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UPDATE

Money News You Can Use

New Federal Legislation Allows for Greater Student Loan Choice

You may have heard that the U.S. Congress has just approved an extensive emergency supplemental spending package.

What you may *not* have heard is that this package includes a provision repealing the single-holder rule, giving federal student loan borrowers greater freedom in choosing their consolidation lender.

This provision came at an ideal time for students who, if they acted quickly, could lock in a lower consolidation loan rate before interest rates went up on July 1.

In the past, if students had all their federal student loans with one lender they were permitted to consolidate their loans with that lender only. They could not shop around for better borrower benefits with other lenders. With this package, however, students will be able to shop around for and choose the best consolidation interest rate with the best borrower benefits, including principal reduction in some cases, even if it's with a different lender than they have now.

The new student loan provision offers more flexibility for students to compare lenders' benefits that could result in lower interest rates, better loan repayment terms and any available borrower benefits—so how should a student decide which lender to choose? That depends on a number of variables.

It's a good bet that students will be even more inundated with consolidation offers from lenders and consolidation marketers—both reputable and not—as a result of the repeal, so they should be even more careful and aware of the criteria of how to choose the best lender for them.

Key Education Resources who can offer insight into the criteria students should think about when comparing lenders. Visit <http://www.key.com/html/H-1.39.html> for more information.

Higher Education Act Gets Another Overtime

In late June, the Senate again decided to extend the Higher Education Act, this time through Sept. 30.

The act had been set to expire on June 30 but has been extended four times while Congress tries to finalize its reauthorization. The House has settled its take on the reauthorization bill, renewing it for five more years. Now, however, it's up to the Senate to move things along.

The Senate Health, Education, Labor and Pensions already has approved the Senate version of the bill, and the full Senate approved it as an attachment to last year's bill on budget reconciliation. However, the House didn't want to attach its own HEA bill, so the full Senate must separately review and decide on the

Don't miss these upcoming state financial aid deadlines!

Illinois

First-time applicants: Sept. 30, 2006
Continuing applicants: Received by Aug. 15, 2006, at midnight

Minnesota

Within 30 days after term starts

New Jersey

Oct. 1, 2006, for fall and spring terms

Ohio

Oct. 1, 2006, at midnight

Pennsylvania

Aug. 1, 2006, at midnight

Tennessee

Sept. 1, 2006, at midnight for the State Lottery

Source: FAFSA.com

standalone bill.

Florida Community Colleges a Free-for-All

Community colleges—and college students—will receive a financial boost from Florida next fall.

As part of a program meant to encourage more students to start out at two-year colleges, qualified Florida students will receive full tuition at community colleges, the *Orlando Sentinel* has reported.

In June, Florida Gov. Jeb Bush signed into law a measure that covers 100% of tuition and fees for Bright Futures Medallion scholars. Previous programs covered only 75% of expenses.

IU, Purdue Trimming Budgets to Cover Aid Shortfall

Indiana University, Ball State and Purdue promised almost \$2 million more in financial aid than they had available for the coming year, and the schools plan to squeeze the money out of wherever they can.

The schools made scholarship offers in spring to incoming students based on projections for the Frank O'Bannon grants, Indiana's largest scholarship program. The limits estimated in March for the grants were about \$6,700 for public college students. Although the universities mentioned in their financial aid offers that the final amount could be lower, the final amount ended up being \$1,000 beneath the estimate.

An unexpected 7% surge in aid applications, a tight state budget and federal changes giving more students access to financial aid are being blamed for the balance difference. Whatever the reason, it will require some 1,250 Purdue students to borrow money. About 1,600 students deemed Purdue's neediest will have their costs covered by the university; 650 students at the school will be able to make up the difference with other scholarship money.

Indiana University's Bloomington campus will take \$885,000 from building maintenance and equipment budgets. Purdue University officials plan to use \$1 million set aside for students who apply late for financial aid.

At Ball State, officials are estimating that roughly 700 incoming freshmen will need to borrow a combined \$300,000.

Officials are determined to prevent a financial shortfall in the coming years.

"We're looking at what's going to happen over the next two years," says Nick Vesper, director of policy analysis and research at the State Student Assistance Commission of Indiana. "And we have to keep money to make sure we can maintain awards in the next biennium." 

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