

The Update

November / December 2007



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Dear Friends and Colleagues,

The holiday season is fast approaching and we all have so much to be thankful for this year. SC Student Loan is thankful for the strong relationship we have with the higher education community. And most of all, we are thankful that we have been able to assist students and families fulfill their dreams for a higher education.

Yes, it has been a difficult year for the student loan industry but as the old saying goes, "What doesn't kill us only makes us stronger." I believe the adversity we faced this year will serve to make the entire financial aid process better, stronger and more focused on the student. SC Student Loan is ready to continue meeting your students' financial needs.

I hope that you will find this newsletter interesting and helpful. We have tried to point out some of the regulatory changes, improvements and enhancements. Please feel free to contact me or any of our staff if we can be of further assistance.

Finally, I would like to personally congratulate Tabatha McAllister, Nikisha Dawkins and everyone who was involved with the SCASFAA Fall Conference. While I regrettably was unable to attend, I have heard nothing but excellent comments and look forward to a great spring conference.

Sincerely yours,

A handwritten signature in black ink that reads "CSanders Jr".

Chuck Sanders
President & CEO

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College Visits

Traditionally during the fall, when things are not quite so busy, our staff has had the opportunity to travel around the state and visit with many of you. We are pleased to continue this tradition.

The purpose of these visits is to let you know what is going on and to get valuable feedback. We want to know how we are doing and what we can do better. This year, we also want to provide you with a glimpse of our new loan administration and certification tool, I-745.

We realize your time is precious, so please feel free to let us know if there are any good or bad times to visit so that we can schedule accordingly. We really enjoy the few opportunities we get to meet personally with you and your staff.

I-745 Opens in South Carolina

Loan administration and certification has never been simpler or more efficient than with our new Internet-based tool, I-745.

Replacing PRISM, this state of the art system is extremely user friendly and allows you to do so much more. Some of the highlights are:

- Schools can add or delete system users;
- Loan certifications and revisions are all 'real time' transactions;
- Schools can determine whether or not students have a signed MPN;
- Reports can be created, edited and run at the school's convenience; and
- Forms, brochures and publications can be ordered online.

These are just a few of the features that are available, and best of all, no extensive training is needed. A brief overview with one of our loan counselors is all that you will need to be up and running quickly.

We are ready to provide an overview at your convenience. We can come to your office or, if it is more convenient, we can set it up remotely via the Internet. Just let any of the loan counselors know when you are ready and you will be rolling on I-745.

Final Rules Published November 1, 2007

The US Department of Education published Final Rules in the Federal Register on November 1 with provisions effective July 1, 2008, unless otherwise noted. Several provisions allow for earlier implementation. The Department stated in the preamble, "There are no significant differences between the NPRM and these final regulations resulting from public comments." Two provisions which did have noticeable changes were the Prohibited Inducements and Preferred Lender Lists.

State Fair

Elephant ears, corndogs, french fries and over 500,000 visitors made the SC State Fair the place to be last month. For the first time, SC Student Loan had a booth in the Ruff Building providing information on financial aid for college. While we didn't see all 500,000 people, many came by our booth and took a brochure or asked a question. Of course, the real drawing card was the SC Student Loan refrigerator magnet (if you don't already have one, let us know). We look forward to doing it again next year.

SC Teachers Loan Money Still Available

Funds for the 2007/2008 academic year are still available. Students in the teacher education program, or those who plan to enter such a program, and who need additional financial assistance, can still apply.

The new SC Teachers Loan applications for 2008-2009 will be available beginning February 1, 2008. No significant changes are expected in the program for the upcoming year.

Please contact Ann Gregory or any of our loan counselors should you have any questions regarding the SC Teachers Loan Program.



Prohibited Inducements

The Notice of Proposed Rulemaking (NPRM) published in the Federal Register June 12, 2007, clarified and provided guidance on prohibited inducements and activities provided by lenders and guaranty agencies. First, certain activities were identified as permissible and second, the scope of the permissible activities was defined with guaranty agencies having broader authority than lenders. For example, guaranty agencies (and not lenders) are permitted to pay reasonable costs for school officials to participate on an agency's governing board, a standing official advisory committee, or in support of official agency activities. The following are the sections of the NPRM which were changed by the Final Rules:

The NPRM prohibited all payments of loan application referral or processing fees between lenders (whether or not the lender receiving the payment participates in FFELP) or between lenders and any other entity. The Final Rules clarified that prohibited "processing" fees do not include fees paid to meet the requirements of other Federal or State laws.

The NPRM specified that repayment incentive programs that include loan forgiveness benefits for academic achievement and certain kinds of employment are not considered to be allowable/appropriate activities and payments. The Final Rules modified this to include as a permissible activity, 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.

The NPRM prohibited lenders from providing staffing to school. The Final Rules were modified to include a definition of "emergency basis" for purposes of when lenders may provide short-term staffing to a school. The term will mean a State or Federally-declared national disaster and other localized disasters and emergencies identified by the Secretary.

The Final Rules also added a new prohibition not found in the NPRM, which prohibits lenders and guarantors from conducting in-person, school-required entrance and exit counseling.

Preferred Lender Lists (PLL)

The NPRM published June 12, 2007 specified the requirements that a school must meet if it chooses to provide a list of recommended or preferred FFELP lenders for use by the school's students and their parents. It specifically prohibits the use of a preferred lender list (PLL) to deny or otherwise impede the borrower's choice of lender. A school using a PLL will have to include at least three lenders that are not affiliated with each other. The following are the sections of the NPRM which were changed by the Final Rules:

The NPRM required that if a school has listed a lender on its PLL and the lender offers specific borrower benefits (such as lower fees or interest rates) to the school's borrowers, the school must ensure that the lender provides the same benefits to all the borrowers at the school. The Final Rules deleted this provision.

The Final Rules require a school to update its PLL and the accompanying information at least annually.

The Final Rules provide clarification that a PLL 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. Lastly, the provision requiring the same borrower benefits for all borrowers at the school has been removed from the final regulations.

