

SG Client Services Guide	Date Issued 8/28/09	Subject Transmittal #8	Transmittals
			Section 9998

The following updates are being made to the online **Client Services Guide** located at <http://dese.mo.gov/vr/csg.htm>. For those of you who have a paper copy of the guide, please update it accordingly.

Revisions/Additions are shown in red as follows:

CHAPTER 6 - FINANCIAL GUIDELINES

640 FEDERAL GRANTS AND GIFT AID

640.2.6 Owe a Grant Refund and/or in Loan Default

- Under Title IV of the Higher Education Act, in order to receive a grant, loan or work assistance, a student must not owe a refund on grants previously received or be in default on any student loan.
- A client who owes a refund on a Title IV grant:
 - should make repayment arrangements with the post-secondary institution that made the grant
- A client who has defaulted on a student loan may not be awarded their degree (associate or bachelor), or receive an official college transcript, until default status has been removed. Therefore, a client should make repayment arrangements with the post-secondary institution/loan holder to ensure removal of default status prior to degree (associate or bachelor) completion.
- For purposes of determining eligibility for a PELL Grant, a client who has previously defaulted on a Title IV loan is considered to no longer be in default status if:
 - The holder of the loan (name should appear on the SAR) certifies, for the purpose of reinstating Title IV eligibility, that the borrower has made satisfactory arrangements to repay the defaulted loan, through one of the following methods:
 - **Repay or satisfy the loan in full.**
 - **Make six (6) agreed upon monthly payments over a six-month period – once eligibility to receive additional federal financial aid has been restored, the individual must continue to make timely monthly payments to maintain eligibility.**
 - **Consolidate the loan through the loan consolidation program.**

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- Rehabilitate the loan through the loan rehabilitation program by making nine (9) full payments of an agreed upon amount over a ten (10) month period to the U.S. Department of Education.
- The loan is discharged in bankruptcy