NYSFAAA Connection

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New York State Financial Aid Administrators Association I www.nysfaaa.org
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NYSFAAA President's Message

By Curtis Guame, NYSFAAA President, Canisius College

Enough is enough!!! The Congress needs to act now. For the past year the Obama Administration has recommended legislation that would eliminate the Federal Family Education Loan Program (FFELP) and require all FFELP schools to migrate to the Federal Ford Direct Student Loan Program by July 1, 2010. On September 18, 2009 the House passed the Student Aid and Fiscal Responsibility Act (SAFRA) which calls for three significant changes to the delivery of federal student financial aid dollars for needy students. Besides the anticipated elimination of FFELP, this legislation calls for significant changes to the data collected on the 2011-2012 FAFSA, and ultimately, the calculation of need/eligibility, as well as a conversion of the

Please see ***President's Message*** on page 2

Spring Cleaning in January & February?

By ***Anne Barton, AFC, Regional Director for Business Development***

January and February are the time when I shred all my old documents that I have been keeping. Before online bill pay, my file cabinet was filled with copies of bills which indicated when I paid the bill, the check number, and date the check was sent. Online bill pay has eliminated much of that, however, it can be difficult to determine what to keep and what to throw out. Separate your documents into three groups, keep forever, long term, and short term.

Items you keep forever:

- Birth and death certificates
- Passports
- Social security card
- Marriage licenses
- Adoption papers
- Military records and citizenship papers
- Your will

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President's Message *from* page 1

Perkins Loan program to an unsubsidized loan. However, since September 18^{th} the Senate is silent and absent from drafting it version of SAFRA.

I am not here to debate the merits of FFELP vs. Direct Lending programs even though I have personally believed in choice and a partnership between higher education and lending institutions. Did we not see improvement to the service and delivery of student loans when the Omnibus Reconciliation Act of 1993 gave us the Direct Student loan program? Healthy competition from the Direct Loan Program revolutionized the technology to improve the delivery of student loan funding by FFELP lenders to our students.

However, the debate between Direct Lending vs. FFELP is not the issue today but rather it is an issue of timing. In less than one month college financial aid offices will begin the packaging cycle for the 2010-2011 academic year. As of yet, we do not know the fate of the Student Aid and Fiscal Responsibility Act. Will all institutions of higher education participating in the federal student loan programs be required to deliver these funds through the Direct Student Loan program by July 1, 2010? Because the Senate has not acted we do not have the answer.

All indications coming out of Washington are that the Senate will not take up any legislation until Healthcare Reform Act is voted upon. It is unlikely they will act on the health care legislation before the February recess. Unlike a financial aid officer, Senators do not know how to multitask. The Senate refuses to listen and understand the importance of the timetable that we labor under to deliver critical student financial assistance to our students. President Obama in his State of the Union address called for the swift action on SAFRA by the Senate.

Time marches on. In five short months from now, we do not know for certain how federal student loans will be delivered to our students. Can we be assured that the critical student loan funding will be available in September? If not SAFRA, then do we not need the extension of the ECASLA legislation? All we need is for the Senate to act.

As a good friend and colleague of ours, Dan Hunter, has said many times, financial aid folks know how to bail water on a sinking ship and keep the ship afloat. For FFELP schools, the best course of action is to be prepared to go in either direction, Direct Lending or FFELP come July 1^{st}. As the Boy Scout motto says "Be prepared."

Spring Cleaning from page 1

Long-term files – store these files for at least seven years

- State and Federal Income tax returns
- Wage/salary records and annual payroll
- Savings account records
- Monthly statements from the bank, brokers, mutual funds, 401(k) and other retirement plans
- Automobile, truck, and farm machinery titles

Short term storage – store these files from six months to three years

- Utility and telephone bills
- ATM receipts/deposit slips
- Papers confirming the sale or purchase of stocks or bonds
- Pay stubs

The Utah State University Extension has a publication that provides a detailed list of what documents to keep and what you can trash. Remember when you are spring cleaning this January, shred any unneeded documents with a cross cut shredder to protect yourself against identity theft.

Mark Your Calendars for the Upcoming NYSFAAA Trainings & Conferences:

Novice Training
SUNY Brockport from June 5-11, 2010
more details will follow on the NYSFAAA website soon!

Annual Conference at the Adams Mark Hotel
Buffalo - October 19-21, 2010

Check www.NYSFAAA.org regularly for a schedule trainings & events in your region.

SFY 2010-11 Executive Budget Cuts TAP by $71 million; Join the Campaign to Protect Student Aid

Submitted by the Commission on Independent Colleges and Universities

On January 19, 2010, the Governor's Executive Budget for 2010-11 proposed more than $71 million in cuts to the state's Tuition Assistance Program (TAP), including the elimination of TAP for graduate students. While the Budget provides no additional funding reductions for opportunity programs such as HEOP, STEP/C-STEP, Liberty Partnerships, and the New York Higher Education Loan Program (NYHELPs) for the year ahead, as you know, cutting TAP will make it harder for many New Yorkers to earn their degrees.

Since its inception 35 years ago, four million New Yorkers have realized their college aspirations with the help of TAP awards. Most TAP funds (58%) go to families earning less than $20,000 annually, and more than 8,000 students count on Graduate TAP to cover tuition expenses for master's and other advanced degrees. At a time when the federal government is boosting its commitment to Pell Grants, the maximum TAP has stagnated.

New York State faces a budget deficit of $7.4 billion for the coming year. The many strains on the state's economy will make securing funding restorations more challenging than in prior years. We need to reach out to our elected officials to be sure they understand that students are among our state's best investments and restoration of proposed student aid cuts is essential.

Show your concern for student aid funding for the more than 300,000 New Yorkers who count on it to meet their college expenses. Here's how you can help:

- Visit http://www.nystudentaidalliance.org today;
- Use the site's e-mail advocacy center to send personal messages to our state's policymakers;
- Join the New York Student Aid Alliance on facebook, LinkedIn, or Twitter; and,
- Sign up for timely State Budget news and updates.

New York's financial aid professionals clearly understand the value and importance of state student aid. Your support this State Fiscal Year is greatly appreciated.

Your Mission: Lower Your Three-Year Cohort Default Rate. What You Need to Know to Impact Your School's CDR

Submitted by: Sandy Stevenson, EdFund Client Relations Manager

The Department of Education (ED) released simulated three-year cohort default rates (CDRs) for prior cohort years 2005, 2006 and 2007. These simulated rates were, as expected, consistently and in some cases considerably higher since they add another year of defaulted borrowers to your numerator. Never fear; the first official three-year window will not close until September 30, 2011.

This may sound like a mission impossible, but you can lower your school's rate with the proper tools and consistent implementation of your delinquency prevention and default aversion strategies.

Borrowers who entered repayment between October 1, 2008, and September 30, 2009, are the first cohort to be tracked for the first official three-year CDR. The table below illustrates the three-year cohort timeline.

Take a look at EdFund's Cohort Years at a Glance document to give you a visual of the cohort years.

Please see ***Cohort Default Rate*** on page 14

NEW YORK'S COLLEGE GOAL SUNDAY

The Online Financial Aid Application Event For New York Students

College Goal Sunday and Buffalo Public Schools (BPS) partner for the 2nd Annual BPS Scholarship Fair

BY Ambrose Price II, Citizens Bank

College Goal Sunday was held on Saturday, February 6th from 10:00 a.m. until 2:00 p.m. at Bennett High School. This was the second year that CGS and BPS partnered together to present a comprehensive program for students and families in the area. Thanks to the generous support from volunteers at local colleges and universities throughout Region I, participants were able to complete their FAFSA online and their TAP application and take the first step towards achieving the college goals.

The BPS Scholarship Fair brings representatives together from area colleges and organizations that can assist students with the overwhelming process of selecting a college, financial aid procedures and career development. During the fair a series of concurrent interest sessions were conducted on topics such as interviewing skills, resume writing, choosing the right school, paying for college, and other relevant topics. Members from the local trades (electrical workers, carpenters, plumbers, etc) were on hand to answer any questions about career development in those fields.

The Jamestown area also conducted its College Goal Sunday program on Saturday at Falconer High School. A special thanks to Elizabeth Yager, site coordinator for organizing the event.

On Wednesday, February 17th Niagara Falls High School hosted their second College Goal Sunday for students and families in the Niagara Falls community. The interest has been tremendous and they once again enjoyed a strong turnout.

Preparing for New Three-Year Cohort Default Rate Calculation

BY Ed Gonzalez/USA Funds Services

The Higher Education Opportunity Act of 2008 changes how cohort default rates will be calculated. Beginning with borrowers who entered repayment during the 2009 federal fiscal year, an additional year's default data will be factored into the cohort default rate calculation. Unofficial three-year default rates released by the U.S. Department of Education for fiscal years 2005-2007 (see **http://federalstudentaid.ed.gov/datacenter/library/TrialYearCDR.xls**) illustrate the higher default rates that all postsecondary institution types experience compared with the current two-year cohort calculation.

USA Funds offers campus administrators the following suggestions for preparing for the new three-year cohort default rate calculation.

1. **Teach students about money management.** Financial education leads to financial literacy, and the better students understand basic money management, the easier it will be for them to pay back their loans. Students who understand how credit scores are calculated will know that failing to make timely loan payments can lower their score by 100 points on average. Students who live within a monthly budget plan will avoid

Please see *Preparing for New Three Year . . .* on next page

Preparing for New Three Year . . . from previous page

unnecessary debt. Students who track their expenses will know how to make adjustments to manage their loan payments. If your institution doesn't already incorporate money management education in the classroom or through other campus activities, consider implementing a financial education program to ensure your students understand fully the consequences of borrowing.

2. **Focus on retention to help students complete their programs of study.** Most borrowers who default on their student loans left campus before completing their academic program. Explore with your colleagues how you can engage in a student retention strategy on your campus. Review your institution's individual three-year cohort default rates to see if there are patterns or trends, such as a certain segment of students that withdraw, a specific group that defaulted on loans, or perhaps a link to a certain area of studies. Discuss with other campus offices additional ways in which you jointly can improve student success levels at your institution.

3. **Maintain good enrollment reporting**. It is vital that you are informed of the enrollment status of your borrowers on campus because there are significant consequences and default triggers for borrowers who fall through the cracks. When a student leaves your institution or drops to less than half-time status, the grace period on the student's loans begins the very next day. If the student's lender is not notified of a withdrawn status until weeks or months after the student leaves, that student may not receive information on loan repayment until much later into the grace period, thereby "robbing" the student of valuable grace period time without the student's knowledge. Review how your office knows when a student leaves campus and revisit your institution's procedures for faculty to report a student that has not attended classes for a period of time.

4. **Call in reinforcements.** Even if your borrowers already understand the basics of their loan obligations, they still benefit from repeated reinforcement of sound personal finance practices. Students with a solid understanding of financial aid may take out fewer student loans because they also take advantage of scholarship or grant opportunities. Similarly, students who hear about deferment opportunities more than once are more likely to remember this option to postpone payment. Students who keep track of their total debt burden while still in school can better estimate their monthly payments when repayment starts. In addition to required entrance and exit counseling, create other opportunities to counsel your students. Focus on default prevention with a "life-of-loan" approach, with intervention strategies at all stages in the student loan cycle to repeatedly communicate information effectively with your borrowers.

5. **Maintain contact with borrowers**. Helping students on the path to success in higher education and student loan repayment requires that you maintain regular contact with borrowers while they are on campus and after they leave your institution. Borrowers whose current contact information is lacking are at much higher risk for default because their lender, guarantor and school can't reach them to counsel them on the loan payment relief options. To maintain contact, some institutions, for example, ask students to verify current contact information every time they enter an administrative office. By staying in touch with students while they still are in school, you can keep the most up-to-date contact information for them. You also should consider ways your office can improve skip-tracing efforts to locate students who already have left campus.

For more information on preparing for the three-year cohort default rate calculation, please contact your USA Funds Services representative or visit **http://content.usafunds.org/financial_aid**.

Why is there a need for remote processing?

Coauthored by Tor Shekerjian and Paul Gilroy, Ph.D., President/CEO of ProEducation Solutions, LLC

Over the past several years, workloads in the financial aid office have continually increased. Most of the increase has come from new processes imposed by federal regulation as well as by layered electronic requirements.

At the same time, economic conditions for most colleges have tightened the availability of resources while enrollments have dramatically increased, especially in the public and for-profit sectors. With increased enrollment, the number of verification cases has risen exponentially. In the past, colleges verified approximately 30% to 35% of their enrollment; now the percentages in some sectors with large Pell Grant populations have risen to 45% to 55% with some of those colleges reporting 60% or more. Schools with heavily burdened systems have described the increased workload as daunting at best. Some of this increase in volume has resulted in enormous workflow backlogs and processing time increases of 4 to 6 weeks on average and in worst case scenarios, 4 to 5 months.

Is there a solution?

Traditionally, aid offices utilize some of the following techniques:

1. Hire temporary staff, and/or
2. Require overtime, and/or
3. Close the office to students for specific periods of time during the work week

If these solutions solve the workload for a short, specific time period, their use long-term creates other problems. 1) Temporary staff requires training, and hiring them is usually more costly with less satisfactory results. 2) Hiring a few temporary staff during peak processing, usually doesn't meet the demands for quick turnaround because of their lack of deep industry knowledge. 3) Working overtime may suffice for short periods of time, but protracted overtime often has detrimental effects. Staff morale suffers, as does work in other areas. In addition, the cost of overtime is more expensive because you are either paying more per hour than during the regular work day or you will need to find some reasonable means to compensate staff for their overtime. 4) Closing the office for specific periods of time for processing may accomplish the work objectives, but it may add to or create poor perceptions for students and staff alike. Despite that staff is working hard behind the scenes; the beneficiary of this improved service - students - may perceive the staff as inefficient, inept or uncaring. Students still expect access during normal office hours. Font style change?

Many aid offices want to provide more student service, not less. Financial aid offices also envision themselves as another "go-to" source of support and education, and as the means to attend the college. So, what might they do differently?

Remote processing is another solution that some colleges have used to assist with this increasing workflow. Remote processing (aka outsourcing), has previously been fairly expensive. Companies often charge from $50 to $90 per hour for remote processing with no guarantees on the quality or quantity of work that gets processed. In some instances, the outsourcing is performed on campus, much the same as hiring temporary workers, with its attendant problems and additional costs for transportation, housing and incidentals.

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SUNY New Paltz Financial Aid Office Helps Meet Student Needs

By Shaun Hoff, Assistant Director of Financial Aid, SUNY New Paltz

To meet the needs of college students, two common goals of a Financial Aid Office are to empower students to navigate the financial aid process more efficiently and find ways to increase effective communications with students. To assist financial aid applicants, the Office of Financial Aid at the State University of New York (SUNY) at New Paltz has developed several tools including a how to apply for financial aid on the web brochure, verification brochure, veterans information brochure, and a helpful contact information card.

"How to Apply for Financial Aid on the Web: Step by Step" Brochure:
First, an informational brochure has been developed entitled "How to Apply for Financial Aid on the Web: Step by Step". This brochure outlines the financial aid application process and encourages students to apply for financial aid by completing the Free Application for Federal Student Aid (FAFSA) electronically online since it is the quickest and easiest way to apply for financial aid to prepare for an upcoming academic year. The brochure explains in separate sections that a student (and parent, if required) should apply for a federal Personal Identification Number (PIN); how to complete the FAFSA on the Web; how to complete TAP on the Web to apply for the Tuition Assistance Program (TAP) Grant; and how students can electronically view their financial aid status and accept or decline their financial aid award letter online. Also included is helpful information about extenuating circumstances, what happens after the FAFSA is submitted, verification, admissions, and other tips for completing the FAFSA.

Verification Brochure:
Secondly, each year a verification brochure is designed and sent to all SUNY New Paltz students who are tracked as verified and selected for financial aid verification. This brochure serves as a written statement for students selected for verification explaining documentation requirements, student responsibilities with regard to the verification process, and school notification requirements. This brochure introduces applicants to the verification process, what documents are needed, what happens after verification documents are submitted, and deadlines. Applicants are provided with answers to common questions such as "What is verification?" and "Who must complete verification?" A checklist is also provided in the brochure so there is a thorough summary of what documents applicants need to submit for a complete application, including what forms need to be signed such as the verification worksheet and tax returns. In addition, special tax return notes explain which tax return pages are needed for a specific tax return, as well as information pertaining to electronic filers, S-Corporation/Partnership tax filers, non-filers, tax filing extensions, and lost tax transcripts.

Veterans Information Brochure:
Thirdly, to assist the population of veterans, children of veterans, and their respective families, the SUNY New Paltz Office of Financial Aid has developed a Veterans Information Brochure. This targeted brochure details benefits, services, and other information for veterans such as veterans education programs, academic and financial aid instructions for students called to active military duty, financial aid for veterans, free parking for veterans, scholarships and awards for veterans, and additional educational benefits for members of the military. Copies of this brochure have been mailed and e-mailed to students who are designated as veterans or children of veterans at SUNY New Paltz. In addition, an informational web page targeted to these students is available on the SUNY New Paltz Office of Financial Aid web site to provide information twenty-four hours a day, seven days a week, to current students, prospective students, and their families.

Helpful Contact Information Card:
Finally, a financial aid helpful contact information card is available for students in hard copy and on the college website. This card provides helpful websites and phone numbers for financial aid applicants, such as for the Federal Student Aid Processor, TAP and Loan Status, Internal Revenue Service, Loan Entrance/Exit Interviews, PIN, Selective Service, scholarship search, and off-campus student employment. In addition to general contact information for the Financial Aid Office, important college office phone numbers are also listed for future reference by the students.

To view a copy of these items please visit www.newpaltz.edu/financialaid.

Five ways you can put social media to work for your school's outreach efforts

By Ben Loya, Regional Account Executive, TG

Social media: It's not just the latest Internet buzzword that's here today and then forgotten like yesterday's Twitter blast. Social media refers to any number of ways that people use the Web or related technology to meet, chat, entertain themselves, and even learn. Chances are you've jumped on the social media bandwagon without realizing it if, like a lot of people, you're a member of Face book or a fan of YouTube, have shared photos or videos online, have a personal blog, or even just chat via an online message client like Instant Messenger.

The key distinction about social media is that the medium creates a dialogue among participants, unlike spam or newsfeeds, which are one-way communications. In this regard, social media can be a great vehicle for engaging high school students in college outreach. Many students are already veteran users of the online tools your campus could use. The tools themselves are dynamic in nature. Depending on the medium, you can post content, invite feedback and discussion, and even spur your readers to explore college admissions and planning for themselves.

If the tools are rich in possibilities, where to start in using them for college outreach may not be immediately clear. To help you begin that process, consider a few of the suggestions below. Each idea employs a particular social medium for a specific purpose or audience. In designing an outreach campaign, it's important to focus your message for the audience and emphasize the interactive aspect of the online experience.

- **First-year student blog:** Invite a first-generation student to blog about his or her first year on campus, and offer a link to the blog to high schools or students you're targeting for outreach. You may be able to collaborate with an instructor for a freshman course, and even offer extra credit to students who would be willing to blog about their experiences. For many future first-generation students in high school, that first year of college can be a source of anxiety. If these high school students can read about the lives of similar students negotiating the challenges of that first year, they may be more likely to enroll in college and continue their educational pursuits.
- **College admissions process by social networking site:** Applying to college can seem intricate to someone just beginning that process. Enlist an admissions counselor to talk about the admissions process, and have the person document that effort through a social networking site such as Face book or MySpace. Let photos, succinct captions, and embedded videos tell the story of what it's like to apply. You might also discuss ways that students can distinguish themselves from other candidates, provide essay-writing tips, or offer online campus tours.
- **Financial aid event live-cast:** Financial aid events are some of the best ways to reach prospective students and interested parents. You can podcast or live-cast your financial aid outreach event, capturing common questions from students, offering a virtual way of understanding the process for completing the Free Application for Federal Student Aid, and inviting further interaction through your college's Web site.
- **Parent outreach via webinar:** If you work with local high schools, you can invite parents of prospective students to listen in on a webinar on how to plan and prepare for college. The webinar could explore any number of college-related topics, but you might focus on areas that give parents initial anxiety about college, including the application process, financing, and the separation from their children.
- **Online video post for first-generation or at-risk students:** Similar to the first-year blog, this idea explores the first-year student's college experience through multimedia, in this case a video that you could post to your college's Web site. The video could be a testimonial from first-generation students or students who are at-risk for dropping out of school, including low-income students. These testimonials could be handled as Q&As with a counselor prompting students with questions about their classes, campus life, and adjusting to college.

For more help

You'll find a rich assortment of information about the way colleges are already using social media through various online publications, including *University Business* (www.universitybusiness.com) and *Campus Technology* (www.campustechnology.com). Type "social media" into the search engines for either of these Web journals and you'll discover a wealth of information as well as a variety of ideas on how to use social media for your outreach efforts.

Changes on the Horizon for Private Education Loans: Impacts of the Higher Education Opportunity Act (HEOA) of 2008

By Stephanie Stock, Senior Account Executive, Sallie Mae

The newest regulations in private lending will soon impact students, schools, and lenders. The Higher Education Opportunity Act (HEOA) was signed into law in August of 2008 and is designed to provide transparency to borrowers of private education loans. The Federal Reserve Board published final regulations applicable to private education loans August 14, 2009 and instituted a February 14, 2010 compliance deadline. The new regulations change the disclosure requirements for the Truth-In-Lending-Act (TILA) for private education loans made expressly for postsecondary educational expenses. The amendments impact the loan originations process, not the availability of private student loans. Chief among the changes are three new disclosures that will be sent to customers at different stages in the private loan application process, in addition to a Borrower Self Certification Form that will have to be signed by the customer and returned to the lender. Additionally, there are limits to co-branding and additional requirements regarding preferred lender list arrangements.

While these changes will involve additional attention from all parties involved—students, schools, and lenders—the additional disclosures ensure that the customer makes informed decisions regarding a private student loan.

Four Primary Changes

1. New Disclosures
The amendments introduce three new disclosure documents to the originations process:
<u>Application and Solicitation Disclosure:</u>
Provides general ranges of rates and fees so that borrowers can make informed decisions when choosing a private loan
<u>Loan Approval Disclosure:</u>
When an applicant is conditionally approved for the loan, this disclosure will be sent with borrower-specific rates and fees
<u>Final Disclosure:</u>
Sent after loan terms are accepted and school has certified the loan, the Final Disclosure gives the customer a three business-day right to cancel period

2. Limit Co-branding
Lenders cannot use the name, emblem, mascot, symbol, picture, or logo of a school/educational institution in marketing in a way that could imply the school endorses that lender. If a loan is endorsed by the school, clear and conspicuous disclaimers are necessary.

3. Borrower Self Certification Form
A Department of Education form that shows students gap funding needs and Federal financial aid alternatives. This form must be signed by the customer and returned to the lender.

4. Preferred Lender Disclosure
Lenders on a school's preferred lender list must provide an annual document outlining the basic loan terms for each private education loan they will offer.

HEOA Private Loan Reauthorization Disclosure Flow February 2010
New disclosures will be provided to customers during the private loan application process. Customers will need to carefully review the information included on each disclosure, and take appropriate action when necessary.

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***Remote Processing** continued from* page 6

So, why would you consider remote processing if it:

- Is too expensive?
- Causes loss of control?
- Threatens the job security of aid staff?
- Causes poor results (remote processors are rarely aid administrators)
- Could be done faster if you did it yourself?

The answer is – you wouldn't.

However, you *would* consider remote processing if it:

- Lowered expenses
    - with cost restructuring (moving from fixed hourly costs) to variable (transactional), but predictable costs with overall significantly decreased costs.
    - by "hiring" 10 people for less than the price of hiring 1 person.
- Improved quality
    - by "employing" experienced financial aid professionals who know the business and need no training.
- Improved quantity
    - by "employing" experienced aid professionals who could work 24/7/365 in a virtual environment.
    - with decreased turnaround time; reducing 4-6 weeks to 24-48 hours.
    - with on-demand staff in a work pool that is available when you need it most; no need to search for help,
- Provided knowledge transfer
    - Hire subject matter experts with deep operational & regulatory expertise. They could streamline your processes and systems while making them more efficient and reliable with risk mitigation. These individuals:
        - should impart industry knowledge to you and your staff as a value-added service,
        - should have lived in and thoroughly understand your culture.

Are there potential risks to outsourcing? Yes, but the risks can be mitigated. Here are some risks and mitigation techniques:

- System security breaches – To mitigate this risk, be sure to use the best Virtual Private Network (VPN) software and that your remote processing company is fully insured.
- Employee attitude changes – to reduce this risk be sure that the company you work with sees this as a partnership with your school. Also, if the results are spectacular, staff will have a very positive view of the remote processing company.
- Underestimating costs – Hourly costs are almost incalculable as they are *not* tied to the amount of work that gets done. Transactional costs are easy to calculate; they are tied directly to the amount of work that gets done.
- Losing independence or control – If there is a close partnership with the company you employ, you gain greater control over the process, the quality, and, the quantity of work performed.

If you are looking into workflow improvements, you might want to examine the outsourcing options before you make the final decision.

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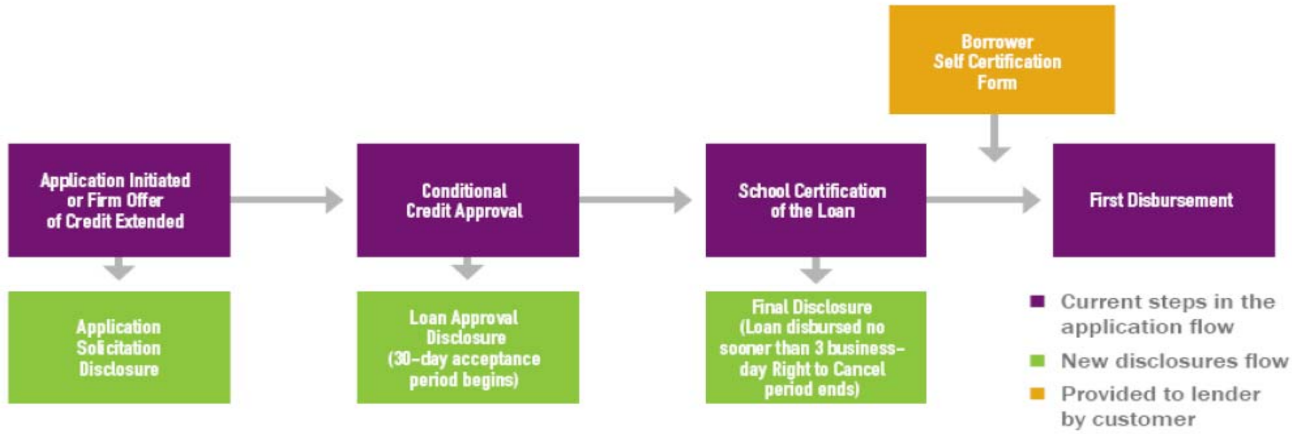

Application and Solicitation Disclosure

The Application and Solicitation Disclosure is the first new disclosure in the process, provided when an application is initiated or a firm offer of credit is extended. The Application and Solicitation Disclosure includes general information about loan rates, fees, and terms, including an example of the total cost of a loan based on the maximum interest rate the lender can charge. This disclosure also informs a customer of the potential availability of federal student loans and the interest rates for those loans, and that additional information regarding federal loans can be obtained by the school or by visiting the Department of Education website.

Lenders on a preferred lender list must provide schools with an annual document, such as the Application Solicitation Disclosure, outlining the basic loan terms for each private student loan the lender will offer students attending the school. This disclosure of information is to be shared annually by April 1, or within 30 days of the lender becoming aware that they are on a school's preferred lender list.

Loan Approval Disclosure

After the application is conditionally credit approved, the Loan Approval Disclosure is sent. The Loan Approval Disclosure includes actual information about the rate, fee and other terms of the loan. Lenders are required to provide the borrower up to 30 days to decide whether or not to accept the terms of the loan. During this 30-dayperiod, the lender is prohibited from making adjustments to the loan terms other than standard interest rate index changes. The borrower must actively accept the loan terms and can do so any time within the 30-day period. Once accepted the loan can proceed through the application process.

Final Disclosure

The Final Disclosure is sent after the borrower has accepted the terms of the loan offer and the school has certified the loan amount but prior to disbursement. The Final Disclosure is similar in content to the Loan Approval Disclosure, with just a few noticeable differences. Primarily, the Final Disclosure includes a right to cancel notice, which gives customers a three business-day window to cancel their loan without penalty. Lenders are prohibited from disbursing the loan until the expiration of the Right to Cancel period.

Borrower Self Certification Form

The Borrower Self Certification Form is a document created by the Department of Education. A lender must obtain a signed and completed form from the borrower prior to disbursement. The self certification form includes information about the availability of federal student loans, the student's cost of attendance, estimated amount of financial assistance, and the difference between the two, which is the student's gap in funding. Students may obtain this information from their school.

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Lender/School Co-branding

There are new limitations to co-branding, also. Lenders cannot use the name, emblem, mascot, symbol, picture, or logo of a school/educational institution in marketing in a way that could imply the school endorses that lender. However, if marketing materials makes reference to a school the lender must use a clear and conspicuous disclaimer, equal in size and proximity to the school co-brand image, stating the school does not endorse the lender's products and there is no affiliation. Also if a legitimate endorsement agreement exists, a disclaimer must indicate that the loan is made by the lender, not the institution.

The School's Role in TILA Changes

While the new disclosures have the greatest impact on lenders and students, certain measures can be taken by schools to help alleviate impacts to the loan origination process. The bottom line is that schools and lenders must work together with students to make sure they get the money they need to attend college.

Potential Delays in Loan Processing

The additional disclosures may mean a longer application process. Customers will be required to actively take additional steps to complete their application such as accepting loan terms and completing the signed self certification form.

You Can Help

While the additional disclosures may lengthen the application process, you can help by:

- Ensuring that students are aware that they must actively accept a private education loan
- Certifying loans earlier, particularly around peak periods
- Ensuring that all students have accurate information about their enrollment, cost of attendance and financial aid as early as possible

Delayed Disbursement

The customer's right to cancel period is three business days during which loan disbursement is prohibited. Schools will not be able to request disbursement of funds during this period of time. If the disclosure is sent through the postal service, an additional three business days is added as standard mail time. Funds cannot settle in the school's account until the day following the expiration of the right to cancel period.

You Can Help

Schools can avoid most delays to disbursement by:

- Certifying earlier, perhaps as soon as the application is received
- Minimizing changes during the school certification to minimize the possible re-disclosure scenarios
- Allowing for flexible disbursement dates. Many schools limit disbursement dates to one day a week and that can add additional delays for last minute applicants

Request for Information

Students are going to be increasing their requests for information such as cost of attendance and financial aid packages because of the Borrower Self Certification Form.

You Can Help

Provide students with the information they need, as early as possible. Perhaps you can modify award letters to include this information, if your school is not already doing so. Getting students the answers they need early can help them be prompt with their Borrower Self Certification Forms.

***Cohort Default Rate** continued from* page 4

Cohort Year	Separation Date	Enter Repayment	Default	Official CDR
2009	3.30.08 – 3.29.09	10.01.08 – 9.30.09	10.01.08 – 9.30.11	Sept. 2012 = three-year CDR
2010	3.30.09 – 3.29.10	10.01.09 – 9.30.10	10.01.09 – 9.30.12	Sept. 2013 = three-year CDR
2011	3.30.10 – 3.29.11	10.01.10 – 9.30.11	10.01.10 – 9.30.13	Sept. 2014 = three-year CDR

Your Questions Answered

Q: ED recently announced a projected three-year CDR for cohort years 2005, 2006 and 2007. Will I be held responsible for these published rates?
A: These rates are provided for informational purposes so schools will have some idea where their cohort rate could potentially fall under the new three-year calculation.

Q: When will schools be held accountable for the new three-year CDR?
A: The first three-year rate will be published in September 2012. However, schools will not be sanctioned until a full three years of three-year rates have been published, which will be in September 2014. Schools will be required, however, to implement a default prevention task force on campus and submit a default prevention plan to ED for approval.

Q: What should I focus on: my two-year rate or my three-year rate?
A: Actually, you will have to focus on your two-year and three-year CDRs. The good news is that the two-year CDR is a subset of the three-year CDR, so your efforts will not go to waste.

Q: Will ED also publish the two-year CDR?
A: Yes, a two-year CDR will continue to be calculated and schools will be held accountable for their two-year rate through September 2014.

Cohort Years 2008 & 2009
Cohort Year 2008

- Cohort window closed on September 30, 2009
- Draft two-year rate will be published in February 2010, followed by the official two-year rate in September 2010

Cohort Year 2009

- Cohort includes borrowers who entered repayment (DER) between October 1, 2008, and September 30, 2009
- Borrowers will be tracked for two-year cohort through September 30, 2010
- Official two-year rate published in September 2011
- Borrowers will be tracked for first three-year cohort through September 30, 2011
- Official three-year rate published in September 2012

What more can you do? Continue to focus on the essentials. And remember: Counsel often and be consistent. Focus on your loan counseling efforts and make sure you let the borrower know:

1. The financial aid office is here to help student borrowers.
2. There are several repayment options, as well as deferment and forbearance options, so delinquency or default is avoidable.
3. There are serious consequences to not repaying loans, such as negative effects on credit ratings.

Members on the Move . . .

Karen Hartnett Gallagher, who served as interim Director of Financial Advisement at SUNY Cortland since March 2008, was named Director of Financial Advisement on December 16, 2009 following a national search. Congratulations Karen!

St. Lawrence University announces their new Assistant Director of Financial Aid, Tommiann Olmstead. Tommiann is a recent graduate of Clarkson University who was a former work-study. Welcome Tommiann!

Jennifer Pollard has returned to the University at Buffalo as an Associate Director of Financial Aid. She started her new position in January 2010. Jennifer previously with Sallie Mae will continue as the Secretary for Region 1 and a member of the Conference Registration Committee for the NYSFAAA Conference. Good news!

Trocaire College announces the following staff changes: Allison Germono has been promoted to Assistant Director of Financial Aid, Mary Roche has joined the staff as a Financial Aid Counselor and Joanna Zadvorney is now a full time Financial Aid Counselor and Work Study Coordinator. Truly members on the move!

Roberts Wesleyan College in Rochester NY announces Kathleen Stewart as Financial Aid Specialist to their office. Welcome to NYSFAAA Kathleen!

A warm NYSFAAA-style welcome to Deborah Weber, Associate Director, Financial Aid at New York University/Polytechnic Institute!

To contribute to The NYSFAAA Connection, please contact

Laura Worley, Editor or Vince Scalise, Assistant Editor

Below is the schedule for the NYSFAAA Webletter. If you have an article to submit please do so by the deadline date indicated.

Edition	**Articles due**	**Posted to site on or about**
Winter	**January 25**	**February 1**
Spring/Summer	**May 25**	**July 1**
Fall	**September 25**	**October 1**

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