2019-20 Program Guidelines B-On-Time (BOT) Loan

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Texas Higher Education Coordinating Board

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B-ON-TIME 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 20 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 AND PURPOSE (19 TAC, SECTION 22.329)

The Texas B-On-Time (BOT) Loan Program is authorized by TEC, Chapter 56, Section 56.0092. Rules establishing procedures to administer the program can be found in Title 19 of the TAC, Chapter 22, Subchapter Q. The purpose of the BOT Loan Program is to improve and increase access to higher education in Texas.

ELIGIBLE INSTITUTIONS (19 TAC, SECTION 22.331)

Public and private/independent institutions of higher education, as defined in TEC Section 61.003 (8), are eligible to make renewal awards only under the BOT Loan Program.

ELIGIBILITY

ELIGIBILITY REQUIREMENTS (19 TAC, SECTION 22.333)

⚠️ **ALERT:** Beginning with the 2015-16 academic year, renewal awards **only** are authorized for the BOT Loan Program.

TO RECEIVE A RENEWAL AWARD, A STUDENT MUST:

- ✓ Be classified by the institution as a Texas resident or be entitled to pay resident tuition rates as a dependent child of a member of the U.S. armed forces
- ✓ Be registered with Selective Service, or be exempt
- ✓ Be eligible to receive federal financial aid
- ✓ Be enrolled full-time in a baccalaureate degree program
- ✓ Have completed at least 75 percent of the hours attempted in the most recent academic year
- ✓ Maintain an overall Grade Point Average (GPA) of at least 2.5 on a four-point scale or its equivalent for all coursework attempted
- ✓ Be an undergraduate baccalaureate student that previously received an initial year award
- ✓ Have not earned a baccalaureate degree

AWARDING

In determining the amount of a BOT award, students can receive funding only up to their cost of attendance (COA). A student's COA includes tuition and fees, allowances for books and supplies, room and board, transportation expenses, and miscellaneous personal expenses. When certifying a BOT loan, the institution is confirming that the amount of the loan does not exceed the difference between the COA and other forms of student assistance (except Federal Plus loans) for which the student is eligible (See 20 TAC, Section 22.334).

BOT 2019-20 AWARD MAXIMUMS		
INSTITUTION TYPE	AWARD MAX/YEAR	AWARD MAX/SEMESTER
PUBLIC UNIVERSITIES, HRIs AND PRIVATE/INDEPENDENT INSTITUTIONS	$9,792	$4,896
PUBLIC STATE COLLEGES	$5,876	$2,938
PUBLIC TECHNICAL INSTITUTES	$5,988	$2,994
PUBLIC COMMUNITY COLLEGES	$3,272	$1,636
A 3% ORIGINATION FEE WILL BE DEDUCTED FROM THE LOAN PROCEEDS.		

ADDITIONAL INFORMATION

GPA APPEALS

A student who does not meet the GPA requirement at the end of a spring term can appeal to have courses taken at other institutions included in the GPA calculation. In this case, all grade points previously earned must be included in the overall GPA calculation.

REINSTATEMENT OF ELIGIBILITY

A student who fails to meet any of the requirements for receiving a continuation award after completion of any year, may not receive a BOT loan until he or she completes the necessary coursework to meet the completion and GPA requirements for a continuation award.

LOAN ORIGINATION

BOT loans may be originated in the HelmNet Loan Portal only for eligible renewal recipients. If an entered SSN does not have a prior BOT Loan associated with it, the system will not allow an application to be created or certified.

SELECTIVE SERVICE STATEMENT (19 TAC, SECTION 22.3)

In accordance with TEC, 51.9095, male students may not receive financial assistance without filing a **Selective Service Status Statement** with their institution or other entity granting or guaranteeing the assistance. Financial assistance includes grants, scholarships, loans or other assistance funded by state revenue, including federal funds or gifts and grants accepted by the state.

When is a statement NOT required?

A Selective Service Status Statement is not required when a student's registration is confirmed on the Institutional Student Information Record (ISIR). The confirmation on the ISIR will serve as the student's signed statement since the Department of Education validates registration directly with the Selective Service System (SSS) through a database match for male students who complete the Free Application for Federal Student Aid (FAFSA).

When is a statement required?

• For a male student that completes a FAFSA but is flagged "not registered" on the ISIR, the institution must determine the student's status.

    o If the student is **registered**, the institution must collect the status statement and proof of registration which can be used for subsequent semesters.

    o If the student is **exempt**, the institution must collect the status statement and proof of exemption based on the student's circumstances. The institution can determine what additional documentation to collect to verify the exemption.

• For a male student that does not complete a FAFSA, the required status 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.

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, and that I may be required to complete a new statement for each academic year for continued eligibility.

_____   _____
Student Signature   Date

ADDITIONAL INFORMATION

FREQUENCY COLLECTING THE STATEMENT

If the student's status will NOT change, the statement and supporting documentation can be used for subsequent semesters (e.g., the individual entered the U.S. after the eligible age to register).

In the event the student's status could change, the statement must be collected each academic year until the male student is registered or determined exempt (e.g., student is under 18).

METHOD FOR COLLECTING THE STATEMENT

The institution has discretion to determine how to collect this required status statement, which can be done electronically or on paper (e.g., online form, signed award letter, etc.).

RETENTION SCHEDULE

The status 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 status 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)).

REPROCESSED ISIRS

If the student's most recent ISIR transaction has been reprocessed by the Central Processing System (CPS) and the registration with SSS was confirmed, the institution does not need to collect the status statement or any documentation.

SATISFACTORY ACADEMIC PROGRESS (SAP) (19 TAC, SECTION 22.333)

A student's SAP eligibility is determined at the end of each academic year. A student must complete 75% of total attempted hours in the academic year and have a minimum 2.5 cumulative GPA on a 4-point scale, or its equivalent.

END OF EACH ACADEMIC YEAR	SATISFACTORY ACADEMIC PROGRESS (SAP) REQUIREMENTS	
	75% completion rate of the hours attempted in the most recent academic year	2.5 cumulative GPA on a 4-point scale

DISCONTINUATION OF ELIGIBILITY (19 TAC, SECTION 22.333)

A student may not receive a BOT loan for more than 150 semester credit hours or the equivalent.

If, in any given academic period, a student is no longer enrolled full-time and the THECB does not receive a refund of the BOT loan for that period, the dropped courses will be counted towards the calculation of the 150 SCH limit.

HARDSHIP PROVISIONS (19 TAC, SECTION 22.335)

A student who is ineligible for the BOT Loan based on course load and completion requirements may be deemed eligible under a hardship provision. Participating institutions must adopt a hardship policy and have the policy available for public review upon request. All hardship decisions must be documented in the student's record and be available for submission to the THECB, if requested.

PROCESSING FUNDS

CERTIFYING FUNDS

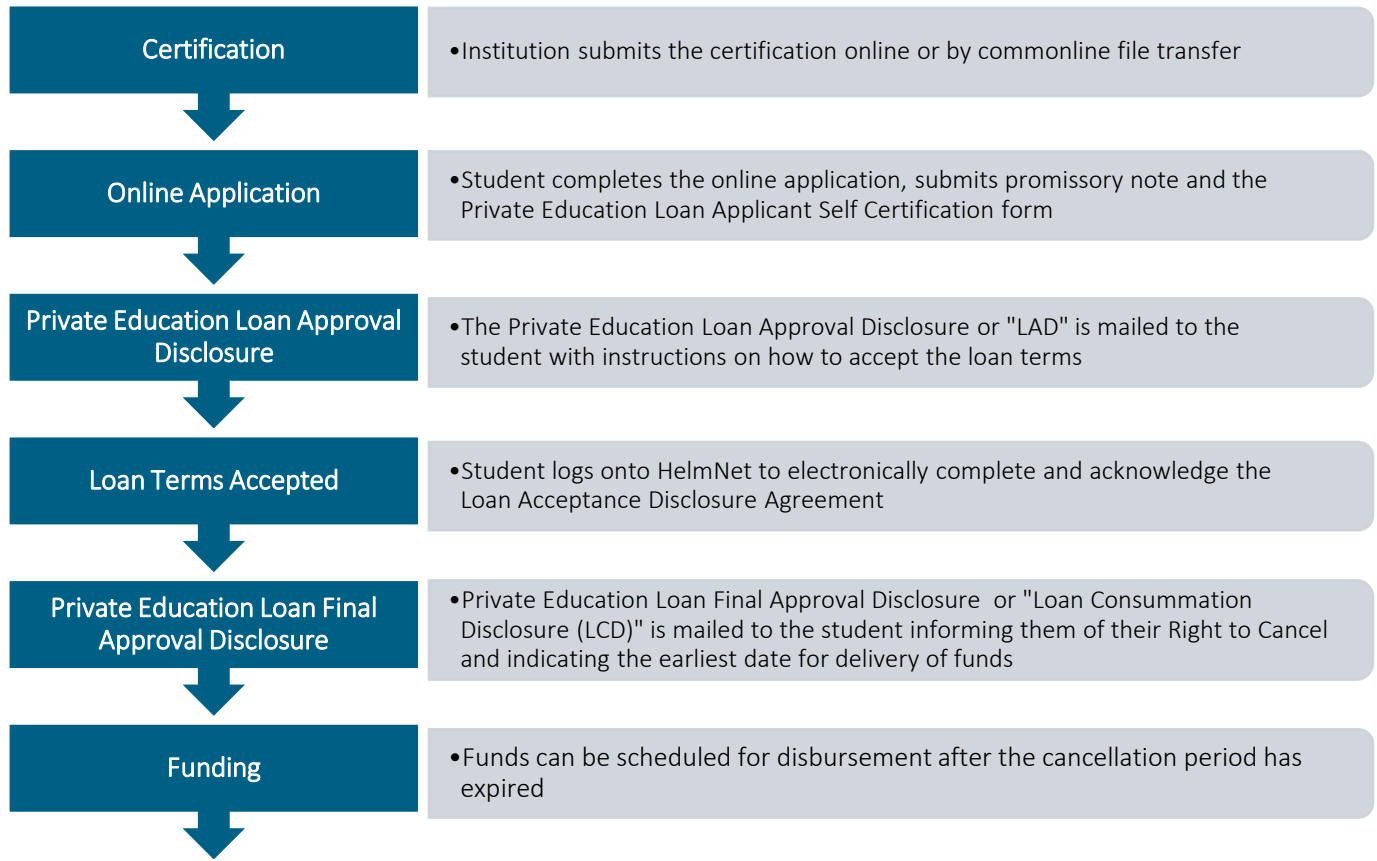Funds will not be disbursed until the promissory note is signed by the borrower. Financial Aid Administrators can certify BOT loans using the following two methods:

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

Institutions can begin disbursing loan funds after September 1, 2019 for the 2019-20 academic year.

LOAN PROCESS FLOW

Below is the loan process flow that occurs when a borrower completes a BOT application:

Certification	•Institution submits the certification online or by commonline file transfer
Online Application	•Student completes the online application, submits promissory note and the Private Education Loan Applicant Self Certification form
Private Education Loan Approval Disclosure	•The Private Education Loan Approval Disclosure or "LAD" is mailed to the student with instructions on how to accept the loan terms
Loan Terms Accepted	•Student logs onto HelmNet to electronically complete and acknowledge the Loan Acceptance Disclosure Agreement
Private Education Loan Final Approval Disclosure	•Private Education Loan Final Approval Disclosure or "Loan Consummation Disclosure (LCD)" is mailed to the student informing them of their Right to Cancel and indicating the earliest date for delivery of funds
Funding	•Funds can be scheduled for disbursement after the cancellation period has expired

The earliest a loan can be disbursed is 11 business days after the LCD is mailed to borrower.

Day 1
LCD mailed to borrower.

+ 3 Days
Reasonable Delivery Time.

+ 4 Days
Right to Cancel Period
Midnight of the 7th day after date mailed.

+ 3 Days
Funds delivered in 3 business days.

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 (SFAP) 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.

✋ STOP: REINSTATING CANCELED LOANS

Institutions can send a request in writing to reinstate a canceled loan or disbursement through CONTACT US. Requests received more than 60 days after the end of the loan period will not be processed.

Common reasons why loans are canceled by the THECB:

- Student did not approve the Loan Acceptance Disclosure (LAD) within 45 days of loan certification.
- Student was reported by the National Student Clearinghouse (NSC) database as enrolled less than half-time.
- Student contacted the THECB and canceled the loan without informing the institution.

A BOT loan can never exceed the annual maximum amount certified by the institution, but there are several common situations where a BOT loan can be increased. Loan changes can be requested in writing through the CONTACT US link found on the SFAP webpage.

- 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.

⚠️ ALERT NEW: REQUIRED CONTACT US INQUIRY INFORMATION

To ensure inquiries are routed correctly, the following steps must be completed:

- **Received From:** Select Institution
- **Institution:** Enter the Institution's Full Name
- **Contact Reason:** Select **Financial Aid Question** (regardless of the inquiry reason)

Enter the following information in the Description box:

- HelmNet Loan portal ID
- Commonline Unique ID #: (16 Characters)
- Student's first name, last name, and middle initial
- Last four digits of the student's SSN

Provide a detailed explanation of the change needed:

- **Unclear request:** "Please update the loan disbursement to 04-01-2019".
- **Clear request:** "Please update loan disbursement #1 from 01-15-2019 to 04-01-2019".

Student Financial Aid Programs Information (SFAP) Webpage

INSTITUTIONAL TOLL-FREE NUMBER: 1-844-792-2640

ONLINE INQUIRIES: CONTACT US (select "Financial Aid Question" option under contact reason)

The Financial Aid Services Department is unavailable every third Thursday in the morning to allow for a monthly staff meeting.

Texas Higher Education Coordinating Board

Contact Us

An asterisk * by the field indicates a required field!

Received From*	INSTITUTION
Institution	College of Higher Educations
Contact Reason*	*Financial Aid Question
Description*	_3740 characters left_

HelmNet ID: 00XXXXX00LastAA

Commonline unique ID #: 123456123456123

Student, Student, S
SSN:0011

Student was initially enrolled in 4hr for spring currently enrolled for 12hr

REPAYMENT

BOT 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. The BOT loan has a 15-year repayment period or a minimum monthly payment of $75.00. BOT loans have a 0% interest rate (See 19 TAC, Section 22.339).

Deferments for education enrollment or periods of forbearance based on financial hardship are available.

⚠️ **ALERT NEW: ANNUAL STUDENT LOAN DEBT DISCLOSURE** (19 TAC, SECTION 21.45)

All participating institutions must provide students with a letter, in an electronic format, estimating each student's total loan obligations, at least once a year. The purpose of this letter is to provide students with timely information on their education loan debt so they can make informed decisions about student loan borrowing.

Student loan debt disclosures must include:
- All education loan debt from the National Student Loan Data System (NSLDS), as well as information that the institution may reasonably collect from its own records.
- Any estimates of the unpaid amount of state, federal, and other education loans obtained by the student (if reasonably available to the institution); the types of education loans must be identified for each total included.
- *An estimate of the total payoff amount or a range for that amount, including principal and interest.
- *An estimate of monthly repayment amount, including principal and interest.

*At a minimum, institutions shall provide this information based on a 10-year repayment plan.

NOTE: This guidance may change based on recent legislative activity; any necessary updates will be provided accordingly.

FORGIVENESS REQUIREMENTS (19 TAC, SECTION 22.337)

A BOT loan may be forgiven if the student provides the THECB an Application for Forgiveness. Section two of this form must be completed by the institutional Registrar's office certifying that the student:

- Graduated with a B average, or a cumulative grade point average of at least 3.0 on a 4-point scale and:
  - Received a baccalaureate degree within four calendar years after the date the student initially enrolled in an eligible institution; or
  - Within five calendar years after the student initially enrolled in an eligible institution if the institution reports that the student graduated with a degree in architecture, engineering, or any other program that the institution certifies to the Board is a program that requires more than four years to complete; **OR**
- Graduated with a B average, or with a cumulative grade point average of at least 3.0 on a 4-point scale with no more than six hours more than the number of credit hours required to complete a baccalaureate degree.
  - Total number of hours earned includes transfer credit hours and excludes hours earned exclusively by examination, dual credit course hours, and hours earned for developmental coursework that an institution required the student to take under TEC, Section 51.336 (relating to Success Initiative).

ADDITIONAL INFORMATION

APPEALS PROCESS

If a student disagrees with the decision about his or her eligibility for forgiveness, the student can send a dispute letter explaining the situation and reason for appealing to:

Director of Borrower Services
THECB
P.O. Box 12788
Austin, TX 78711
Fax: (512) 427-6423

FORGIVENESS DEADLINE

There is no deadline for completing the **Application for Forgiveness**. Submitting the application early will help avoid collection efforts, since BOT Loans are automatically scheduled for repayment six months after a student is no longer enrolled at least half-time or the last date of the student's enrollment.

Enrollment Requirements

No student enrolled for fewer than six hours may receive a BOT award, regardless of the circumstances, including graduation.

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	