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VSAC office closings through October 31, 2010

Monday, September 6

Labor Day

Monday, October 11

Columbus Day

VSAC's new online Vermont Grant System

The online Vermont Grant System is live! Students and school users can access the grant system through their *myVSAC* accounts. Student can view the status of their grant applications, make school and enrollment changes, and view award status.

With VSAC's online Vermont Grant System, all financial aid office processes — including budget creation and enrollment verification — are electronic. The *myVSAC* school administrator at your institution has access to create user accounts and manage your institution's permissions of all school user accounts, including his or her own.

As you use this system, please send feedback to VSAC via your School Service representative.

Grants update

Funding is still available for full- and part-time degree grant applicants, and for non-degree grant applicants, for the 2010–2011 school year.

Scholarships update

Scholarships that require verification of enrollment and academic standing prior to disbursement will be disbursed on or before November 30 for the fall semester. Scholarships that do not require verification will be disbursed in August.

VSAC's scholarships booklet is currently being revised. The version for students attending college in 2011–2012 will be available in October.

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VASF^{AA} summer conference

The VASF^{AA} summer conference was once again a fantastic conference. VSAC was pleased to be able to demonstrate its new online Vermont Grant System, which received very positive feedback. Thank you to everyone who visited our booth.

As this is the last year of Governor Douglas' final term in office, VASF^{AA} presented him with a letter thanking him for all of his hard work and dedication to higher education throughout his tenure.

“In school” Direct Loan consolidation

Starting July 1, 2010, the Department of Education authorized a new temporary loan consolidation option. Students have the opportunity to consolidate loans with Direct Lending while they are enrolled in school. Students need to meet specific criteria, and the temporary loan consolidation authority ends on June 30, 2011.

Students must meet at least two of the following criteria. They must have either:

- a federal Direct Loan,
- a FFELP (Family Federal Education Loan Program) loan owned by a lender, or
- a FFELP loan owned by the Department of Education (a “put” loan)

and must have:

- at least ONE eligible loan in the above category that has not yet entered repayment

The interest rate for most consolidation loans made under the temporary loan consolidation authority is similar to a regular Direct Lending consolidation loan, except that the final interest rate is not subject to rounding.

If students choose to consolidate their loans with Direct Lending while still in school, they will lose the six-month grace period. Students should always weigh the potential loss of the grace period when thinking about whether they want to consolidate.

Student loan exits

Effective July 1, 2010, VSAC no longer provides online exit counseling services within *myVSAC*. Specifically, we no longer produce loan-specific debt sheets or exit counseling materials for students to review during the exit counseling process. Instead, VSAC recommends that you encourage your students to utilize the NSLDS exit-counseling tool at www.nslsds.ed.gov/nslsds_SA/SaEcWelcome.do.

The NSLDS exit counseling tool will provide you and your students with the ability to see all federal debt taken out for a student in one location. NSLDS will provide information on FFELP and Direct loans, as well as loans that have been “put” to the Department of Education and are being serviced by one of the four federal loan servicers. In addition, the exit counseling tool will ensure that your institution meets both the FFELP and Direct Loan requirements for exit counseling.

VSAC remains committed to offering on-site group exit counseling presentations for students attending Vermont institutions during the 2010–2011 academic year. Group exit counseling sessions will cover generic loan indebtedness information collected from your institution to meet exit counseling requirements. We continue to evaluate our ability to offer one-on-one exit counseling sessions in the new Direct Loan world. We will be contacting Vermont schools that have requested these sessions in past years to discuss the need for this service in the future.

Ensuring Continued Access to Student Loans (ECASLA) loan sale

Last year, every lender in the country participated in a government-supported program (ECASLA) to finance student loans for academic year 2009–2010. VSAC had hoped that Congress would extend this program for an additional year while the transition to Direct Lending was underway. Because Congress decided not to extend this program, we are now required by the law to sell these loans to the Department of Education. This sale (or “put”) affects only those loans made for academic year 2009–2010 and will not change the terms, conditions, or benefits. The “put” loans will be serviced by the Department of Education, and VSAC will work with servicers and borrowers to make the transition as smooth as possible.

Please see the ECASLA Q&A document at the end of this newsletter. We hope this answers any questions you may have.

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VSAC private loan update

VSAC is pleased to announce that it is offering the Vermont Advantage loan that will help more Vermonters fund their college education. The new loan will be available to Vermonters going to college anywhere and to out-of-state students attending Vermont schools.

We’ve provided a summary of loan attributes on the next page. *Loan attributes are subject to change at VSAC’s discretion.* Applications for the Vermont Advantage loan will be available by early August. Students or families who want to be notified when the application is ready may e-mail VSAC at privateloaninfo@vsac.org.

Look for our next edition in the fall!

ESCALA PUT loan program frequently asked questions

Q: What is the ECASLA PUT program?

ECASLA stands for “Ensuring Continued Access to Student Loan Act.” ECASLA was enacted in 2008 and reauthorized in 2009.

In 2009, VSAC began utilizing the ECASLA Participation Program. This program has allowed VSAC to secure temporary financing from the federal government for the loans issued during the 2009–2010 academic year.

The Participation Program expires September 30, 2010. As a result, VSAC needed to find alternative financing for the FFEL loans we made during the 2009–2010 academic year or sell them to the Department of Education (DOE).

The ECASLA PUT Program was created to sell FFELP loans made during the 2008–09 and 2009–10 academic years to the Department of Education (DOE).

Q: Which loans are affected?

VSAC loans from the 2009–2010 academic year will be PUT to the U.S. Department of Education.

Q: What effect does this have on our financial aid office?

Nine business days prior to the sale date, VSAC is required to stop certain processing on the loans affected by the sale. This period is often referred to as the “nine-day freeze” period. Once a loan has entered the nine-day freeze period, we can no longer process reissues, reinstatements, increases, or reallocations. On the sale date, we can no longer process adjustments for schools.

If an adjustment needs to be made after a loan has been PUT, schools should contact the new servicer. If we receive change transactions for PUT loans, we will reject them and contact the financial aid office. If your institution sends a refund check to us, we will deposit the check and forward the funds to the new servicer for a limited time.

Q: When does the nine-day freeze period begin for this sale?

The freeze period is in effect between July 13, 2010, and July 25, 2010.

Q: When will the loans transfer to the new servicer?

The sale will be completed on July 26, 2010. After this date, we can no longer process any adjustments on these loans.

Q: Will the student’s or parent’s interest rate change?

No. The interest rate for federal education loans is set by Congress.

VSAC



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Q: Why did the U.S. Department of Education assign the loans to another loan servicer?

The U.S. Department of Education decides which loan servicer will be assigned to their loans. For 2010, the U.S. Department of Education is working with the following loan servicers:

- Great Lakes
- AES/PHEAA
- Nelnet
- Sallie Mae

Q: Where can our financial aid office find out who is servicing the loans after the sale?

This group of loans will be serviced by Great Lakes. The National Student Loan Data System (NSLDS) can provide you with this information at www.nsls.ed.gov.

Q: Where can students or parents go to find out who is now servicing their loans?

On the sale date, VSAC and each borrower's new loan servicer will have sent the borrower separate letters to help him or her adjust to the sale. Going forward, each borrower should communicate directly with his or her new loan servicer in regard to the sold loan(s). The borrower can also view the NSLDS Web site (www.nsls.ed.gov) for servicer information.

Q: The student or parent mailed VSAC an application for a repayment option on the sold loan(s) right around the sale date. Will VSAC send a copy to the new loan servicer?

For a few days after the sale date, VSAC will forward a copy of any such application to the new loan servicer. It will be the borrower's responsibility to work directly with his or her new loan servicer to confirm whether or not the application was received. The new loan servicer will also need to advise the borrower on the status of his or her application with them.

Q: Will students' or parents' sold loan(s) still be part of the federal loan program, and will students and parents still have flexible repayment options?

Yes. The sold loan(s) remains a federal education loan(s). The new loan servicer will assist borrowers with any flexible repayment options they may need.

Q: Who can help students or parents with questions about loans and financial aid?

Contact VSAC for help with other loans they have with VSAC.

Borrowers can continue to apply through VSAC for Vermont grants and scholarships.

VSAC remains their source for information about planning and paying for college. Explore www.vvac.org to learn more about how VSAC can help them achieve their education goals.



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2010–2011 | Vermont Advantage loan program

VSAC

No one is authorized or permitted (i) to use this summary to market the Vermont Advantage loan program to prospective borrowers or (ii) to distribute any information in this summary to any prospective borrowers.

The following is a summary of loan attributes for the 2010–2011 Vermont Advantage loan program. This document is provided for informational purposes only and is not intended for marketing.

Loan amount

Maximum: lesser of school-certified cost minus aid or the requested amount
Minimum: \$200

Eligibility requirements

Students may apply if they:

- are dependent or independent students
- are graduate or undergraduate students
- are enrolled or re-enrolling at an eligible Title IV postsecondary institution
- are applying with a cosigner who satisfies VSAC credit requirements
- meet VSAC Vermont Connection criteria
- and their cosigner are both U.S. citizens or eligible non-citizens

Credit requirements

The student borrower must not have defaulted loans with VSAC. A credit-approved cosigner is required.

Origination fee

An origination fee of 0–5 percent will be deducted from the loan amount at each disbursement, based on the strength of the cosigner's credit as determined by VSAC.

- cosigner **excellent** credit: 0 percent fee
- cosigner **better** credit: 3 percent fee
- cosigner **good** credit: 5 percent fee

Interest rate

The interest rate is fixed for the life of the loan and is determined by the repayment option the borrower selects.

Immediate repayment: 6.90%

Repayment of both the principal and interest begins at final disbursement, with the first payment due within 45 days.

Interest-only payments while enrolled at least half-time: 7.35%

Repayment of only the interest begins at final disbursement, with the first payment due within 45 days. Repayment of both the principal and interest begins after at least half-time enrollment ends, with the first payment due within 45 days.

Deferred repayment while enrolled at least-half time: 7.75%

Repayment of both the principal and interest begins the day after at least half-time enrollment ends, with the first payment due within 45 days.

Repayment period (term)

The following apply to all three repayment options:

- Any outstanding interest is added (capped) to the principal at the final loan disbursement.
- Payments are required monthly.
- The length of the repayment term is determined by the approved loan amount.
 - 10 years for up to \$9,999
 - 15 years for \$10,000 and above
- Periods of forbearance do not count toward term.
- Repayment periods cannot be extended beyond the original term, other than through periods of financial forbearance approved by VSAC.

Forbearance

Up to three years of forbearance is available for documented financial hardship as determined at VSAC's discretion.



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