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America's Top Student Loan Consolidator

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Student Loan Team Meetings Underway

By Carina Zaragoza

This month, a group of negotiators dubbed the Student Loan Team began the first of several meetings focusing on student loan legislation. Made up of representatives from universities, colleges, associations, guarantors, and lenders, the Student Loan Team has taken on the responsibility of making regulations for several requirements created by the College Cost Reduction and Access Act of 2007 (CCRAA). Representatives from various sectors impacted by CCRAA legislation are taking part in the rule-making process in an effort to reach a consensus all invested parties will be satisfied with.

The major topics to be discussed are the income-based repayment program and rules for defining for-profit and not-for-profit lenders. The Federal Family Education Loan Program (FFELP) will introduce a new repayment option, the income-based repayment program. Negotiators must decide how to coordinate the current economic hardship deferment with the new income-based repayment plan.

Creating a definition for a not-for-profit lender is critically important. CCRAA legislation cut funding from FFELP lenders. However, more funding is cut from for-profit lenders. Thus, FFELP lenders are apprehensively anticipating the final ruling of the Student Loan Team on this issue, as the team's recommendation will directly impact their funding.

Other issues on the Student Loan Team's agenda are:

- Public service loan forgiveness
- HEROES waivers (granted to active military personnel)
- Federal appropriation of state laws overseeing school-lender relationships

School-lender relationships have been under scrutiny in recent years. Allegations of improper incentives between direct-marketing firms, lenders, and schools were part of the investigations led by New York Attorney General Andrew Cuomo.

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The Student Loan Team will meet throughout the first quarter, with this first session held two weeks ago, the second being held from February 4th through 6th, and the third being held from March 4th through March 6th. All meetings are held in Washington, DC.

On the Net

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