

## CONSUMER INFORMATION

### Activity 10: Loan Disclosures

Review and record what office is responsible for reviewing and updating the information listed below. Also indicate where this information is located and when it was last updated.

Office Responsible:	
Area Information is located:	
Date Document was last updated:	
Date Policy and Procedure was last updated:	

#### Notice of the amount of funds a student or parent is expected to receive [34 CFR 668.165\(a\)](#)

- Before the institution disburses title IV, HEA program funds for any award year, it must notify a student of the amount of funds that the student or his or her parent can expect to receive under each title IV, HEA program, and how and when those funds will be disbursed. If those funds include Direct Loan program funds, the notice must indicate which funds are from subsidized loans, which are from unsubsidized loans, and which are from PLUS loans.
- Except in the case of a post-withdrawal disbursement made in accordance with [34 CFR 668.22\(a\)\(5\)](#), if the institution credits a student ledger account with Direct Loan, Federal Perkins Loan, or TEACH Grant program funds, the institution must notify the student or parent of:
  - The anticipated date and amount of the disbursement;
  - The student's or parent's right to cancel all or a portion of the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds or TEACH Grant proceeds returned to the Secretary; and
  - The procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement
- The institution must provide the notice described in [34 CFR 668.165\(a\)\(2\)](#) in writing:
  - No earlier than 30 days before, and no later than 30 days after, crediting the student's ledger account at the institution, if the institution obtains affirmative confirmation from the student under [34 CFR 668.165\(a\)\(6\)\(i\)](#); or
  - No earlier than 30 days before, and no later than seven days after, crediting the student's ledger account at the institution, if the institution does not obtain affirmative confirmation from the student under [34 CFR 668.165\(a\)\(6\)\(i\)](#)

#### State Grant Assistance [34 CFR 668.14\(b\)\(11\)](#)

- If the school participates in the FFEL Program, the school informs all eligible borrowers, as defined in 34 CFR part 682, about the availability and eligibility of those borrowers for State grant assistance from the State in which the school is located, and informs borrowers from another State of the source of further information concerning State grant assistance from that State.

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### Student Loan Information Published by the U.S. Department of Education

- ❑ The school is required to provide information published by the U.S. Department of Education to students at any time that information regarding loan availability is provided. The publication includes information about rights and responsibilities of students and schools under the Title IV, HEA loan programs.

### National Student Loan Data System (NSLDS)

- ❑ If the school enters into an agreement with a potential student, student, or parent of a student regarding a Title IV, HEA Loan the school must inform the student or parent that the loan will be submitted to the National Student Loan Data System (NSLDS), and will be accessible by guaranty agencies, lenders, and schools determined to be authorized users of the data system.

### Entrance Counseling for Student Loan Borrowers [34 CFR 685.304\(a\)\(6\)](#)

Prior to the first disbursement, each school must provide to a first-time borrower of a Federal Direct Loan (other than consolidated or Parent PLUS loans) comprehensive information on the terms and conditions of the loan and of the borrower's responsibilities. Please reference [34 CFR 685.304\(a\)\(6\)](#) to review the Entrance Counseling requirements.

### Entrance Counseling for Graduate Student Loan Borrowers [34 CFR 685.304\(a\)\(7\)](#)

- ❑ Entrance counseling for graduate or professional student Direct PLUS Loan borrowers must include the information outlined in [34 CFR 685.304\(a\)\(7\)](#).

### Exit Counseling for Direct Loan Borrowers [34 CFR 685.304\(b\)](#)

A school must ensure that exit counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan borrower and graduate or professional student Direct PLUS Loan borrower shortly before the student borrower ceases at least half-time study at the school.

- ❑ Please reference [34 CFR 685.304\(b\)](#) to review the Exit Counseling requirements.

### Private Education Loan Disclosures (Including Self-Certification Form) [34 CFR 601.2](#); [34 CFR 601.11](#); [34 CFR 601.30](#); [34 CFR 668.14\(b\)\(29\)](#)

Schools or school-affiliated organizations (e.g., alumni organizations, foundations) that provide information regarding a private education loan from a lender to a prospective borrower must provide information to the prospective borrower, including:

- ❑ Information required under Section 128(e) of the Truth in Lending Act ([15 U.S.C. 1638\(e\)](#))
- ❑ That the prospective borrower may qualify for loans or other assistance under the Title IV, HEA programs

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- ❑ That the terms and conditions of the Title IV, HEA program loans may be more favorable than the provisions of the private education loans.

The information regarding private education loans must be presented in a manner that makes it distinct from information regarding Title IV, HEA program Loans.

### Self-Certification Form [34 CFR 601.2](#); [34 CFR 601.11](#); [34 CFR 601.30](#); [34 CFR 668.14\(b\)\(29\)](#)

- ❑ The school must, upon request provide in written or electronic form to an enrolled or admitted student applicant for a private education loan the self-certification form for private education loans required under Section 128(e)(3) of the Truth in Lending Act ([15 U.S.C. 1638\(e\)\(3\)](#)), and the information required to complete the form, to the extent the school possesses the information. The U.S. Department of Education has developed the form and it is available on the IFAP website ([ifap.ed.gov](http://ifap.ed.gov)).

### Code of Conduct for Education Loans [34 CFR 601.2](#); [34 CFR 601.21](#); [34 CFR 668.14\(b\)\(27\)](#)

Each school must prominently publish on the school's website a code of conduct that prohibits a conflict of interest with the responsibilities of an agent of the school with respect to FFELP or private education loans. All agents with responsibility for loans must be informed annually of the provisions of the code. The code of conduct must prohibit:

- ❑ Revenue-sharing arrangements with any lender
- ❑ Receiving gifts from a lender, a guarantor, or a loan servicer
- ❑ Contracting arrangement providing financial benefit from any lender or affiliate of a lender
- ❑ Directing borrowers to particular lenders, or refusing or delaying loan certifications
- ❑ Offers of funds for private loans
- ❑ Call center or financial aid office staffing assistance
- ❑ Advisory board compensation

### Preferred Lender Lists [34 CFR 601.2](#); [34 CFR 601.21](#); [34 CFR 668.14\(b\)\(28\)](#); [34 CFR 601.10](#)

Each school must annually make available in print or other medium to students attending the school and their families a list of the specific lenders for private education loans or for Title IV, HEA loans that the school recommends, promotes, or endorses in accordance with a preferred lender arrangement. The list must prominently disclose the method and criteria used by the school in selecting lenders for preferred lender arrangements to ensure that such lenders are selected on the basis of the best interests of the borrower. The list must also clearly and fully disclose:

- ❑ The minimum information determined by the U.S. Department of Education (HEA Section 153(a)) ([20 U.S.C. 1019b](#))
- ❑ Why the school participates in a preferred lender arrangement with each lender, particularly with respect to terms and conditions or provisions favorable to the borrower
- ❑ That the students or their families do not have to borrow from a lender on the list
- ❑ The list must have at least three FFELP lenders that are not affiliates of each other. If the list includes lenders of private education loans, there must be at least two lenders who are not affiliates. The list must indicate for each lender whether it is or is not an affiliate of the other lenders on the list. The details of each

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affiliation are to be disclosed. The U.S. Department of Education is required to provide to schools a list of the lender affiliates of all eligible lenders.

- ❑ Prominently disclose the method and criteria used by the institution in selecting lenders with which to participate in preferred lender arrangements to ensure that such lenders are selected on the basis of the best interests of the borrowers, including:
  - ❑ Payment of origination or other fees on behalf of the borrower;
  - ❑ Highly competitive interest rates, or other terms and conditions or provisions of Title IV, HEA program loans or private education loans;
  - ❑ High-quality servicing for such loans; or
  - ❑ Additional benefits beyond the standard terms and conditions or provisions for such loans;
- ❑ Exercise a duty of care and a duty of loyalty to compile the preferred lender list under paragraph (d) of this section without prejudice and for the sole benefit of the students attending the institution, or the families of such students; and
- ❑ Not deny or otherwise impede the borrower's choice of a lender or cause unnecessary delay in loan certification under title IV of the HEA for those borrowers who choose a lender that is not included on the preferred lender list.

**Preferred Lender Arrangements** [34 CFR 601.2](#); [34 CFR 601.10](#); [34 CFR 601.12](#); [34 CFR 601.20](#); [34 CFR 601.21](#)

A school or school-affiliated organization (e.g. alumni organizations, foundations) that participates in a preferred lender arrangement must comply with the code of conduct provisions in HEA Section 487(a)(25) ([20 U.S.C. 1094\(a\)\(25\)](#)) and HEA Section 487(h) ([20 U.S.C. 1094\(h\)](#)). School-affiliated organizations are required to prominently publish the code of conduct on their websites (if any) and annually inform agents with responsibility for education loans of the provisions of the code.

**Note: The Secretary, together with the Federal Reserve has developed a model disclosure form. The Federal Register published August 14, 2009 by the Federal Reserve System covering Truth in Lending contains a model disclosure form: <https://www.govinfo.gov/content/pkg/FR-2009-08-14/pdf/E9-18548.pdf>. (If the pdf link does not open, copy and paste the link into a browser other than Explorer)**

In addition to the information required for the Preferred Lender Lists, each school or school-affiliated organization in a preferred lender arrangement must disclose information on its website and in publications, mailings, or electronic messages, or materials that are distributed to prospective or current students and their families that describe the financial aid opportunities available to students attending the school and that describe or discuss education loans.

The information must include:

- ❑ The maximum amount of Title IV, HEA grant and loan aid available to students in an easy-to-understand format
- ❑ The Truth in Lending information ([15 U.S.C. 1638\(e\)\(11\)](#)) for each type of private education loan offered through a preferred lender arrangement to the school's students and their families, and
- ❑ When available, the information identified on a model disclosure form developed by the Department for each type of education loan that is offered through a preferred lender arrangement to the school's students or their families.

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### Private Education Loans [34 CFR 601.2](#); [34 CFR 601.10](#); [34 CFR 601.12](#); [34 CFR 601.20](#); [34 CFR 601.21](#)

- ❑ Each school must provide on its website, and in publications, mailings, or electronic messages, or materials that are distributed to prospective or current students and their families that describe the financial aid opportunities available to students attending the school and that describe or discuss private education loans, the information required to be disclosed under Section 128(e)(11) of the Truth in Lending Act ([15 U.S.C. 1638\(e\)\(11\)](#)) for each type of private loan offered pursuant to a preferred lender arrangement.
- ❑ Each school-affiliated organization must provide on its website, and in publications, mailings, or electronic messages, or materials distributed to students and families that describe private education loans and the information required to be disclosed under Section 128(e)(1) of the Truth in Lending Act ([15 U.S.C. 1638\(e\)\(1\)](#)) for each type of private loan offered pursuant to a preferred lender arrangement.

The name of the lender must be displayed in all information and documentation related to private education loans.

- ❑ The information in the model disclosure form and the Truth in Lending Act information must be provided annually in a manner that allows students and families to take the information into account before selecting a lender or applying for an education loan.

### Annual report on Preferred Lender Arrangements [34 CFR 601.2](#); [34 CFR 601.10](#); [34 CFR 601.12](#); [34 CFR 601.20](#); [34 CFR 601.21](#)

Each school and school-affiliated organization must make an annual report to the U.S. Department of Education that includes for each lender in a preferred lender arrangement with the school or school-affiliated organization

- ❑ The minimum information the Department determines must be disclosed
- ❑ Information required for private loans under the Truth in Lending Act
- ❑ Detailed explanation of the reasons a school or school-affiliated organization participates in a preferred lender arrangement with the lender, including why the terms, conditions, and provisions of each type of loan are beneficial to the school's students or their families.

The information in the report must be made available to the public and provided to current students and students planning to attend the school and their families.