regulations found on pages 61966 and 62005-62006 Amended sections to apply the same eligibility standards beginning on the date the borrower obtains the physician's certification on the TPD application and continuing through the prospective period reduces the complexity of the process.
7	Secretary's Initial Eligibility Determination - Review §682.402(c)(4)/ §685.213(d)	Amended to provide that the Secretary reserves the right to require additional medical evidence of a borrower's total and permanent disability as well as an additional review of the borrower's condition by an independent physician at the Secretary's expense.	For borrowers who apply for TPD discharge on or after 7/1/2008	Topic in final regulations found on pages 61965 and 62005-62006 The final regulations amended the sections to include Secretary's review of borrower's TPD condition.
8	Secretary's Initial Eligibility Period - Approval §682.402(c)(3)(ii)/ §685.213 (c)(2)	If the Secretary determines the documentation indicates the borrower meets the definition of TPD, the borrower is defined as such – effective the day the physician completed and certified the discharge application.	For borrowers who apply for TPD discharge on or after 7/1/2008	Topic in final regulations found on pages 61694 and 62005-62006 No changes from the June 12, 2007, NPRM
9	Secretary's Initial TPD Eligibility - Conditional Period §682.402(c)(3)(i)/ 685.213(c)(2)	At the Secretary's initial determination, the borrower's loans are put in a conditional period for up to three years from the date the Secretary approves the application as defined in 401(c)(3)(ii). <u>physician certifies the borrower's total and permanent disability discharge application.</u> At approval, the Secretary sends notification to the borrower disclosing the conditions of conditional discharge. Collections are also suspended.	For borrowers who apply for TPD discharge on or after 7/1/2008	Topic in final regulations found on pages 61965-61966 and 62005-62006 Final regulations amended the sections changing the beginning date of the conditional period.

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10	Secretary's Initial TPD Eligibility Period - Denial §682.402(c)(3)(iv)	No change from current process. If the borrower does not meet the criteria, the Secretary will send denial letter, including information that the loan is due and payable to the Secretary under the terms of the promissory note.		
11	Secretary's Final TPD Determination §682.402(c)(4)(i)/ §685.213(b)(2) & (d)(1)	If, at the end of the three-year conditional period, the borrower did not earn more than the poverty level for a family of two AND has not received a new loan (except for a Consolidation Loan that does not include any loans in a conditional discharge period) the borrower is then eligible for final discharge. The borrower ensures that the full amount of any Title IV loan disbursement on any loan received prior to the date the physician completed and certified the application is returned to the holder within 120 days of the disbursement date.	For borrowers who apply for TPD discharge on or after 7/1/2008	Topic in final regulations found on pages 61966, and 62005-62006 No changes from the June 12, 2007, NPRM
12	Borrower's Responsibility During TPD Conditional Discharge §682.402(c)(4)(ii)/ §685.213 (d)(2)	No change from current requirements. During the conditional period, the borrower: • Is not required to make payments • Is not considered delinquent or defaulted unless they were before submitting his/her application • Must notify the Secretary of any phone or address changes • Must promptly notify the Secretary of any income over and above the poverty level • Must promptly respond to any and all documentation requests		
13	TPD Discharge and Return of Payments §682.402(c) (4)(iii)/ §685.213(d)(3)(ii)	If all criteria are met, the balance of loan is discharged at the end of the conditional period. Any payments received after the date the physician certified the TPD application are returned. This is a change from current regulations which allow the return of all payments received after the borrower's actual date of disability. The final regulations changed the sections to reflect that any payments made after the date that the physician certified the borrower's application for a disability discharge will be sent to the person who made the payment after the final discharge is issued.	For borrowers who apply for TPD discharge on or after 7/1/2008	Topic in final regulations found on pages 61965 and 62005-62006 Final regulations amended sections to reflect the payments are returned to the person who made them.
14	Interest Accrual §682.402(c)(4)(iv)/ §685.213(d)(4)	No change from current process. If a borrower fails to meet the criteria at any point during the conditional period, the Secretary ends the conditional discharge period and collection of the loan resumes. The borrower is not required to pay any interest that accrued on the loan from the date of the initial determination of total and permanent disability through the end of the conditional discharge period. However, the borrower is responsible for interest beginning on the ineligibility determination date.		

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15	Lender Responsibilities §682.402 (c)(5)(i)	No change from current requirements. When notified by a borrower or his/her representative that the borrower claims to be totally and permanently disabled, the lender must continue collections until it receives a completed TPD application OR a letter from a physician stating more time is needed.		
16	Lender Responsibilities §682.402 (c)(5)(ii)	No change from current requirements. If the documentation submitted supports a claim of TPD, the lender must file a claim.		
17	Lender Responsibilities - Collections §682.402 (c)(5)(iii)	No change from current requirements. If the documentation submitted does NOT support a TPD claim the lender must resume collection If no completed form is received within 60 days from the date the letter from the physician asking for additional time was received, the lender resumes collection and is deemed to have exercised forbearance of both principal and interest from the date collection activity was suspended. The lender may capitalize interest for this period.		
18	Guarantor Responsibilities - Claims §682.402 (c)(5)(iv)	No change from current requirements. If the documentation supports a TPD discharge, the guarantor must pay the lender's claim.		
19	Guarantor/ Lender Responsibilities - Claim Denied §682.402 (c)(5)(v)/ §685.213(c)(4)	No change from current requirements. If the documentation submitted does NOT support a TPD claim the guarantor must return the claim to the lender, who must in turn resume collection activity. The lender is deemed to have exercised forbearance from the date collection activity was suspended until the first payment due date. The lender may capitalize interest for this period. The lender must send a letter explaining the reason for denial.		
20	Guarantor/ Lender Responsibilities - Claim Approved §682.402 (c)(5)(vi)/ §685.213(c)(3)	If the claim is accepted by the guarantor, the lender must notify the borrower: • The claim has been accepted and will be sent to the Secretary and that no payments are due on the loan. • To maintain eligibility the borrower must not work and earn money and return any new loans received within 120 days of disbursement.	For borrowers who apply for TPD discharge on or after 7/1/2008	Topic in final regulations found on pages 62005-62006 No changes from the June 12, 2007, NPRM

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21	Loan Assignment §682.402(c)(5)(vii), (viii) & (ix)	No change from current requirements. After receiving claim payment from the guarantor, the lender must forward all borrower payments received to the guarantor. Once they have paid the claim, the guarantor must forward all TPD claims to the Secretary. The Secretary reimburses the guarantor for the claim.		
NSLDS Reporting Requirements (§§674.16, 682.208, 682.401, and 682.414)				
22	Lender Reporting Requirements §682.208(i)	Adds new requirement that a lender must report enrollment, loan status information, or any Title IV loan-related data required by the Secretary, to the guaranty agency or to the Secretary, as applicable, by the deadline established by the Secretary.	7/1/2008	Topic in final regulations found on pages 61966- 61697 and 62000-62001 No changes from the June 12, 2007, NPRM
23	Guarantor Enrollment Reporting Timeframe §682.401(b)(20)	Changes guarantors' enrollment reporting time frame from 60 day to 30 35 days.	7/1/2008	Topic in final regulations found on pages 61966-61967 and 62003 Final regulations amended section from 30 days reflected in the NPRM to 35 days.
24	Guarantor Reporting Requirements §682.414(b)(4)	Adds requirement for guarantors to submit enrollment and loan status information, or any Title IV related data required by the Secretary, to the Secretary by the deadline date established by the Secretary. The specific language requiring tape extracts and Loan Tape Dump Procedures regarding ED Forms 1070 and 1071 has been deleted and replaced with a general reference to "a report."	7/1/2008	Topic in final regulations found on pages 61966-61967 and 62007 No changes from the June 12, 2007, NPRM
Certification of Electronic Signatures on Master Promissory Notes (MPNs) Assigned to the Department (§§674.19, 674.50, 682.409, and 682.414)				
25	Record Retention §682.414(a)(5)(iv)	Adds new standard for retention of e-signed MPN: holder of original e-signed MPN must retain MPN for at least 3 years after all loans on the MPN are satisfied.	7/1/2008	Topic in final regulations found on pages 61966-61969 and 62007 No changes from the June 12, 2007, NPRM Per discussion in the final regulations, the FFEL, Perkins, and Direct Loan Program regulations already define when a loan is "satisfied." In all three programs, a loan is "satisfied if the loan has been canceled, repaid in full, or discharged in full. In the Perkins Loan Program, a loan is also considered satisfied if the loan has been repaid in full in accordance with an institution's authority to compromise on the repayment of a defaulted loan in accordance with §674.33(e) or the institution writes off the loan in accordance with §674.47(h).

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26	Lender/ Guarantor Cooperation with the Department E-Signed MPN Enforcement Activities §682.414(a)(6)(i)	The Department may now require holder of the original e-signed MPN and guarantor to provide certain assistance with e-signed loans assigned to the Department, specifically: • Affidavit or certification that electronic records were created and maintained in a legally enforceable manner, and • If necessary to ensure legal enforceability, testimony by an authorized lender/guarantor official or employee.	7/1/2008	Topic in final regulations found on pages 61966-61969 and 62007 No changes from the June 12, 2007, NPRM
27	E-Signed MPN Certification Requirements §682.414(a)(6)(ii)	If required to submit a certification, the lender or guarantor must provide: • Description of steps borrower took to execute the promissory note (e.g., flowchart), • Screen prints of borrower's progression through e-sign process, • Security measures (such as field edits) used to ensure data integrity, • Measures taken to ensure promissory note information has not been altered since execution, • Proof of lender's authentication and e-sign process, and • Any other documentation and technical evidence ED requests to prove promissory note is valid and authentic.	7/1/2008	Topic in final regulations found on pages 61966-61969 and 62007 No changes from the June 12, 2007, NPRM
28	Circumstances in which the Department May Request E-Signed MPN Certification §682.414(a)(6)(iii)	The Department may require the above certification to resolve any dispute over an assigned loan, for example, legal proceedings and loans included in audit processes. Guarantor must respond to the certification request within 10 business days.	7/1/2008	Topic in final regulations found on pages 61966-61969 and 62007 No changes from the June 12, 2007, NPRM
29	Accessibility of E-Signed MPN §682.414(a)(iv)	Holder of the original e-signed MPN must make the loan records fully and completely available to all parties entitled to access the records (including the guarantor and the Department) until all loans made under the MPN are satisfied.	7/1/2008	Topic in final regulations found on pages 61966-61969 and 62007 No changes from the June 12, 2007, NPRM
Record Retention Requirements on Master Promissory Notes (MPNs) Assigned to the Department (§§674.19, 674.50, 682.406, and 682.409)				
30	Mandatory Assignment: Documentation Requirements §682.409(c)(4)(vii) & (viii)	Currently the following documentation is required for each loan assigned to ED: • Original or true and exact copy of the promissory note, • Documentation relating to any judgment on the loan, • If not included with the promissory note, a written assignment of the loan or judgment, • Any separate loan application, and • Loan payment and collection history. Now also requires: • Record of lender's disbursement of Stafford/PLUS funds to the school, and • In the case of an e-signed MPN/promissory note, the name and location of the holder of the original MPN/promissory note.	7/1/2008	Topic in final regulations found on pages 61969-61971 and 62006 No changes from the June 12, 2007, NPRM

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Loan Counseling for Graduate or Professional Student PLUS Loan Borrowers (§§682.603, 682.604(f), 682.604(g), 685.301, 685.304(a), and 685.304(b))				
31	Loan Certification §682.603(d)(1) & (2)/ §685.301(a)(3)	<p>Before certifying a Graduate or Professional Student (Grad) PLUS loan (originating a loan for DL), the school must determine the borrower's Stafford loan eligibility.</p> <p>If the borrower has not requested the maximum Stafford loan amount, the school must notify the borrower of the maximum Stafford loan amount he or she is eligible to receive. The school must also provide the borrower with a comparison of terms between Stafford and Grad PLUS regarding:</p> <ul style="list-style-type: none"> • Interest rates • When interest accrues • When the loans enter repayment. <p>After providing this comparison, the school must give the borrower an opportunity to request the maximum eligible Stafford loan amount.</p>	May implement as early as November 1, 2007 July 1, 2008	Topic in final regulations found on pages 61971, 62008, and 62011 No changes from the June 12, 2007, NPRM
32	Grad PLUS Entrance Counseling §682.604(f)(2)/ §685.304(a)(2)	<p>Schools must ensure that Grad PLUS borrowers receive entrance counseling before the release of the first disbursement unless the student has previously received a FFELP or DL Grad PLUS loan.</p> <p>The counseling requirements vary depending upon whether the student has previously received a FFELP or DL Stafford loan, subsidized or unsubsidized.</p> <p>Entrance counseling for all Grad PLUS borrowers must include sample repayment amounts based on:</p> <ul style="list-style-type: none"> • A range of debt levels, or • Average indebtedness of Grad PLUS borrowers at the school or in a specific program of study, or • Average indebtedness of borrowers who have both Stafford and Grad PLUS loans at the school or in a specific program of study. <p>If the school uses the average indebtedness method, the average given to the student depends on what type of loans the student has.</p> <p>If the student has previously received a Stafford loan, counseling must also include the items in (d)(1)(i)-(iii) "of this section."</p>	May implement as early as November 1, 2007 July 1, 2008	Topic in final regulations found on pages 61971, 62008-62009, and 62011 §682.604(f) has been restructured in final regulations so it begins with the discussion of initial counseling requirements for Stafford Loan borrowers, then discusses initial counseling requirements for student PLUS Loan borrowers and ends with a discussion of general initial counseling requirements. Per the final regulations discussion, the regulations do not prohibit schools from exceeding the minimum initial counseling requirements. If a school finds that providing comprehensive initial counseling to all student PLUS borrowers is more cost effective than providing the limited counseling required by the regulations, a school may provide the comprehensive counseling to all student PLUS borrowers.
33	Stafford Entrance Counseling §682.604(f)(5)(v)/ §685.304(a)(4)(iv)	<p>If a Stafford borrower also has Grad PLUS loans, the sample repayment amount – if based on average indebtedness – must include both Stafford and Grad PLUS indebtedness.</p>	May implement as early as November 1, 2007 July 1, 2008	Topic in final regulations found on pages 61971, 62008-62009, and 62011 No changes from the June 12, 2007, NPRM

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34	Stafford Exit Counseling §682.604(g)(2)(i)/ §685.304(b)(4)(i)	If a Stafford borrower also has Grad PLUS loans, the anticipated monthly repayment amount – if based on average indebtedness – must include both Stafford and Grad PLUS indebtedness.	May implement as early as November 1, 2007 July 1, 2008	Topic in final regulations found on pages 61971, 62008-62009, and 62011 No changes from the June 12, 2007, NPRM
Maximum Loan Period (§§682.401, 682.603, and 685.301)				
35	Maximum Loan Period Length §682.401(b)(2)(ii) (A) & §682.603(g)(2)(i)/ §685.301(a)(10)(ii) (A)	The 12-month maximum loan period, previously in regulation, would be eliminated. This would allow guaranty agencies to guarantee, FFELP schools to certify, and DL schools to originate loans with loan periods longer than 12 months.	7/1/2008	Topic in final regulations found on pages 61971-61972 and 62003 No changes from the June 12, 2007, NPRM Per discussion in the final regulations, Schools are still expected to monitor annual loan limits progression by the school's academic year, which must meet at least the standards defined in 34 CFR 668.3.
Prohibited Inducements (§§682.200 and 682.401)				
36	Definition of Lender §682.200(b)(5)	Revises definition of "lender" by specifically providing a non-exhaustive list of prohibited inducements and providing an exhaustive list of permitted inducements.		Topic in final regulations found on pages 61975-61980, 61981-61982, and 61999 Final regulations modify the definition of a "lender" in §682.200(b) and §682.401(e) to allow lenders and guaranty agencies to perform, as a Secretary delegated-function, eligibility and loan certification functions if requested by a participating foreign school.
37	Definition of Lender §682.200(b)(5)(i)	The term "eligible lender" does not include any lender that the Department determines, after notice and a hearing, has, directly or indirectly through an agent or contractor, provided any prohibited inducements. The phrase "directly or indirectly through an agent or contractor" is new.		Topic in final regulations found on pages 61975 and 61999 No changes from the June 12, 2007, NPRM
38	Definition of Lender - Prohibited Inducements §682.200(b)(5)(i)(A)	If a lender has offered, directly or indirectly, any points, premiums, payments or other inducements, except for those expressly permitted, to any school or other party to secure applications for FFEL loans or to secure FFEL loan volume, they are subject to actions by the Department. The proposed rules then provide a non-exhaustive list of examples.		Topic in final regulations found on pages 61975 and 61999 No changes from the June 12, 2007, NPRM
39	Definition of Lender - Prohibited Inducements §682.200(b)(5)(i)(A) (1)	Adds a new provision giving an example by stating points, premiums, payments or other inducements, includes but is not limited to, payments or offerings of other benefits, including prizes or additional aid, to a prospective borrower in exchange for applying for or accepting a FFEL loan.		Topic in final regulations found on pages 61975 and 61999 No changes from the June 12, 2007, NPRM

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40	Definition of Lender - Prohibited Inducements §682.200(b)(5)(i)(A)(2)	Adds a new provision providing an example of a prohibited inducement: Payments or other benefits to a school, any school-affiliated organization or to any individual in exchange for FFEL loan applications, application referrals, or a specified volume or dollar amount of loans made, or placement on a school's list of recommended or suggested lenders.		Topic in final regulations found on pages 61975 and 61999 No changes from the June 12, 2007, NPRM
41	Definition of Lender - Prohibited Inducements §682.200(b)(5)(i)(A)(3)	Codifies previous Department guidance by providing an example of a prohibited inducement: Payments or other benefits provided to a student at a school who acts as the lender's representative to secure FFEL loan applications from individual prospective borrowers.		Topic in final regulations found on pages 61975 and 61999 No changes from the June 12, 2007, NPRM
42	Definition of Lender - Prohibited Inducements §682.200(b)(5)(i)(A)(4)	Adds a new provision providing an example of a prohibited inducement: Payments or other benefits to a loan solicitor or sales representative of a lender who visits schools to solicit individual prospective borrowers to apply for FFEL loans from the lender.		Topic in final regulations found on pages 61975 and 61999 No changes from the June 12, 2007, NPRM
43	Definition of Lender - Prohibited Inducements §682.200(b)(5)(i)(A)(5)	Adds a new provision providing an example of a prohibited inducement: Payment of referral or processing fees to another lender or any other party.		Topic in final regulations found on pages 61978-61979 and 61999 Per final regulations, paragraph (5)(i)(A)(5) of the definition of "lender" in §682.200(b) has been modified to clarify that prohibited "processing" fees do not include fees paid to meet the requirements of other Federal or state laws.
44	Definition of Lender - Prohibited Inducements §682.200(b)(5)(i)(A)(6)	Final regulations modified the addition of a new provision providing an example of a prohibited inducement: Solicitation of an employee of a school or school-affiliated organization to serve on a lender's advisory board or committee and/or payment of costs incurred on behalf of an employee of a school or school-affiliated organization to serve on a lender's advisory board or committee.		Topic in final regulations found on pages 61980 and 61999 Per final regulations, for purposes of clarity, modified paragraph (5)(i)(A)(6) of the definition of "lender" to specifically prohibit a lender from soliciting school employees to serve on a lender's advisory board and paying for costs related to this service.
45	Definition of Lender - Prohibited Inducements §682.200(b)(5)(i)(A)(7)	Adds a new provision providing an example of a prohibited inducement: Payment of conference or training registration, transportation, and lodging costs for an employee of a school or school-affiliated organization.		Topic in final regulations found on pages 61980 and 61999 No changes from the June 12, 2007, NPRM

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46	Definition of Lender - Prohibited Inducements §682.200(b)(5)(i)(A)(8)	Adds a new provision providing an example of a prohibited inducement: Payment of entertainment expenses, including expenses for private hospitality suites, tickets to shows or sporting events, meals, alcoholic beverages, and any lodging, rental, transportation, and other gratuities related to lender-sponsored activities for employees of a school or a school-affiliated organization.		Topic in final regulations found on pages 61980 - 61981 and 61999 No changes from the June 12, 2007, NPRM
47	Definition of Lender - Prohibited Inducements §682.200(b)(5)(i)(A)(9)	Adds a new provision providing an example of a prohibited inducement: undertaking philanthropic activities, including providing scholarships, grants, restricted gifts, or financial contributions in exchange for FFEL loan applications or application referrals, or a specified volume or dollar amount of FFEL loans made, or placement on a school's list of recommended or suggested lenders.		Topic in final regulations found on pages 61982-61983 and 61999 No changes from the June 12, 2007, NPRM
48	Definition of Lender - Prohibited Inducements §682.200(b)(5)(i)(A)(10)	Adds a new provision providing an example of a prohibited inducement: staffing services to a school as a third-party servicer or otherwise on more than a short-term, emergency basis, and which is non-recurring, to assist a school with financial aid-related		Topic in final regulations found on pages 61982-61983 and 61999 Per the final regulations, definition of "lender" in §682.200 and §682.401(e)(3) has been modified to include a definition of emergency basis. For the purpose of a lender or guaranty agency providing short-term, non-recurring emergency staffing services to a school, this term means a State-or Federally-declared national disaster, and other localized disasters and emergencies identified by the Secretary.
49	Definition of Lender - Prohibited Inducements §682.200(b)(5)(i)(B) - (D)	Retained previous prohibitions on (B) unsolicited mailings, (C) inducing the purchase of a insurance policy or other product/service, and (D) engaging in fraudulent or misleading advertising with respect to FFEL loans.		Topic in final regulations found on page 61999 No changes from the June 12, 2007, NPRM
50	Definition of Lender - Permitted Activities §682.200(b)(5)(ii)	New provisions to codify long-standing, exhaustive list of permitted activities a lender may perform in carrying out its role in FFEL and to provide better service.		Topic in final regulations found on page 61999 No changes from the June 12, 2007, NPRM

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51	Definition of Lender - Permitted Activities §682.200(b)(5)(ii) (A)	Revises previous regulatory language in regard to assistance to a school that is comparable to the kinds of assistance provided to a school by the Secretary under the Direct Loan program. Adds new qualifier that assistance under the Direct Loan program will be identified by the Secretary in a public announcement, such as a notice in the <i>Federal Register</i> . Removes the phrase "or in furtherance of" in regard to the assistance provided by the Secretary.		Topic in final regulations found on page 61999 No changes from the June 12, 2007, NPRM
52	Definition of Lender - Permitted Activities §682.200(b)(5)(ii) (B)	Adds a new provision for a permitted activity and an exclusion: Support of and participation in a school's or a guaranty agency's student aid and financial literacy-related outreach activities, excluding in-person school-required initial or exit counseling , as long as the name of the entity that developed and paid for any materials is provided to the participants and the lender does not promote its student loan or other products.		Topic in final regulations found on pages 61981-61982 and 61999 Final regulations modified §682.200, student aid and financial-literacy related outreach activities, excluding in-person school-required initial and exit counseling. This exclusion also applies to guarantors.
53	Definition of Lender - Permitted Activities §682.200(b)(5)(ii) (C)	Adds a new provision for a permitted activity: Meals, refreshments, and receptions that are reasonable in cost and scheduled in conjunction with training, meeting, or conference events if those meals, refreshments, or receptions are open to all training, meeting, or conference attendees.		Topic in final regulations found on pages 61999-62000 No changes from the June 12, 2007, NPRM
54	Definition of Lender - Permitted Activities §682.200(b)(5)(ii) (D)	Adds a new provision for a permitted activity: Toll-free telephone numbers for use by schools or others to obtain information about FFEL loans and free data transmission service for use by schools to electronically submit applicant loan processing information or student status confirmation data.		Topic in final regulations found on page 62000 No changes from the June 12, 2007, NPRM
55	Definition of Lender - Permitted Activities §682.200(b)(5)(ii) (E)	Adds a new provision for a permitted activity: A reduced origination fee in accordance with current regulations.		Topic in final regulations found on page 62000 No changes from the June 12, 2007, NPRM
56	Definition of Lender - Permitted Activities §682.200(b)(5)(ii) (F)	Adds a new provision for a permitted activity: A reduced interest rate as provided under the Act.		Topic in final regulations found on page 62000 No changes from the June 12, 2007, NPRM

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57	Definition of Lender - Permitted Activities §682.200(b)(5)(ii) (G)	Adds a new provision for a permitted activity: Payment of Federal default fees in accordance with the Act.		Topic in final regulations found on page 62000 No changes from the June 12, 2007, NPRM
58	Definition of Lender - Permitted Activities §682.200(b)(5)(ii) (H)	Adds a new provision for a permitted activity: Purchase of a loan made by another lender at a premium.		Topic in final regulations found on page 62000 No changes from the June 12, 2007, NPRM
59	Definition of Lender - Permitted Activities §682.200(b)(5)(ii) (I)	Adds a new provision for a permitted activity: Other benefits to a borrower under a repayment incentive program that requires, at a minimum, one or more scheduled payments to receive or retain the benefit of <u>under a loan forgiveness program for public service or other targeted purposes approved by the Secretary, provided these benefits are not marketed to secure loan applications or loan guarantees.</u> The "one or more scheduled payments" requirement is new.		Topic in final regulations found on pages 61975-61980, 61981-61982, and 62000 Final regulations - revises the definition of "lender" in §682.200(b) and §682.401(e)(2) to include as permissible activities loan forgiveness programs for public service and other targeted purposes approved by the Secretary, provided the benefits are not marketed to secure loan applications or loan guarantees.
60	Definition of Lender - Permitted Activities §682.200(b)(5)(ii) (J)	Adds a new provision for a permitted activity: Items of nominal value to schools, school-affiliated organizations, and borrowers that are offered as a form of generalized marketing or advertising, or to create good will.		Topic in final regulations found on page 62000 No changes from the June 12, 2007, NPRM
61	Definition of Lender - Permitted Activities §682.200(b)(5)(ii) (K)	Final regulations adds a new provision for permitted activity: Other services as identified and approved by the Secretary through a public announcement, such as a notice in the Federal Register.		Topic in final regulations found on pages 61975-61980, 61981-61982, and 62000 Final regulations revises the definition of "lender" in §682.200(b) and §682.401(e) to provide for the identification and approval by the Secretary of other permissible services through a public announcement, such as a notice published in the <i>Federal Register</i> ."

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62	Definition of Lender - "School-Affiliated Organization" §682.200(b)(5)(iii) (A)	For purposes of the Lender definition, the term "school-affiliated organization" is the same as the definition of school-affiliated organization as defined under §682.200(b). A school-affiliated organization is any organization that is directly or indirectly related to a school and includes, but is not limited to, alumni organizations, foundations, athletic organizations, and social, academic, and professional organizations.		Topic in final regulations found on page 62000 No changes from the June 12, 2007, NPRM
63	Definition of Lender - "Applications" §682.200(b)(5)(iii) (B)	For purposes of the Lender definition, the term "applications" includes the FAFSA, any FFEL MPN, and the FFEL Consolidation loan application and promissory note.		Topic in final regulations found on page 62000 No changes from the June 12, 2007, NPRM
64	Definition of Lender - "Other Benefits" §682.200(b)(5)(iii) (C)	For purposes of the Lender definition, the term "other benefits" includes, but is not limited to, preferential rates for or access to the lender's other financial products, computer hardware or non-loan processing or non-financial aid-related computer software at below market rental or purchase cost, and printing and distribution of college catalogs and other materials at reduced or no cost.		Topic in final regulations found on page 62000 No changes from the June 12, 2007, NPRM
65	FTC Holder Rule §682.209(k)	Adds a new provision stating that any loan holder is subject to all claims and defenses that a borrower could assert against the school if: (1) the loan was made by the school or a school-affiliated organization, (2) the lender provided a prohibited inducement to the school or other party in connection with the making of the loan, (3) the school refers borrowers to the lender, or (4) the school is affiliated with the lender by common control, contract or business arrangement. This is normally referred to as the FTC Holder Rule. It has been part of the promissory note language since 1993, but only applied to for-profit schools. This proposed language would expand it to all school types.		Topic in final regulations found on pages 61977-61978 and 62001 No changes from the June 12, 2007, NPRM
66	Guarantor Prohibited Inducements §682.401(e)(1)(i)	Revises this section to provide a non-exhaustive list of prohibited inducements which guarantors may not offer directly or through an agent or contractor. Guarantors may not offer, from any fund or assets available to the guarantor, any premium, payment or other inducement to a prospective borrower of a FFEL loan, or to a school or school-affiliated organization or an employee of a school or school-affiliated organization, to secure FFEL applications.		Topic in final regulations found on page 62003 No changes from the June 12, 2007, NPRM
67	Guarantor Prohibited Inducements §682.401(e)(1)(i)(A)	Adds a new provision providing an example of a prohibited inducement: Payments or offerings of other benefits, including prizes or additional financial aid funds to a prospective borrower in exchange for using the guaranty agency.		Topic in final regulations found on page 62003 No changes from the June 12, 2007, NPRM

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68	Guarantor Prohibited Inducements §682.401(e)(1)(i) (B)	Adds a new provision providing an example of a prohibited inducement: Payments or other benefits, including prizes or additional financial aid funds under any title IV or State or private program, to a school or school-affiliated organization in exchange for voluntary or coerced agreement to use the guaranty agency for processing loans, or to provide a specified volume of loans for guarantee.		Topic in final regulations found on page 62003 No changes from the June 12, 2007, NPRM
69	Guarantor Prohibited Inducements §682.401(e)(1)(i) (C)	Adds a new provision providing an example of a prohibited inducement: Payments or other benefits to a school or school-affiliated organization or any individual in exchange for FFEL loan applications or application referrals, a specified FFEL loan volume or dollar amount, or the placement of a lender that uses the guarantor on the school's lender lists.		Topic in final regulations found on page 62003 No changes from the June 12, 2007, NPRM
70	Guarantor Prohibited Inducements §682.401(e)(1)(i) (D)	Adds a new provision providing an example of a prohibited inducement: Payment of entertainment expenses, including expenses for private hospitality suites, tickets to shows or sporting events, meals, alcoholic beverages, and any lodging, rental, transportation, and other gratuities related to any guarantor-sponsored or lender-sponsored activities, for employees of a school or a school-affiliated organization.		Topic in final regulations found on pages 62003-62004 No changes from the June 12, 2007, NPRM
71	Guarantor Prohibited Inducements §682.401(e)(1)(i) (E)	Adds a new provision providing an example of a prohibited inducement: Undertaking philanthropic activities, including providing scholarships, grants, restricted gifts, or financial contributions in exchange for FFEL loan applications or application referrals, or a specified volume or dollar amount of FFEL loans using the agency's guarantee, or placement of a lender that uses the guarantor on a school's list of recommended or suggested lenders.		Topic in final regulations found on page 62004 No changes from the June 12, 2007, NPRM
72	Guarantor Prohibited Inducements §682.401(e)(1)(i) (F)	Adds a new provision providing an example of a prohibited inducement: Staffing services to a school as a third-party servicer or otherwise on more than a short-term, emergency basis, and which is non-recurring, to assist a school with financial aid-related functions.		Topic in final regulations found on pages 61982-61983, and 62004 Per final regulations, definition of "lender" in §682.200 and §682.401(e)(3) has been modified to include a definition of emergency basis. For the purpose of a lender or guaranty agency providing short-term, non-recurring emergency staffing services to a school, this term means a State-or Federally-declared national disaster, and other localized disasters and emergencies identified by the Secretary.
73	Guarantor Prohibited Inducements §682.401(e)(1)(ii)	Adds a new provision providing an example of a prohibited inducement: A guarantor may not assess any additional costs or deny benefits otherwise provided to a school or lender on the basis of the school's or lender's failure to agree to participate in the agency's program, or to provide a specified volume, or to place a lender that uses the guarantor on the school's lender lists.		Topic in final regulations found on page 62004 No changes from the June 12, 2007, NPRM

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74	Guarantor Prohibited Inducements §682.401(e)(1)(iii)-(v)	Retains previous prohibition stating a guarantor may not: (iii) offer, directly or indirectly, and premium, incentive payment or other inducement to any lender, or any person as an agent, employee or independent contractor of any lender, or other guaranty agency to administer or market FFEL loans to secure the loan under the agency's guarantee (except for unsubsidized Stafford loans, or a loan made under a lender-of-last-resort program), (iv) mail or otherwise distribute unsolicited loan applications, except to those borrowers who have previously received a loan guaranteed by the agency, and (v) conduct fraudulent or misleading advertising.		Topic in final regulations found on page 62004 No changes from the June 12, 2007, NPRM
75	Guarantor Permitted Activities §682.401(e)(2)(i)	Revises previous regulatory language in regard to assistance to a school that is comparable to the kinds of assistance provided to a school by the Secretary under the Direct Loan program. Adds new qualifier that assistance under the Direct Loan program will be identified by the Secretary in a public announcement, such as a notice in the <i>Federal Register</i> . Removes the phrase "or in furtherance of" in regard to the assistance provided by the Secretary.		Topic in final regulations found on pages 61975-61980, 61981-61982, and 62004 Final regulations, modify the definition of a "lender" in §682.200(b) and §682.401(e) to allow lenders and guaranty agencies to perform, as a Secretary delegated-function, eligibility and loan certification functions if requested by a participating foreign school.
76	Guarantor Permitted Activities §682.401(e)(2)(ii)	Adds a new provision for a permitted activity: The guaranty agency is allowed to perform default aversion activities approved by the Secretary.		Topic in final regulations found on page 62004 No changes from the June 12, 2007, NPRM
77	Guarantor Permitted Activities §682.401(e)(2)(iii)	Final regulations modified: Student aid and financial-literacy related outreach activities, as long as the name of the entity that developed and paid for any materials is provided to participants and the guaranty agency does not promote its student loan or other products; but a guaranty agency may promote benefits provided under other Federal or State programs administered by the guaranty agency. Excludes in-person school-required initial and exit counseling.		Topic in final regulations found on pages 61981-61982 and 62004 Per final regulations, §682.401(e)(2) has been modified to clarify that a guaranty agency can continue to its student aid and financial literacy - related outreach activities with schools, students, and parents, excluding in-person, school-required initial and exit counseling . This exclusion also applies to lenders.
78	Guarantor Permitted Activities §682.401(e)(2)(iv)	Adds a new provision for a permitted activity: Meals and refreshments that are reasonable in cost and provided in connection with guaranty agency provided training of program participants and elementary, secondary, and postsecondary school personnel and with workshops and forums customarily used by the agency to fulfill its responsibilities under the Act.		Topic in final regulations found on page 62004 No changes from the June 12, 2007, NPRM
79	Guarantor Permitted Activities §682.401(e)(2)(v)	Adds a new provision for a permitted activity: Meals, refreshments, and receptions that are <u>reasonable in cost</u> and scheduled in conjunction with training, meeting, or conference events if those meals, refreshments, or receptions are open to all training, meeting, or conference attendees.		Topic in final regulations found on pages 61980-61981 and 62004 Per final regulations, §682.401(e)(2)(iv) modified to require that guaranty agency-sponsored meals, refreshments, and receptions be "reasonable in cost."

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80	Guarantor Permitted Activities §682.401(e)(2)(vi)	Adds a new provision for a permitted activity: Travel and lodging costs that are reasonable as to cost, location, and duration to facilitate the attendance of school staff in training or service facility tours that they would otherwise not be able to undertake, or to participate in the activities of an agency's governing board, a standing official advisory committee, or in support of other official activities of the agency.		Topic in final regulations found on page 62004 No changes from the June 12, 2007, NPRM
81	Guarantor Permitted Activities §682.401(e)(2)(vii)	Adds a new provision for a permitted activity: Toll-free telephone numbers for use by schools or others to obtain information about FFEL loans and free data transmission service for use by schools to electronically submit applicant loan processing information or student status confirmation data.		Topic in final regulations found on page 62004 No changes from the June 12, 2007, NPRM
82	Guarantor Permitted Inducements §682.401(e)(2)(viii)	Adds a new provision for a permitted activity: Payment of Federal default fees in accordance with the Act.		Topic in final regulations found on page 62004 No changes from the June 12, 2007, NPRM
83	Guarantor Permitted Inducements §682.401(e)(2)(ix)	Adds a new provision for a permitted activity: Items of nominal value to schools, school-affiliated organizations, and borrowers that are offered as a form of generalized marketing or advertising, or to create good will.		Topic in final regulations found on page 62004 No changes from the June 12, 2007, NPRM
84	Guarantor Permitted Inducements §682.401(e)(2)(x)	Adds a new provision for a permitted activity: Loan Forgiveness programs for public service and other targeted purposes approved by the Secretary, provided the programs are not marketed to secure loan applications or loan guarantees.		Topic in final regulations found on pages 61981-61982, and 62004 Final regulations, revises the definition of "lender" in §682.200(b) and §682.401(e)(2) to include as permissible activities loan forgiveness programs for public service and other targeted purposes approved by the Secretary, provided the benefits are not marketed to secure loan applications or loan guarantees.
85	Guarantor Permitted Inducements §682.401(e)(2)(xi)	Adds a new provision for a permitted activity: Other services as identified and approved by the Secretary through a public announcement, such as a notice in the <i>Federal Register</i> .		Topic in final regulations found on pages 61975-61980, 61981-61982, and 62004 Final regulations revises the definition of "lender" in §682.200(b) and §682.401(e) to provide for the identification and approval by the Secretary of other permissible services through a public announcement, such as a notice published in the <i>Federal Register</i> .

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86	Guarantor Prohibited and Permitted Activities - Terms §682.401(e)(3)(i)	For purposes of these provisions, the term "school-affiliated organization" is the same as the definition of school-affiliated organization as defined under §682.200(b). A school-affiliated organization is any organization that is directly or indirectly related to a school and includes, but is not limited to, alumni organizations, foundations, athletic organizations, and social, academic, and professional organizations.		Topic in final regulations found on page 62004 No changes from the June 12, 2007, NPRM
87	Definition of Lender - "Applications" §682.401(e)(3)(ii)	For purposes of these provisions, the term "applications" includes the FAFSA, any FFEL MPN, and the FFEL Consolidation loan application and promissory note.		Topic in final regulations found on page 62004 No changes from the June 12, 2007, NPRM
88	Definition of Lender - "Other Benefits" §682.401(e)(3)(iii)	For purposes of these provisions, the term "other benefits" includes, but is not limited to, preferential rates for or access to the guaranty agency's products and services, computer hardware or non-loan processing or non-financial aid-related computer software at below market rental or purchase cost, and printing and distribution of college catalogs and other non-counseling or non-student financial aid related materials at reduced or no cost.		Topic in final regulations found on page 62004 No changes from the June 12, 2007, NPRM
89	Conditions for Claim Payments §682.406(d)	Adds a new provision that does not allow a guaranty agency to make a claim payment from the Federal Fund or receive a reinsurance payment on a loan if the lender offered or provided a prohibited inducement as defined under the definition of "Lender".		Topic in final regulations found on pages 61983-61984 and 62006 Per final regulations, the regulations in §682.406(d) have been modified to reflect that a guaranty agency may not deny a claim payment unless the guaranty agency determines or is notified by the Secretary that the lender offered or provided an improper inducement.
90	Suspension Proceedings - Rebuttable Presumption §682.705(c)	Adds a new provision that allows the Secretary in any action to suspend a lender based a violation of the lender prohibited inducement provisions, to apply a rebuttable presumption that the payments or activities were offered or provided to secure FFEL applications or FFEL loan volume. The lender must present evidence that the activities were unrelated to securing applications or loan volume.		Topic in final regulations found on pages 61976-61977 and 62009 No changes from the June 12, 2007, NPRM
91	Limitation or Termination - Rebuttable Presumption §682.706(d)	Adds a new provision that allows the Secretary in any action to limit or terminate a lender's eligibility based a violation of the lender prohibited inducement provisions, to apply a rebuttable presumption that the payments or activities were offered or provided to secure FFEL applications. The lender must present evidence that the activities were unrelated to securing applications or loan volume.		Topic in final regulations found on pages 61976-61977 and 62009 No changes from the June 12, 2007, NPRM

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Eligible Lender Trustee (ELTs) (§§682.200 and 682.602)				
92	Revised Definition of Lender §682.200(b)	Section (7)(i) and (ii) was added under the definition of Lender in 682.200 to implement changes made by The Third Higher Education Extension Act of 2006 (HEA Extension Act) (Pub. L. 109-292) which amended the definition of lender in section 435(d)(2) of the HEA to prohibit a FFEL lender from entering into a new ELT relationship with a school or a school affiliated organization after 9/30/06, unless a prior relationship exists. In order to qualify as an ELT under this new definition, the ELT must hold at least one loan in trust as of 9/30/06. A new section (8) under the definition of Lender requires ELTs to comply with some of the same requirements as those imposed on schools in the program under section 682.601: The ELT cannot make loans to undergraduates, can only lend Stafford Loans to graduate and professional students, must offer loans that carry an origination fee and/or an interest rate, and must submit an annual compliance audit.	Already in effect based on the Third Higher Education Extension Act of 2006	Topic in final regulations found on pages 61984 and 62000 No changes from the June 12, 2007, NPRM
93	New Definition of School-Affiliated Organization §682.200(b)	Adds a new definition of <i>school-affiliated organization</i> as any organization that is directly or indirectly related to a school and includes, but is not limited to, alumni organizations, foundations, athletic organizations, and social, academic, and professional organizations.		Topic in final regulations found on pages 61984 and 62000 No changes from the June 12, 2007, NPRM
94	New Section: Rules for a School or School-Affiliated Organization §682.602	This new section (formerly reserved 682.602) also implements The Third Higher Education Extension Act of 2006 by applying the same limits imposed on FFEL school lenders by the HERA (Pub. L. 109-171) to schools and school affiliated ELT arrangements entered into after 1/1/07.	Already in effect based on the Third Higher Education Extension Act of 2006	Topic in final regulations found on pages 61984 and 62007-62008 No changes from the June 12, 2007, NPRM
Frequency of Capitalization (§682.202)				
95	Frequency of Interest Capitalization §682.202(b)(5)	Adds exception on the frequency of capitalization on Federal Consolidation loans to quarterly interest capitalization for unpaid interest that accrues during an in-school deferment, which may be done only at the expiration of the deferment.	May implement as early as November 1, 2007 July 1, 2008	Topic in final regulations found on pages 61984 and 62000 No changes from the June 12, 2007, NPRM

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Loan Discharge for False Certification as a Result of Identity Theft (§§682.208, 682.211, 682.300, 682.302, and 682.411)				
96	Credit Bureau Reporting §682.208(b)(3)	A lender shall suspend credit bureau reporting for up to 120 days after receiving a valid ID Theft report (as defined in Fair Credit Reporting Act (FCRA)) or notification from the credit bureau that a report of ID theft has been made while the lender determines the enforceability of a loan.	May implement as early as November 1, 2007 July 1, 2008	Topic in final regulations found on pages 61984-61985 and 62000 No changes from the June 12, 2007, NPRM
97	Loan Servicing §682.208(b)(4)	A lender may file a claim if supporting documentation is received within 3 years of a valid ID Theft report being submitted.	7/1/2008	Topic in final regulations found on pages 61984 and 62000 No changes from the June 12, 2007, NPRM
98	Forbearance §682.211(f)(6)	A lender may grant an administrative forbearance of up to 120 days if it receives a valid ID Theft report while the lender investigates the loan's enforceability.	May implement as early as November 1, 2007 July 1, 2008	Topic in final regulations found on pages 61984 and 62002 No changes from the June 12, 2007, NPRM
99	Interest Benefit §682.300(b)(2)(ix)	A lender may not bill the Department for interest benefits after the lender deems a loan unenforceable based on a valid identity theft report.	7/1/2008	Topic in final regulations found on pages 61984 and 62002 No changes from the June 12, 2007, NPRM
100	Special Allowance §682.302(d)(1)(viii)	A lender may not bill the Department for special allowance benefits after the lender deems a loan unenforceable based on a valid identity theft report.	7/1/2008	Topic in final regulations found on pages 61984 and 62002 No changes from the June 12, 2007, NPRM
101	Credit Bureau Reporting §682.402(e)(2)(iv)	After discharge due to ID Theft, a lender must delete any information about the loan from the borrower's credit.	7/1/2008	Topic in final regulations found on pages 61984 Per final regulations, §682.402(e)(3)(iv)(c) has been modified to clarify that, for purposes of the discharge, a local, State or Federal judicial determination is one that conclusively determines that a FFEL or Direct Loan was falsely certified due to the crime of identity theft only if the decision identifies the perpetrator of the crime.
102	Preemption §682.411(o)	The ID theft rules do not preempt the Fair Credit Reporting Act rules requiring borrower relief while a lender investigates alleged identity theft based on a valid identity theft report.	7/1/2008	Topic in final regulations found on pages 61984 and 62006 No changes from the June 12, 2007, NPRM

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Preferred Lenders Lists (§§682.212 and 682.401)				
103	Schools Allowed to have Preferred Lender Lists - List Parameters §682.212(h)(1)	<p>Adds provisions governing a school's use of preferred lender lists. Allows schools to have such lists, but places parameters. The list cannot:</p> <ul style="list-style-type: none"> • be used to deny or otherwise impede a borrower's choice of lender; • contain fewer than three lenders that are not affiliated with each other and that will make loans to borrowers or students at the school; • include lenders that have offered or have been solicited by the school to offer, financial or other benefits to the school in exchange for inclusion on the school's list or any promise that a certain number of loan applications will be sent to the lender by the school or its students. <p>Preamble language clarifies that ED agrees schools should not be discouraged from negotiating with lenders for the best possible interest rates and borrower benefits for their borrowers. While the proposed regulations prohibit a school's solicitation of payment and other benefits from a lender for a school or its employees in exchange for the lender's placement on the schools' preferred lender list, the proposed regulations do not prohibit a school from soliciting lenders for borrower benefits in exchange for placement on the school's list.</p>	7/1/2008	<p>Topic in final regulations found on pages 61986-61990 and 62002</p> <p>Per final regulations, §682.212(h)(1)(iii) has been modified to clarify that a preferred lender list developed for use by a school "must not include lenders that have offered, or have offered in response to a solicitation by the school" financial and other benefits to the school in exchange for inclusion on the school's preferred lender list.</p>
104	Schools that use Preferred Lender Lists §682.212(h)(2)	<p>Schools that provide preferred lender lists must:</p> <ul style="list-style-type: none"> • disclose the method and criteria used by the school in selecting lenders the school recommends to prospective borrowers; • provide comparative information about interest rates and other benefits offered by the lenders to prospective borrowers; • ensure that any benefits offered to borrowers by the lenders are the same for all borrowers at the school; • include a prominent statement in any information related to its list of lenders advising prospective borrowers that they are not required to use one of the school's recommended lenders; • for first time borrowers, not assign a borrower's loan to a particular lender through award packaging or other methods; and • not cause any unnecessary delays for borrowers who use a lender not on the school's list. 	7/1/2008	<p>Topic in final regulations found on pages 61984 - 61990 and 62002</p> <p>Per final regulations, the regulations in §682.212(h)(2) have been modified to require that a school must update its preferred lender list and the accompanying information at least annually.</p> <p>The regulations have also been modified to remove paragraph (iii) from §682.212(h)(2).</p>

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105	Definition of Affiliated Lender §682.210(h)(3)	For purposes of preferred lender lists, a lender is affiliated with another lender if: <ul style="list-style-type: none"> • the lenders are under the ownership or control of the same entity or individuals; • the lenders are wholly or partly owned subsidiaries of the same parent company; • the directors, trustees, or general partners (or individuals exercising similar functions) of one of the lenders constitute a majority of the persons holding similar positions with the other lender; or • one of the lenders is making loans on its own behalf and is also holding loans as a trustee lender for another entity. 	7/1/2008	Topic in final regulations found on pages 61988 and 62002 Per final regulations, that ensuring a borrower's choice among lenders will be protected if "affiliation" for the purposes of a preferred lender list is limited to affiliates that are under common ownership and control The regulations have also been modified to delete §682.210(h)(3)(iv) and the reference to lenders serving as trustees.
106	School Certification §682.603(f)	Adds new provisions that state in certifying loans, a school may not: <ul style="list-style-type: none"> • refuse to certify, or delay certification, of a Stafford or PLUS loan based on the borrower's choice of lender or guaranty agency; and • for first-time borrowers, assign a borrower's loan to a particular lender through award packaging or other methods. Other provisions in (f) are current requirements.	7/1/2008	Topic in final regulations found on pages 61984 and 62008 No changes from the June 12, 2007, NPRM

* Effective dates - This document includes any effective and trigger dates listed.