

E-UPDATES

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1. <http://www.ifap.ed.gov/dpcletters/GEN0206.html>

The U.S. Department of Education (ED) has released *Dear Colleague Letter GEN-02-06*, regarding the expiration of current statutory exceptions to certain loan disbursement rules for low-default rate schools in the FFEL and Direct loan programs. The *DCL* explains that statutory exceptions to the multiple disbursement and 30-day delayed disbursement requirements are set to expire on September 30, 2002, unless Congress enacts legislation that would extend the exceptions. Recent attempts to pass such legislation have failed. The letter states "loans certified in the FFEL Program or originated in the Direct Loan Program on or after October 1, 2002 for students at these schools will be subject to multiple disbursements and 30-day delayed delivery of loan proceeds."

These exceptions apply to FFELP and Direct loans made to students attending a school whose cohort default rates are less than 10 percent for the three most recent years. If no legislation is passed, and the provisions do expire on September 30th, loans for students at these schools "will be subject to multiple disbursements and 30-day delayed delivery of loan proceeds." The letter advises the following: "To avoid possible disbursement problems and borrower confusion related to a sudden reversion to the regular disbursement rules, schools that are currently operating under the exceptions permitted by sections 428G(a)(3) and 428G(b)(1) of the HEA should consider making the necessary changes now and advising their borrowers of the changes."

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