



Texas Higher Education Coordinating Board

STUDENT LOAN PROGRAM OPERATIONS

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Dear Texas B-On-Time Loan Recipient:

This memorandum contains important information concerning the Texas B-On-Time Loan Program as well as the B-On-Time loan(s) you have.

The program was authorized by the Texas Legislature in June 2003 for the purpose of providing no-interest loans to Texas students to enable those students to attend all eligible institutions of higher education, including private or independent institutions of higher education, all as defined in Section 61.003 of the Texas Education Code. The B-On-Time program is described in Texas Education Code, Sections 56.451—56.465. If a student meets certain specified goals, the entire loan amount can be forgiven. For your review, the forgiveness requirements are stated below in summary fashion. Please see Texas Education Code Section 56.462, as amended and 19 T.A.C. Section 21.129, as amended, both of which are set forth herein, for explicit details. The statute governs all aspects of the B-On-Time loan program.

TERMS OF LOAN FORGIVENESS

A Texas B-On-Time loan shall be forgiven if the student receives an undergraduate degree or certification from an eligible institution and the student either:

- Graduated with a cumulative GPA of at least 3.0 on a four-point scale, within:
 - 4 calendar years, for most baccalaureate degrees, from the date the student initially enrolled at an eligible institution;
 - 5 calendar years from the date the student initially enrolled at an eligible institution, if the baccalaureate degree is in architecture (category 04.0201 of Texas CIP Codes), engineering (category 14 of Texas CIP Codes), or any other program determined by the Texas Higher Education Coordinating Board to require more than 4 years to complete;
 - 2 calendar years from the date he/she was initially enrolled in a 2-year certificate or degree program at an eligible institution;
 - 1 calendar year from the date he/she was initially enrolled in a one-year certification program at an eligible institution.

Or

- Graduated with a cumulative GPA of at least 3.0 on a four-point scale, with: a total number of credit hours earned (including transfer and dropped hours but with certain exclusions) that is no more than 6 hours greater than the number of hours required to complete the degree or two-year certificate or three hours more than the number of credit hours required to complete a one-year certificate, as determined by the institution.

The Texas Higher Education Coordinating Board ("THECB") was charged with the responsibility of administering and determining the repayment and other terms of the loan program. In October 2003, the THECB designed a promissory note to be signed by the student borrower. The terms of the promissory note included the following loan forgiveness condition:

5) This loan(s) will be forgiven only if I am awarded an undergraduate degree or certificate from an eligible institution, and I: (1) graduate with an overall grade point average (GPA) of at least 3.0 on a four-point scale, as defined by THECB rules in effect at the time of my graduation, within: (a) four calendar years after the date I initially enrolled in an eligible four-year institution;...

Recently, a student asked whether this provision of the promissory note meant that she could be eligible for loan forgiveness after more than four years if she enrolled in a two year institution and then enrolled in a four year institution. That is not correct. Section 56.462 of the Texas Education Code requires that students graduate within "four calendar years after the date the student initially enrolled in the institution..." in order to be eligible for loan forgiveness through the B-On-Time Program. Because the four-year timeframe is mandated by the Education Code, that legal requirement governs the B-On-Time program's contracts, including promissory notes. As a result, the four-year completion requirement begins to elapse when students first enroll in an eligible institution--regardless of whether it is a one, two, or four-year institution. The Office of Attorney General has been consulted and confirms the THECB's understanding of the law as described here, which the THECB has consistently applied during the life of the B-On-Time loan program.

In an effort to avoid future confusion over the applicability of the four-year completion requirement, the THECB is writing to ensure you are aware of the Education Code's loan forgiveness requirements. All potentially affected loan recipients whose promissory notes may have included the 2003 language are receiving this notice.

For your ready reference, the pertinent statute and rule are provided below.

If you are still a student, we encourage you to check with your school regularly to ensure that you are on track to meet the forgiveness requirements. If your account is in a repayment status and you are unable to meet the monthly payment requirements, you may qualify for a deferment.

It is important that our records be kept up-to-date throughout the life of your loan(s). Please contact our office with any changes in your enrollment status, address, telephone number, email address, or name.

If you need additional information about your loan, or wish to check the balance and status of your account, please visit our website at www.hhloans.com or contact our office at 1-800-242-3062.

LOAN FORGIVENESS STATUTE

Texas Education Code, section 56.462 provides:

LOAN FORGIVENESS. A student who receives a Texas B-On-time loan shall be forgiven the amount of the student's loan if the student is awarded an undergraduate certificate or degree at an eligible institution with a cumulative grade point average of at least 3.0 on a four-point scale or the equivalent:

(1) within:

(A) four calendar years after the date the student initially enrolled in the institution or another eligible institution if:

(i) the institution is a four-year institution; and

(ii) the student is awarded a degree other than a degree in engineering architecture, or any other program determined by the coordinating board to require more than four years to complete;

(B) five calendar years after the date the student initially enrolled in the institution or another eligible institution if:

(i) the institution is a four-year institution; and

(ii) the student is awarded a degree in engineering, architecture, or any other program determined by the coordinating board to require more than four years to complete; or

(C) two years after the date the student initially enrolled in the institution or another eligible institution if the institution is a public junior college or public technical institute; or

(2) with a total number of semester credit hours, including transfer credit hours and excluding hours earned exclusively by examination, hours earned for a course for which the student received credit toward the student's high school academic requirements, and hours earned for developmental coursework that an institution of higher education required the student to take under Section 51.3062 or under the former provisions of Section 51.306, that is not more than six hours more than the minimum number of semester credit hours required to complete the certificate or degree.

In addition, the THECB adopted the following rule in October 2003 to administer the forgiveness of B-On-Time loans:

19 T.A.C. Section 21.129. Forgiveness of Loans.

A Texas-B-On-Time loan shall be forgiven if the student is awarded an undergraduate degree or certificate from an eligible institution, and the student either: (1) graduated with a B average, or the equivalent of a cumulative grade point average of at least 3.0 on a four-point scale, and within: (A) four calendar years after the date the student initially enrolled in an eligible four-year institution;...

In August 2004, the THECB amended its rule on B-On-Time loan forgiveness to read as follows:

19 T.A.C. Section 21.129. Forgiveness of Loans.

A Texas-B-On-Time loan shall be forgiven if the student is awarded an undergraduate degree or certificate from an eligible institution, and the student either: (1) graduated with a B average, or the equivalent of a cumulative grade point average of at least 3.0 on a four-point scale, and received: (A) a baccalaureate degree within four calendar years after the date the student initially enrolled in an eligible institution;...

In August 2010, the THECB amended its promissory note to track the statute and the August 2004 rule. These changes eliminated any potential ambiguity that the time to complete a degree starts from the initial enrollment in an eligible institution, regardless of whether it is a one, two, or four-year institution.