2018-19 Program Guidelines College Access Loan (CAL)

60x30TX

Texas Higher Education Coordinating Board

Student Financial Aid Programs
Texas Higher Education Coordinating Board

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COLLEGE ACCESS LOAN PROGRAM

The Texas Higher Education Coordinating Board (THECB) Program Guidelines are intended to support institutions by highlighting requirements that appear in the Texas Education Code (TEC) and Title 19 of the Texas Administrative Code (TAC). When administering this program, institutions should always refer to the applicable statutes and rules. The information provided in this document is to be used solely as a resource and does not supersede the statute and/or rules for this program.

PROGRAM AUTHORITY (19 TAC, SECTION 22.43) AND PURPOSE (19 TAC, SECTION 22.42)

The College Access Loan (CAL) program is part of the Hinson-Hazlewood College Student Loan Program, authorized by TEC, Chapter 52, Subchapter A. Rules establishing procedures to administer the subchapter can be found in Title 19 of the TAC, Chapter 22, Subchapter C. The CAL program provides alternative educational loans to Texas students who are unable to meet the Cost of Attendance (COA). The amount of federal aid that a student is eligible for (regardless of whether the funds are accepted) must be deducted from the COA in determining the CAL loan amount.

ELIGIBLE INSTITUTIONS (19 TAC, SECTION 22.45)

The following institutions and entities located in Texas are eligible to participate in the CAL program:

- Public or private nonprofit institutions of higher education, including junior colleges, accredited by a recognized accrediting agency as defined in TEC, Section 61.003; OR
- Entities, including Regional Education Services Centers, approved by the State Board of Educator Certification to offer an alternative certification program.

ELIGIBILITY

ELIGIBILITY REQUIREMENTS (19 TAC, SECTION 22.46 AND 2.47)

THE STUDENT MUST MEET FOLLOWING ELIGIBILITY REQUIREMENTS:	STUDENTS AND COSIGNERS MUST MEET THE FOLLOWING CREDIT APPROVAL REQUIREMENTS:
✓ Be classified by the institution as a Texas resident ✓ Be registered with Selective Service, or be exempt ✓ Have insufficient resources to finance his or her education ✓ Be enrolled at least half-time in: • A course of study leading to a certificate, an associate, baccalaureate, graduate, or higher degree; **OR** • An approved alternative educator certification program ✓ Meet the satisfactory academic progress (SAP) requirements set by the institution ✓ Receive a favorable credit evaluation or provide a cosigner who has a good credit standing and meets other requirements	✓ Have an Experian VantageScore of 650 or higher ✓ Not have public records such as tax liens or bankruptcy proceedings ✓ Have a minimum of 4 credit trade lines, excluding student loans or authorized user accounts ✓ Not have defaulted on any federal or private education loans

COSIGNERS MUST:

✓ Be at least 21 years of age
✓ Have a regular source of income
✓ Not be the borrower or the spouse of the borrower
✓ Receive a favorable credit evaluation
✓ Be a U.S. citizen or a permanent U.S. resident and reside in the U.S. or in a U.S. territory

⚠ **ALERT:** A student must be meeting the minimum satisfactory academic progress (SAP) requirements of the institution in the semester any loan is made (see TEC, Section 52.32(c)). Institutions have the flexibility to define what it means to meet SAP requirements. If a student is not meeting the institution's SAP, a documented appeal process may be used to determine if the student is eligible for CAL. A student can receive a CAL if a SAP appeal has been approved by the institution.

ADDITIONAL INFORMATION

HELMNET LOAN PORTAL

THECB's Higher Education Loan Management System (HELMS) allows institutions, students and cosigners to manage loan accounts through a secure online portal called HelmNet.

LOGIN PAGE

HelmNet Portal

• Institutions must submit a System Authorization Form to THECB to request access to certify a loan.
• Students and cosigners must each create an online account to apply for a loan or view the status of any loans with THECB.

CAL INTEREST RATE CHANGE

• Effective May 14, 2018, Applications certified on or after that date will carry a fixed annual interest rate of 5.30%.
• Applications certified prior to May 14, 2018, will carry a fixed annual interest rate of 6.60%.

SELECTIVE SERVICE STATEMENT (19 TAC, SECTION 22.3)

⚠ ALERT NEW: STUDENT COMPLIANCE WITH SELECTIVE SERVICE

A male student cannot receive a grant, scholarship, loan or other financial assistance funded by state revenue, unless a statement of the individual's selective service status is completed with the institution or other entity granting or guaranteeing the financial assistance. This requirement also includes federal funds or gifts and grants accepted by this state and any loans guaranteed by the state of Texas (See TEC, 51.9095).

Typically, a student's selective service status is confirmed through the online FAFSA process which validates registration directly with the Selective Service Administration. If a student's selective service status is confirmed on the Institutional Student Information Record (ISIR), no statement needs to be collected by the institution.

The statement below **must** be collected for all male applicants, each academic year, in the following situations:

> • A FAFSA that that is flagged "not registered" must be reviewed by the institution to determine if the student is exempt and may be eligible for federal or state financial aid programs. If the student is **exempt**, additional documentation should be collected by the institution to verify the circumstances. The institution can determine what additional documentation to collect for this verification.

> • For a student that does not complete a FAFSA, the required statement and back-up documentation must be collected by the institution to verify the current selective service status if the individual is applying for any state financial aid.

NOTE: The institution has discretion to determine how to collect this required statement, which can be done electronically or on paper (e.g. online form, signed award letter, etc.). The statement and all documentation must be retained in the student's record and be made available if requested during a program review or audit. Each statement collected must be retained with the student's records for 7 years after the date of completion for the applicable award period (See TAC, Section 22.4(a)(2)(A)).

Required Statement of Selective Service Status

Are you currently registered for Selective Service, as required by federal law?

☐ Registered   ☐ Not Registered   ☐ Exempt
(Proof of registration required)   (Documentation required)

I, _____, hereby certify that the selective service status provided is true and correct. I understand that I must provide documentation if requested by my institution that I may be required to complete a new statement for each academic year for continued eligibility.

_____   _____
Student Signature   Date

AWARDING

Students may receive CAL funding to cover reasonable expenses only, not to exceed the Cost of Attendance (COA) (See 19 TAC, Section 22.49) and IRS Certification Requirements). When certifying a CAL loan, institutions are confirming that the amount of the requested loan is greater than $100 and does not exceed the difference between the student's COA and other forms of financial assistance for which the student is eligible. The other forms of student assistance that must be considered when determining the amount of a CAL eligibility include:

- Free sources of student aid, such as gifts, grants and scholarships; AND
- The amount of any Federal Perkins loan and/or Federal Direct Stafford loan (including subsidized and unsubsidized) that a student borrower is eligible to receive. Eligibility for Federal PLUS loans should not be considered when determining the amount of CAL.

⚠ ALERT NEW: PROCESS FOR INCREASING A COLLEGE ACCESS LOAN (CAL)

A CAL can never exceed the amount certified by the institution but there are several common situations where a CAL can be increased.

- The institution certifies a loan and the student cancels all or part of the loan but later ends up needing the money during the loan period. The institution can request, in writing through CONTACT US, that the loan be increased up to the original certification amount. The institutions must confirm that the loan does not exceed the difference between the student's COA and other forms of financial assistance for which the student is eligible.

- The institution certifies a loan and the student becomes ineligible prior to the disbursement from the THECB. The institution cancels the loan but the student later becomes eligible during the loan period. The institution can request, in writing through CONTACT US, that the loan be reinstated up to the original certification amount. The institutions must confirm that the loan does not exceed the difference between the student's COA and other forms of financial assistance for which the student is eligible.

- The institution certifies a loan and returns funds during the loan period to the THECB. The institution can request, in writing through CONTACT US, that the loan be reinstated up to the original certification amount. The institutions must confirm that the loan does not exceed the difference between the student's COA and other forms of financial assistance for which the student is eligible.

A CAL cannot be increased in the following situation:

- The institution certifies LESS than what the student was pre-approved to borrow. The student ends up needing more money after certification (ex. additional tuition and fees) and wants to increase his or her current loan amount. The loan amount CANNOT be increased beyond the certified amount by the institution even though the student may have been pre-approved for more than what was certified.

PROCESSING FUNDS

REQUESTING PROGRAM FUNDS

Institutions can certify eligible CAL loans throughout the academic year on an as-needed basis. Funds will not be disbursed until the promissory note is signed by the borrower (and cosigner, when applicable) and the Financial Aid Administrator certifies the loan using the following two methods:

- Certify the loan through the HelmNet loan portal; OR
- Submit a Commonline Loan Certification File using the MOVEit DMZ secure file transfer portal.

RETURNING PROGRAM FUNDS

A Return of Funds Form (RFF) must be submitted and approved before any funds are returned to the THECB. This form is available on the Student Financial Aid Programs Information Webpage under **Online Resources**.

> 🛑 **STOP:** TIMELY DISTRIBUTION OF FUNDS (19 TAC, Section 22.2)
>
> - Institutions have 3 business days after receiving the funds to apply the funds to a student's account
> - Institutions have 6 business days after receiving the funds to return undisbursed funds
> - Institutions have 45 calendar days from the date a student becomes ineligible to return disbursed funds
> - Institutions have 120 calendar days to return funds after a student has notified the institution of a decision to cancel the award

REPAYMENT

CAL loans have a 6-month grace period beginning on the date the student ceases to be enrolled at least half-time at an eligible institution. Repayment is scheduled to begin after the expiration of the 6-month grace period (See 19 TAC, Section 22.53). All loans have a minimum monthly repayment amount of $50. There is a maximum repayment period of 10 years for loans with a principal balance under $30,000, and a maximum repayment period of 20 years for loans with a principal balance of $30,000 or more. If the balance is greater than $30,000 at the time the account initially enters repayment, the monthly payment amount must be enough to pay off the entire debt in no more than 20 years. The CAL will not be sold to another lender.

APPENDIX 1: QUICK REFERENCES

CONTACT FINANCIAL AID SERVICES	
By phone: (844) 792-2640	
Contact us by completing an online inquiry form and select "Financial Aid Question" as the Contact Reason.	
OTHER RESOURCES FOR INSTITUTIONS	
General program information for institutions	Student Financial Aid Programs Information Webpage
General loan information	HHloans
Higher Education Loan Management System (HelmNet)	HelmNet Student Loan Portal
Texas Program Statutes	Texas Education Code
Texas Program Rules	Texas Administrative Code
Information concerning programs, procedures, allocations, and other topics will be communicated to institutions through the GovDelivery system. To receive these communications, interested individuals must subscribe.	GovDelivery
Federal Selective Service Requirement Guide	Who Must Register Chart
AVAILABLE FORMS	
A form is required when returning funds for all state grant, scholarship, Educational Aide Exemption, and loan program funds.	Grants and Special Programs Online Return of Funds Form Loan Programs Online Return of Funds Form
CALENDAR	
Institutional Calendar	