expenses. Lest you think the Direct Loan Program schools were left out, they were not. They also have to meet disclosures, albeit because they are only after one type of federal loan, those disclosures are far fewer. If the school participates in the Direct Loan Program they have to disclose the information on model disclosure form that we developed. The minimum disclosures that will be on that model disclosure form to their current and perspective students. Obviously, these disclosures would cover direct loans. If a direct loan school provides information about a private education loan to the perspective borrower, it also has to provide information on the model disclosure form.

New Program Participation Agreement Requirements accompany these new disclosure requirements. Institutions have to develop, publish, administer and enforce a code of conduct with respect to loans made under Title IV. This is a condition of participation in the Title IV loan programs. So, not only do covered institutions who participate in a preferred lender arrangement are not only they subject to the code, so are institutions that participate in the Title IV loan program. That means just about everybody is subject to this code of conduct. It is not limited to your participation in a preferred lender arrangement if you are wanting to participate in the Title IV loan programs. For any year you are in a preferred lender arrangement you have to compile, maintain, and make available to students, a list of lenders for loans made, insured, or guaranteed under loan programs. And, we talked about this briefly. Upon request of an enrolled or admitted student, you have to provide that student with the private education loan certification form and the information needed to complete it. These conditions are for participation in Title IV. So, these are the things that if you want to do our loan programs especially, you have to comply with.

Administrative Capability: To begin and continue to participate in Title IV programs you have to report to the Department annually any “reasonable” reimbursements; remember we just mentioned those. Reimbursements were okay as long as they were reasonable, that you have been compensated for by lenders or groups or lenders. Reasonable, what does that mean? It means reasonable in accordance with State or Federal reimbursement policies.

A little bit more about the Self-Certification Form for Private Education Loans**:** This is a joint responsibility, as I mentioned earlier, between the Department and the Federal Reserve Board. This is a form that the private education lender must obtain from the borrower of the private education loan before the private education lender can make that loan. So, the private education loan now is predicated on that lender obtaining this self-certification form. The covered institution at which the applicant is enrolled or admitted must provide the form to the student. Again, this enrolled or admitted is important. You only have to provide the form for those at your school who are enrolled or admitted. We were worried at the negotiating table that anybody could come into your office and say “I need a private education loan certification form.” So, only to folks who are enrolled or admitted at your institution.

[AUDIENCE:] [Inaudible]

[MCLARNON:] A question related to the private…sure.

[AUDIENCE:] [Inaudible]

[MCLARNON:] I'll repeat this. Okay. The question here or comment is that Michelle was under the impression that it was the lender who had to provide the form to the borrower of the private education loan. That, unfortunately, is a mistaken impression. The HEOA specifically requires the institution of higher education to provide the self-certification form to a student at that school upon that student's request, and to buff it up, they made it a condition of participation. So, not only are you required to give the form under statutory provisions under our program participation agreement section of the statute, you're required to give it to the student in order to participate. I'm going to talk a little bit more about that. There is some flexibility offered to private education lenders by the Federal Reserve, so it's not going to be as burdensome as you might think.

Okay, so what does this form contain? Basically, we're looking at disclosures that the applicant may qualify for Federal, State or institutional aid, and is encouraged to discuss this with the financial aid office or the appropriate office. Again, the focus here is to make sure the borrower is aware of their eligibility for Title IV. They're taking out a private education loan. If they're coming to get a form, chances are very good they've done the process to get a private education loan; another opportunity for the borrower to know that they may be eligible for Title IV, that the private education loan may affect their eligibility for Federal, State or institutional aid. And finally, the information the applicant is required to provide. This is the cost of attendance at your institution, estimated financial assistance, and the difference between those 2 numbers. Here, you see, I just told you – COE, EFA, and the difference. This is again to give the borrower an idea of what the appropriate size of a private education might be for this particular borrower. The form has to include also a place for the applicant's signature. Now, that ends my part of the presentation. We are going to move forward in to the Federal Reserve part of the presentation, but before I do, we have a question here.

[AUDIENCE:] So, what are you supposed to do with the self-certification?

[MCLARNON:] The question is what are you, the institution, supposed to do with a self-certification form? Your responsibility ends once you have given the form to the borrower, and you will be able to give the form to the lender, as well. I'll get into that going forward, but you don't have any responsibility to track the borrower going forward of your submission on the form from the borrower. Your responsibility is to give the form to the borrower upon the borrower's request, to fill out the form with the COA and EFA to the degree that you have that information, and that's it.

[AUDIENCE:] [Inaudible]

[MCLARNON:] Individualized student? Yes, the individualized student's information, does it have to be on paper? No. You can provide it on paper, or you can put it on your

web site for the student to download. The student can download it and bring it in to you and say, “Here, financial aid office; I need you to give me the information. I need to fill out this form,” but it does not have to be on paper. You can post it or provide it electronically.

Okay, I’m going to move through the presentation. It’s already 4:00. Yesterday we were here until after 5:00, so I will take a random question now and then, but let’s get through the material if we can.

I’m going to do Brent’s part of the presentation, and I’m going to start with some background on the final rule published by the Federal Reserve. Again, the Federal Reserve Board’s final rule implements the Higher Education Opportunity Act. The Higher Education Opportunity Act, as I mentioned earlier, amended the Truth-In-Lending Act, as it did the Higher Education Act. The board published their final regulations on August 14, and here they are. They are very interesting regulations. Your compliance with them, if they are applicable to you as an institution, is February 14, 2010, and this will be placed as Special Rules for Student Credit Extensions in Regulation Z. The purpose of the Truth-In-Lending Act has always been to provide the consumers with meaningful disclosures around consumer credit. The Truth-In-Lending Act is implemented by the Federal Reserve Board in what they call their “Regulation Z.” They name all of their regulations after letters, and otherwise known as “Code of Federal Regulations 226.” For instance, their Reg. Q has to do with interest rates. Reg. Z has to do with consumer credit, so all of their regulations are named after letters. They have official staff commentary which gives examples and additional guidance. I personally, as a writer of regulations, found this extremely helpful. They also have a preamble much like the Department does, otherwise their regulations very much mirror the way that we regulate, but the staff guidance is the reason for the next bullet. Anybody who follows the regulations and their staff guidance and commentary are insulated from liability.

Okay, before HEOA, the TILA required closed-end credit disclosures be made on any of those closed-end credit instruments before consummation. This was a one-size-fits-all kind of form. It covered every kind of extension of consumer credit out there, student loans included. You might wonder, “Oh gosh, I never made any TILA loan disclosures on my student loans.” That’s because the disclosures that are included in the Higher Education Act already comply with TILA, so you are actually in compliance with TILA based on the disclosures that you make already, prior to HEOA, under the Higher Education Act. Here’s an overview of their Final Rule. We’ve got new disclosures and timing requirements. We have disclosures at 3 separate points during the application or the process by which a private loan is made. There are disclosures required upon application, after the loan is approved. There is a 30-day acceptance window after approval whereby the borrower can make up their mind whether they want the loan or not, and during that time the lender cannot change the terms and conditions of the loan. And finally, disclosures at consummation, also a consummation of a 3-day period they call a right of recision. They can cancel, the borrower can decide to cancel that loan 3 days after having received the approval. During those 3 days, the private education

lender cannot disburse any funds. We have requirements that the lender again, just sort of touched on this, the private education lender obtained a self-certification form before consummation of the loan, model disclosures developed through consumer testing. The Federal Reserve Board also developed model forms that contain all of these disclosures that I just mentioned; all of the disclosures required and all of these points in the process, they have developed a model form that has these disclosures on them for you to use; very thoughtful of them. They do consumer testing focus groups and things like that. The forms themselves are included in the Federal Reserve Board's final regulations. There is a prohibition on cobranding and marketing included in their regulations, and finally, requirements for the provision of information by creditors to educational institutions in a preferred lender arrangement. Let's talk a little about who is covered and what's covered by the Federal Reserve Board's regulations. These disclosure requirements are, certain creditors or lenders, are subject to these disclosure requirements. A creditor is actually a private education lender. So, when you see the word "creditor" in the Federal Reserve Board's regulations, that is actually their reference to a private education lender. Instead of using the definition as it is written in the statute, they decided to use an existing regulation in Reg. Z. The definition of creditor is longstanding in Regulation Z. They simply believe that the term encompassed the definition of a private education loan. So, private education lenders are creditors under the Federal Reserve Board's final regulations. Creditors include institutions of higher education, long have included institutions of higher education. One of the interesting things to me was during negotiations, schools didn't seem to realize that they were considered a creditor under TILA, and they have, in fact, been considered creditors for many, many years. So, it includes institutional educations that meet the definition of creditor, however, there are types of credit provided by you, the educational institution that are not covered by private education loan rules; we'll talk about those. A creditor means a person. What is a creditor then? A creditor is a person who regularly extends consumer credit. What does regularly extend mean? It means that you have extended any type of consumer credit more than 25 times in the preceding calendar year, so you are a creditor if you have regularly extended 25 times in the preceding year, consumer credit that is subject to a finance charge, that means it is subject to an interest rate, and is payable by written agreement in more than 4 installments, rather, OR is payable in a written agreement in more than 4 installments and is the person to whom the obligation is initially payable, okay? So, you are a creditor, again if you regularly extend credit that is subject to a finance charge or is payable by written agreement in more than four (4) installments, and is payable to the person and is a person to whom the obligation is payable.

Okay, Loans. Private education loans are also covered by these Final Regulations. Covered loans made whole or in part for postsecondary educational expenses; well, we know what that means – that's tuition and fees, books and supplies, miscellaneous expenses, room and board, things of that nature at covered institutions. For the Feds purposes, that means institutions of higher education. It also included unaccredited institutions. They threw a wider net around the definition of "institution of higher education." Education loans that are excluded: Federal Student Loans. They are not covered under these requirements. Open-ended credit; think credit cards, things of that

nature, real estate-secured loans, not covered. The Fed also carved out two types of credit extensions made by you the institution of higher education which are not considered to be private education loans, and here they are: They are the term, and I think that I mentioned this earlier in the first part of the presentation, the term of the credit extension is 90 days or less. Again, these are emergency bridge loans. You can charge interest, you can charge a fee, but as long as that extension of credit is 90 days or less, it is not considered a private education loan, not subject to the TILA requirements. And also, institutional billing plans. As long as there is not an interest rate applied to the credit balance and the term of that billing plan is a year or less, even if the credit is payable in more than four (4) installments. The bad news is the exclusions, while not subject to the very burdensome requirements of the TILA disclosures, may nonetheless be subject to some TILA disclosure requirements. These are generally the disclosure requirements; remember the one-size-fits-all that I mentioned? Those are retained in the Federal Reserve's Regs. They have a new subpart that applies solely to private education loans. These extensions and credit may nonetheless be required, may require you to make some disclosures under different parts of Regulation Z, and that is subpart C, "closed-end credit disclosures" § 226.17 and 18.

Let's talk about the disclosures that have to be made at each point in the process. First, I want to make some general comments about these disclosures. They have to be clear and conspicuous, they have to be grouped together, and they can't be segregated from everything else. They have to be grouped together, clear, conspicuous, and they can't contain information that's not directly related to the disclosures. So it is to focus the borrower in, not include any extraneous information, be very clear and be very conspicuous. Also, if you're providing these disclosures as part of the approval or the final acceptance disclosures on a private education loan and you're providing them electronically, which is your option, you have to obtain consumer consent under the E-Sign provisions. You have to obtain consent from the consumer to communicate with that borrower electronically, okay?

Okay, let's go over some of the specifics about the various points of disclosure. "Application" – This is at the application or solicitation. They would not necessarily require the actual application in a solicitation, so at application or solicitation you need somebody to be on the phone with the borrower and be soliciting loan. Vice versa, the borrower could call the private education lender, so these are at application or the solicitation. It generally contains information about rates, fees, and other terms that apply. These, again, are the laundry list of disclosures that I keep mentioning under 128 (e) and 128 (1) of the TILA, interest rates, fees, default fees, late cost fees, repayment plans, borrower eligibility, rights of the consumer, self-certification form information; a long list of disclosures associated with each point in the process. Also provide information about federal student loan alternatives. Another point where we are providing borrowers with information about federal student aid – that they may be eligible, that the terms and conditions may be better, and that they should talk to their school regarding their eligibility for federal aid. Approval disclosures – This is provided after approval on or with any notice for approval to the consumer. This is a disclosure moving through the process now; we're passed application and solicitation to approval,

the borrower has been approved, you have to provide borrower-specific transaction-type disclosures to that borrower, including the information currently required by the TILA. Again, during the acceptance period, I mentioned this earlier, there is a 30-day period that the consumer has to accept the loan, and the consumer can accept any time during the 30-day period. The consumer can accept on the day that you tell them they're approved, but they have that complete 30-day period in order to mull it over, if you will. So, again, they can accept earlier, the day of, but again 30 days is the rule. The disclosure has to state the exact date when that acceptance period expires so that they know how long they have to think about it; you can't give them forever, obviously. There are limitations on changes to the terms and conditions during this period. There are some permissible changes where you do not have to redisclose, make redisclosures under the TILA. You can change the rate if it is based on an index. If it is a variable rate, which we see in federal loans, as well. The lender in this case, doesn't have control over the interest rate – it can go up and down. So, if that's the case, then that's a permissible change. Interest rate changes are fine as long as they are based on an index. Unequivocally beneficial changes – This means that the private education lender offers the borrower a better deal; they lower the interest rate or they provide something by way of repayment or lower fees. No redisclosure required here. Permissible changes moving through this: No redisclosure. If the offer is withdrawn. If the private education lender finds out that the loan is…has reason to believe there's fraud involved or the loan is prohibited by law for some reason, withdraw the offer. No redisclosure is necessary. More permissible changes – Reducing the loan amount based on a school certification or information from the consumer indicating decrease in financial need. If they are going through you to certify the loan and they receive information that indicates to them, the private education lender, that need is not as great as might have been communicated from the borrower and they lower the loan amount, for instance – that's okay. No redisclosure is required. Again, this is a reflection of the concern. Over-borrowing of student loans; this is the reason this is here. Other changes permitted only to the extent that the consumer would have received them if the consumer had applied for the reduced loan amount. Permissible changes with redisclosure required. This is a change that you can make, but you have to redisclose. Changes made to accommodate a request by the consumer: Consumer decides, "I don't want to borrow $10,000; I want to borrow $15,000." There may me some changes to the terms and conditions of that loan as a result of the higher amount being borrowed. If that's the case, you have to redisclose, but you have to make the TILA disclosures again. Again, new disclosure and 30-day acceptance period required for new terms. Again, new disclosure holding 30-day acceptance period, if that's the case. An interesting provision here: The creditor has to leave the original offer on the table in case the borrower decides, "Well, I thought I wanted $15,000, but the terms you are offering me for the extra $5,000; hey, I don't like those terms, so I'm going to revert back to my original offer." The creditor has to leave that offer on the table. Final disclosures, very similar to the approval disclosures, these are made after the borrower accepts the loan. The borrower says, "Okay, I'm ready to go. I accept your terms" and then they have a 3-day period where there is this right of recision. Final disclosures also include TILA disclosures. Again, here's the right to cancel. Borrower has 3 business days from receipt of the final disclosure form to change their mind and to cancel and say "I don't want it," and you cannot disburse the

loan as a private education lender, you cannot disburse the loan until the end of that 3-day period. You cannot waive it, neither can the borrower. That 3-day period is statutorily set and cannot be waived.

Let's return to the Self-Certification form. This is a form for private loans. The lenders have to obtain the signed, completed form before consummation of the loan. Here are the slides that I mentioned earlier: The Federal Reserve gives lenders some flexibility here. The lender can receive the form from the consumer, or the lender can receive the form from the school. So, the lender can come to you, the school, and say "I've got a borrower of a private education loan. I would like the form and the information I need to fill out the form." You would provide that information. You, in all cases – institutions in all cases, provide the information needed to complete that form. You do not have to give that form to the lender. In our regulations, you are required only to give the form to the borrower and our regulations – we regulate the institutions of higher education. The Federal reserve Board regulates private education lenders. You may give it to the lender – it's your option. And we made that clear in the preamble of our Final Regulation. So, a lender may receive the form from a consumer, who would have received it from you or the school, and the lender may provide the form to the consumer and the lender may fill in the data. This is most likely to occur with lenders who have a relationship with schools already; schools are already certifying loans for private education lenders. If the Federal Reserve was cognizant of this, the comments that they received, and allow this to be a scenario, that was okay with them. Again, though, the institution, and we have confirmed this with the Federal Reserve, must be the entity that provides the information; I'm almost done. Cobranding. This is a similar provision to the Department about the use of an institution's name. The Federal Reserve did carve-out some exceptions. This is for the private education lender. Remember, our regulations provide rules for institutions of higher education, and you must ensure that the creditor's name does not appear on the application unless that is a credit union. These guys regulate the creditor. They have carved out a couple of exceptions. In your case, you're following the Department of Education Regulations. And lastly, this is the slide on the provision of information from creditors who are in a lending arrangement with covered institutions; have to provide them with a variety of information on each loan that the borrowers receive under that arrangement. Again, mandatory compliance on the Federal Reserve Board Regulations as of February 14th. That's it.

I know you've got questions. Let's start here. We've got a microphone here in the middle of the room. This session is being recorded, I believe, so I would appreciate it if you have a question, if you would line up behind the microphone and ask me a question. To the degree that I can answer your TILA-related questions, I will. I have to be totally honest. If there's a question I can't answer, I'm just going to have to refer you. Okay, first question.

[AUDIENCE:] Hi. Lenders have indicated to me that they do plan to give the form to the borrowers on our behalf. Are we required to just provide the information on cost of attendance and estimated financial assistance, or are we actually required to give a form to the lender to provide to the student?

[MCLARNON:] They can download the form. You don't actually have to provide it to them personally. If they come to you, and I doubt this will happen, come to your office and say "Can I have the form," yes, but most people take advantage of the electronic conveniences that we have available to us. I assume the lender would download it, but the lender would still have to get the information from you. And I want to emphasize that point. The information is the only information that the school has, and so, for that reason, I want to again emphasize, the school provides the information on the form, regardless of who you give it to. Okay, question?

[AUDIENCE:] But you said that the form had to be specific to the student, so you can't just put generic cost of attendance data on a form on the web and have them download it.

[MCLARNON:] No, I'm not saying that. The lender would take the form from the web.

[AUDIENCE:] So, you have some capability of doing that on the web. You can do it otherwise, it's a paper form.

[MCLARNON:] Yes, it is borrower-specific. It's useless unless it is borrower-specific.

[AUDIENCE:] Okay, my question is – You said that all of the schools are considered lenders. Why? If you don't count federal loans, and you don't count our payment plans if we don't charge interest, why are we considered a lender?

[MCLARNON:] Well, you are considered a creditor under Federal Reserve Board regulations if you make an extension of consumer credit more than 25 times in a year, and unless everything that you do meets the 2 exceptions that the Federal Reserve carved out. Is that the case?

[AUDIENCE:] If we don't give any institutional loans and we don't charge interest on our payment plans…

[MCLARNON:] Then you wouldn't be a creditor. I mean, I find that very few institutions, most of the institutions do make institutional loans, and do make extensions in credit. Review carefully, the definition of creditor to make sure that you're falling into that category, and back up…Let's back up. A creditor regularly extends credit. Remember, if you extended any type of consumer credit within the preceding years, at least 25 times, any kind of consumer credit that is subject to a finance charge (interest rate), or is payable by a written agreement in more than 4 installments, and you, the entity, are the entity to whom the obligation is payable. If your institution doesn't fall into that category, then you're not a creditor.

[AUDIENCE:] Okay, but if you have a payment plan that takes more than 4 payments, then you're a creditor.

[MCLARNON:] These are the instruments that are not subject to TILA requirements. They are nonetheless, extensions of credit and they are subject to TILA, rather, Reg. Z requirements in subpart C. Again, you need to think carefully about the definition of creditor. Any kind of consumer credit. The Fed carved out 2 exceptions for private education loan disclosure purposes. These two extensions of credit: The short-term emergency loan and the billing plan where there is not interest applied to the balance and the term is one year or less are still extensions of credit and they are still subject to Federal Reserve Truth-In-Lending Act disclosure requirements, albeit not the involved disclosures we went through. Am I making sense? Am I helping you?

[AUDIENCE:] Not a bit.

[MCLARNON:] I'm sorry. Let's go back…Oh dear. What have I done? Okay, next question.

[AUDIENCE:] Okay, I just want to clarify that if you do not have a preferred lender list that you can refer students to prior lenders that your particular students have used in the past?

[MCLARNON:] Yes, and I appreciate your bringing that up. We had a lot of discussion about that in negotiated rule-making, and there was consternation about the definition of a preferred lender arrangement. If you don't want to be considered to be participating in a preferred lending arrangement, but nonetheless want to be of some assistance to your borrowers, what you can do, and this is the current guidance out there in the Dear Colleague Letter, you can provide your borrowers a list of lenders who have made loans to your students for the past 3 to 5 years, a comprehensive list of all lenders. Don't leave anybody off, otherwise we assume, otherwise we believe you're making a preference, you're endorsing, and you provide that borrower with the disclosure that he or she does not have to borrow from a lender on that list and that you don't recommend or endorse anybody on that list. Thank you for bringing that up.

[AUDIENCE:] Okay. And, could you go into a little bit more of if a school has a loan repayment assistance program. Your slide said something about if it is state-funded, but what if it's operational or institutional-funded loan repayment plan for your graduates.

[MCLARNON:] A loan repayment plan? I'm not sure what you're referring to.

[AUDIENCE:] Well, like if a student goes in to nonprofit work, we give them – say $5,000 after a year, if they're still in…

[MCLARNON:] Oh, like something that has loan cancellation attached to it?

[AUDIENCE:] Exactly, yes.

[MCLARNON:] Right. Any sort of a plan like that, whether it be state or institutional, and this was Federal Reserve carved out, as well. We adopted that in to our final regulations

as a result of what the Federal Reserve did. If that is the type of plan, that there's a loan forgiveness component to it, then it is not subject to TILA disclosure requirements.

[AUDIENCE:] Okay. What if the emergency loan happens to go over 90 days; the student some how or another doesn't accept it, then it reverts?

[MCLARNON:] If it reverts it becomes subject to TILA requirements. Next question?

[AUDIENCE:] Just a little more clarification if you don't want to have a preferred lender list, so you compile a list of 3 to 5 years, are you allowed to remove lenders who are no longer in business?

[MCLARNON:] Yes, that's a good question. The question is can you remove lenders from your comprehensive list of lenders who have made loans for the past 3 to 5 years if they are no longer making loans. They may have gone out of business, they may not make student loans anymore – Yes, you may. You also, I should add, and this is not included in the "Dear Colleague," you can also provide a comparison of the terms and conditions that the lenders who have made loans to the students at your school provide. We agreed to this at the negotiated rule-making table - to make this comprehensive list a little more meaningful for borrowers, because again, this is all about providing borrowers the kind of information they need to make an informed decision. Yes.

[AUDIENCE:] At our institution we offer a loan forgiveness program for law students, and you mentioned earlier that something like that is not subject to the TILA disclosures? That's correct? And my second question is, regarding providing information for the self-certification; at our institution we put the award letters on-line. So, would it be enough for us to instruct them to look at their award on-line to see the cost of attendance and all of that other?

[MCLARNON:] No. The school provides the information on the self-certification form to the degree that you have that information, yes. This is again; this is about the private loan. We are focusing in on the borrowers taking out a private loan. If you have an award letter out there, that's fine, but the private loan can't be consummated until the private lender receives this, and you're the only entity that has borrower-specific information that can fill out this form. Not the borrower, the borrower doesn't go to my award letter and fill it out. You, as the institution, fill out the form.

[AUDIENCE:] So, we are essentially certifying the loan twice then really?

[MCLARNON:] Correct, yes. And by the way, an institution that makes loans to its own students must also provide the self-certification form to the borrower. You as an institutional private education lender are not excluded from this requirement; I know. More questions?

[AUDIENCE:] Does this also apply to a bar loan?

[MCLARNON:] What loan? A bar loan. What's a bar loan?

[AUDIENCE:] A bar loan is a loan a law student takes out. It's a private loan they take out when they are studying for the bar. They are not in school.

[MCLARNON:] Is this a loan that's associated with the costs and expenses incurred at the law school?

[AUDIENCE:] Yes.

[MCLARNON:] No, I'm glad that you brought that up.

[AUDIENCE:] They can get it during law school, but it's for…

[MCLARNON:] You can give them a loan, but they are not subject to the TILA disclosure requirements. They are subject to the subpart C general disclosure requirements associated with TILA, but these aren't the expenses incurred while the student was attending for educational expenses?

[AUDIENCE:] Correct.

[MCLARNON:] Thank you for asking. Next?

[AUDIENCE:] If we direct students to organize lists, like simple tuition or overture student loan marketplace, does that constitute a preferred lender arrangement?

[MCLARNON:] As long as these groups, the third party entities, are providing a fairly comprehensive list, they are not recommending anybody on that list. They are not being paid by a lender to be put on that list. The lender is not paying the third party entity any fee for volume-generated or loans generated as a result of being paid, or rather, being included on that list – Yes. Think about the list provided by some of these entities. I have already had discussions with several of these folks. They are given a star rating; that's an endorsement in our minds, and we are having discussions, so I have to be totally honest with you, we are having discussions, but right now, if you're referring a borrower to a third party list that has a star rating then that's an endorsement in our mind, and they can include these stars, but no comparisons of the terms and conditions. One more? Yes, we have time for more.

[AUDIENCE:] What's the star rating?

[MCLARNON:] The star rating says 5 stars is the best lender, 2 stars is the not-so-great lender, things of that nature.

[AUDIENCE:] Where do you get that?

[MCLARNON:] I'm not going to…I can't name names; I'm sorry. There are third party providers of lists of lenders. These are third parties that provide, usually on a web site, and I don't want to go into any specifics about discussions or who is doing what. All I can tell you is that the list of lenders has to be neutral. It cannot be an endorsement of a particular lender over another.

[AUDIENCE:] If I can just seek one more bit of clarification on self-certification?

[MCLARNON:] Sure.

[AUDIENCE:] Many times we do not know that our students are interested in a private loan until we go online to certify a loan with the lender and at that point when we are providing all of this information, the student's actual cost of attendance, their other aid, the amount that they have left, if we have the self-certification form on our website, are we at that point required to send a form to that student?

[MCLARNON:] No. Here is how it is going to play out. Before that private education lender can make the loan, they have to obtain the self-certification form from the borrower. The lender has to have the form. The lender can come to you and get it, and a lot of the lenders have relationships with schools already where the school certifies the loan. They will ask you for the form because they cannot make the loan unless they have the form. Or the borrower will ask you for the form. One of those two parties will ask you for the form.

[AUDIENCE:] So if we provide it directly to the lender, one of the things is that we had to have a place on there where the student could sign it, is that something that we have to provide to the student and get a signature before we can provide to the lender, or can we just provide that information to the lender?

[MCLARNON:] No, you do not need to get the student's signature. You need to provide the form and the information on the form to the degree you possess that information, that is the sum total of your responsibility. Any more questions? You have been very patient. I had to do a crash course in Federal Reserve Board regulations, so I appreciate your attention and thanks for coming. Have a great night.