



Revised Truth-In-Lending (Title X) Student Loan Regulations

How new student loan regulations have enhanced rules and disclosure requirements on private loan lenders

The federal government has recently (effective February 14, 2010) strengthened its regulation of the activities of lenders in the private student loan industry. These changes were made to Federal Truth-in-Lending Act regulations (also known as Regulation Z) which also affect Title X of the Higher Educational Opportunity Act, the main federal legislation governing student financial aid.

These new student loan regulations will further protect your parent and student borrowers from unfair lending practices, and will help them find the education finance product that best suits their needs. The recent changes include:

- Barring lenders from offering co-branded credit products that suggest they've been endorsed by colleges or universities.
- Instituting new disclosure requirements that obligate lenders to inform borrowers and cosigners who apply for a private student loan of the availability of low-cost federal loans (and other pertinent facts) at the time the loan is originated, approved and consummated.
- Instituting new disclosure forms which provide borrowers and cosigners with a more complete picture of the impact of a variable interest rate and the total cost of borrowing over the term of the loan.
- Requiring more frequent disclosures to borrower and cosigners. Lenders must now provide 3 disclosure forms (one at application, one at approval and one prior to funding) as opposed to the traditional single disclosure form which was required any time prior to approval.
- Providing borrowers with a 30-day acceptance period, during which the material terms of the private loan may not be changed, with a few exceptions.
- Providing borrowers with the right to cancel their private loan during a three-day period before loan proceeds can be disbursed by the lender.

By sharing details about these new student loan regulations with your parent and student borrowers, you may be able to help them better understand the process. Many students and families will have to take out private loans to close the gap between what they can raise through grants, scholarships, federal loans and family savings on the one hand, and what college actually costs on the other.

The CampusDoor loan origination process is fully compliant with these new regulatory requirements and all other relevant regulations within private student lending. In fact, not only are our systems compliant, but they are capable of presenting these disclosures to your parent and student borrowers electronically and in real-time in order to minimize confusion and streamline the loan application process. At CampusDoor we are fully committed to fair lending practices and regulatory compliance, and maintain that commitment without sacrificing the ease of the user experience.