

## The President’s Message: Staying the Course

Everyone at Iowa Student Loan® has continued to work hard to stay the course during these difficult economic times and to help Iowans achieve their postsecondary education goals. These days, while some issues related to student lending remain uncertain, we have news to celebrate and share with our colleagues.



Steve McCullough  
 President & CEO

## Reaching a Loan Forgiveness Milestone

Iowa Student Loan celebrated an important milestone for our nursing and teacher education loan forgiveness programs this summer. We are proud to say that more than \$1 million in student loans for Iowa teachers and nurses

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entering job shortage areas has been forgiven by Iowa Student Loan since the programs' inception in 2004 (nursing) and 2006 (teacher).

In addition, the programs are accomplishing what they were created to do by playing a large role in keeping valued professionals in Iowa to serve Iowans.

We will continue our efforts to encourage Iowa students to enter critical job shortage areas with the extension of these loan forgiveness programs, which were designed to supplement loan forgiveness programs offered by state and federal agencies. Not only do these programs help students, but they also aid our state's economic development. That's why even during these difficult economic times, we've chosen to renew the programs for the next school year, and we hope they continue to help as many Iowa students as possible.

## Rebuilding Capacity to Fund New Supplemental Private Student Loans

We're also attempting to move forward with a tax-exempt bond issue this fall to again finance new supplemental private education loans for students. Iowa Student Loan has initiated transactions to start the process for the bond sale. In addition, we will sell a number of Federal Family Education Loan Program (FFELP) loans to the U.S. Department of Education (ED) in October as part of the Loan Purchase (Put) Program. This will help provide the seed capital needed for the tax-exempt bond issue. Although servicing rights for those loans will be transferred to one of ED's servicers, that outcome does not outweigh the advantage of potentially restarting the Partnership Loan Program®, a critical need for many students.

## Awaiting Final Federal Student Loan Legislation

When the U.S. House of Representatives passed HR 3221, the Student Aid and Fiscal Responsibility Act of 2009 (SAFRA), on Sept. 17, it was completing the first step of congressional consideration for major changes in federal higher education and student aid programs. The bill, as passed by the House, would

end FFELP in summer 2010, and also make investments in an array of federal and state assistance programs, including increased Pell Grants, a community college initiative, school construction, a rewrite of the Federal Perkins Loan program and many others.

In regard to federal student loan funding, the House's bill would provide an opportunity for nonprofits with demonstrated capabilities in loan servicing, such as Iowa Student Loan, to potentially provide servicing for William D. Ford Federal Direct Loans in the future. By providing local nonprofits a continued role in performing loan servicing, the legislation would ensure that student borrowers receive reliable funding for their postsecondary education as well as value-added programs and quality, local loan servicing.

The bill was read by the Senate and is now with the Senate Committee on Health, Education, Labor, and Pensions (HELP). That committee, now chaired by Iowa Democratic Sen. Tom Harkin, is expected to bring forth its version of higher education/student aid legislation this fall.

As you can see, there is plenty of news affecting all of us in Iowa. Some of it celebrates positive outcomes and renewed efforts to be there for students. And some news causes us to embrace change and look forward to new ways of meeting our mission of helping Iowans obtain the resources necessary to succeed in postsecondary education. ■

## User Guide Available for Private Loan Status Reporting System

Iowa Student Loan recently enhanced its online private loan status reporting system to offer increased security, improved private loan application status descriptions and clearer delivery. You can access the system at either [www.studentloan.org/fao](http://www.studentloan.org/fao) or <https://isllceds.org/WebReport>.

A user's guide for the system was updated to help you become familiar with the system and its functionality. To request additional copies, please visit [www.studentloan.org/fao](http://www.studentloan.org/fao). ■

## Iowa Alliance Loan Reallocation Deadline

Iowa Student Loan will reallocate remaining Iowa Alliance Private Student Loan Program<sup>SM</sup> (Iowa Alliance Loan) no-cosigner loan funds on Oct. 30. The no-cosigner loan was designed as a loan of last resort and reallocating unused funds will ensure that students with unmet need have access to college.

### Non-Iowa Residents May Need to Reapply

It's important to remember that non-Iowa residents using an Iowa Alliance Loan must complete a new application each term. Non-Iowa residents, who may have only applied for a single term and who need additional funding for the remainder of the academic year, should complete an additional application for the spring semester before Oct. 30. ■

## Qualifying for the Income-Based Repayment Plan

By Pat Riemenschneider, Senior Program Policy Analyst

The Income-Based Repayment (IBR) Plan for federal student loan borrowers was one of the most anticipated new offerings from the U.S. Department of Education this summer. Its creation also brought about plenty of questions.

The IBR Plan was introduced in the College Cost Reduction and Access Act (CCRAA), P.L. 110-084. It became available to borrowers on July 1, 2009, in the Federal Family Education Loan Program (FFELP) and the William D. Ford Federal Direct Loan Program (Direct Loan), except for Federal PLUS Loan (parent) borrowers or Federal Student Consolidation Loan borrowers who consolidated Federal PLUS Loans (parent).

To qualify for the IBR Plan, borrowers must have a partial financial hardship (PFH). PFH is based on a calculation when the annual amount due on all of the borrower's FFELP and Direct Loans using a 10-year Standard Repayment Plan amount exceeds 15% of the amount by which the borrower's adjusted

gross income (AGI) exceeds 150% of the U.S. Department of Health and Human Services Poverty Guideline based on the borrower's family size. If the borrower files a joint tax return, the total AGI of both the borrower and the spouse will be used in the calculation. If the borrower files his or her tax return separately, only his or her income will be used in the calculation.

Using the calculation above, a borrower may have a negative payment and would be billed for \$0.00 due as long as the annual calculation of PFH gave a result of \$4.99 or less. If the calculation resulted in a payment of \$5.00 to \$10.00, the payment due would be \$10.00. At the end of 25 years and 300 payments, any remaining loan balance would be paid by the U.S. Department of Education. At this time, that payment would become taxable income.

The industry has been working on this initiative since passage of the law and continues to iron out problems as they arise. Forms have been drafted to assist borrowers in applying and providing alternative documentation if the borrower's tax return does not reflect his or her current situation.

### Helping Iowa Student Loan Borrowers

Borrowers looking for additional information about the IBR Plan can [visit www.studentloan.org](http://www.studentloan.org). The [Having Trouble Making Your Payment?](#) link will take borrowers to an informational page about all federal student loan repayment plan options, including a description of the IBR Plan and a link to the application.

Borrowers can also call a loan counselor at Iowa Student Loan to find out if they qualify for the IBR Plan and to discuss details of the plan. With information from the borrower's previous year tax records, the loan counselor can offer conditional IBR Plan approval or denial as well as an estimated monthly payment amount. The borrower will then need to send in his or her application and necessary documentation to complete the process. ■

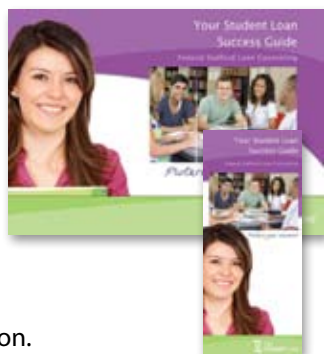


## Entrance and Exit Materials Available to Order

You can make certain your students understand the facts about federal student loans with Iowa Student Loan's entrance and exit materials. These guides, forms and checklists provide valuable and required information to students and can help you keep counseling details organized and complete.

### For Students

A new and updated version of **Your Student Loan Success Guide** for undergraduates is available in both folder and miniguide versions. Both offer basic Stafford Loan facts, an overview of the new Income-Based Repayment Plan, repayment charts with comparative examples and additional information required in the Higher Education Opportunity Act (HEOA). They also detail repayment assistance options and include a general money management section.



For students beyond the undergraduate level, the practical **Student Loan Success Guide for Graduate and Professional Students** provides information for both Stafford and Grad PLUS loans. The streamlined brochure presents required information in a straightforward style.

### For Financial Aid Officers

Iowa Student Loan offers **loan counseling entrance and exit forms**, for both undergraduate and graduate students, to record borrowers' completion of counseling or attendance at a counseling session. The entrance form is a duplicate piece, so that the student and school each have a copy for their records. The triplicate exit form allows for the borrower, school and guarantor to each retain a copy.



Designed to help you ensure that federal student loan counseling requirements are met, the **Federal Loan Counseling Checklist** outlines all the items that must be covered with borrowers during entrance or exit counseling. The piece also indicates which materials in particular must be prepared and provided by school representatives.

### Order Materials

You can order any of these counseling materials by visiting [www.studentloan.org/fao](http://www.studentloan.org/fao) and selecting Materials Request. ■

### Request Presentation Assistance

New regulations, including the Higher Education Act Technical Corrections Bill (HR 1777) signed by President Obama on July 1, 2009, clarify that lender representatives may offer on-campus presentations for both entrance and exit counseling. Contact your school services liaison to schedule a presentation.

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## Lenders Step Up for Iowa's College Students

Iowa Student Loan is proud to partner with more than 20 banks, credit unions and schools to offer supplemental private student loans. These loans are helping Iowans and students attending Iowa schools fill the funding gap often left after all other financial aid is exhausted. The lenders' dedication to Iowa's future provides college students with more financing options today.

Recently, the Iowa Student Loan board of directors issued a resolution recognizing these lenders for their role in providing \$31 million in supplemental private loan funding for the 2009 – 2010 academic year. The board recognized 19 lenders who collaborate with Iowa Student Loan on the unique Iowa Alliance Private Student Loan Program<sup>SM</sup> (Iowa Alliance Loan) and several credit unions that provide supplemental loans to their members.

Iowa Student Loan stands beside schools in thanking these lenders for providing the necessary funding to help ease the funding gap burden felt by many students.

### Credit Unions Offering Private Student Loans Serviced By Iowa Student Loan

- ▶ Alliant Credit Union and Health Services Credit Union (Dubuque)
- ▶ Ascentra Credit Union (Bettendorf)
- ▶ Dupaco Community Credit Union (Dubuque)
- ▶ Premier Credit Union (Des Moines)
- ▶ Veridian Credit Union (Waterloo)

### Iowa Alliance Loan Partnering Lending Institutions

- ▶ American State Bank (Osceola)
- ▶ American Trust & Savings Bank (Dubuque)
- ▶ Bankers Trust Co., N.A. (Des Moines)
- ▶ C US Bank (Cresco)
- ▶ Cedar Rapids Bank & Trust Co. (Cedar Rapids)
- ▶ Crawford County Trust and Savings Bank (Denison)
- ▶ Fairfax State Savings Bank (Fairfax)
- ▶ Great Southern Bank (Sioux City)
- ▶ Guthrie County State Bank (Panora)
- ▶ Heartland Bank (Somers)
- ▶ Manufacturers Bank & Trust Co. (Forest City)
- ▶ MidWestOne Bank (Iowa City)
- ▶ Modern Woodmen Bank (Rock Island)
- ▶ Northwest Bank (Spencer)
- ▶ Patriot Bank (Brooklyn)
- ▶ Shelby County State Bank (Harlan)
- ▶ Sibley State Bank (Sibley)
- ▶ Treynor State Bank (Treynor)
- ▶ West Bank (West Des Moines) ■



## Something New Online

To improve the resources available to you, Iowa Student Loan has enhanced the section of its Web site focused on financial aid officers. Find the latest news and learn about new products offered by Iowa Student Loan and its school services staff.

Check out this section by visiting [www.studentloan.org/fao](http://www.studentloan.org/fao) and see what's new.



Highlights include:

- ▶ Recent news and upcoming office closings or system maintenance.
- ▶ A monthly feature that spotlights new borrower education materials or information that affects your job or students.
- ▶ An expanded Materials Request page that lists all materials, with descriptions and thumbnail images, available for you to order.
- ▶ A presentation and training section, which provides details on upcoming industry trainings and a list of presentation and training opportunities Iowa Student Loan representatives can provide.
- ▶ An archive of past issues of *Insights* and other educational research materials. ■

## PLUS Loan Credit Check Process Change

This summer, Iowa Student Loan changed its process for all Federal PLUS Loan credit checks. This change allows Iowa Student Loan to run an internal credit check for the online PLUS application and Master Promissory Note (MPN) and also streamlines the process to significantly reduce the possibility for reversal of previously approved decisions later.

The process also provides Iowa Student Loan–served lenders the ability to fully adopt the new qualifying criteria contained in the Ensuring Continued Access to Student Loans Act of 2008 (HR 5715). This legislation allows lenders to disregard mortgage and/or medical delinquencies that are less than 180 days delinquent during the time period Jan. 1, 2007, through Dec. 31, 2009. Thus, applicants will not need to know about and request an override due to a mortgage or medical issue.

## Denial Letters

To provide more efficient service, Iowa Student Loan no longer sends schools copies of denial letters when a parent completes the MPN and is denied due to the credit check. Instead, Iowa Student Loan will provide schools with denied response files to inform financial aid officers of the denial. In addition, the PLUS Credit Denial Report can be run daily to verify if there are borrowers who may potentially qualify for additional unsubsidized Stafford Loans. ■

# Parker Receives MASFAA Regional Leadership Award



The Midwest Association of Student Financial Aid Administrators (MASFAA) has recognized John Parker, director of community services and educational research at Iowa Student Loan, for his commitment to the financial aid profession.

The MASFAA Regional Leadership Award was announced at the National Association of Student Financial Aid Administrators (NASFAA) annual conference in San Antonio. Parker was recognized for “his commitment to the aid profession and for his roles as leader for his state, the region and the national association,” according to the NASFAA Web site.

“Being recognized by one’s professional colleagues is always special,” Parker said. “I have certainly benefited professionally and personally from the support of those colleagues, and I very much appreciate receiving the award.”

## Contact Us

Please direct comments, questions and suggestions to:

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