



**POLICY PROPOSALS
APPROVED
AT GOVERNING BOARD MEETING
OCTOBER 18, 2012**

TO: *Common Manual* Governing Board Representatives

FROM: Michelle Anderson and Lori Yaun, Co-Chairs
Common Manual Policy Committee

RE: *Common Manual* Policy Updates
[Batch 188: Proposals 1276 – 1278]
[Batch 189: Proposals 1279 – 1280]

DATE: October 23, 2012

In its October 18, 2012, meeting the *Common Manual* Governing Board approved the three policy proposals in Batch 188 and two policy proposals in Batch 189 (proposal numbers noted above).

The approved policies may now be implemented based on their individual effective dates. Updates for these policies will be published in three separate forums for reference:

- Common bulletin language will be distributed for publication in about 10 days.
- The revised policy text will be incorporated into the next version of the *Integrated Common Manual* (ICM). The ICM is available on many guarantor websites and is also available on the *Common Manual* website at www.commonmanual.org.
- The revised policy language will be included in the 2012 paper and electronic (ECM) versions of the *Common Manual*.

If you have any questions about these proposals or the activities of the Policy Committee, please contact either Michelle Anderson at 512-219-4608 or by email at michelle.anderson@tqslc.org or Lori Yaun at 608-246-1622 or by email at lyaun@glhec.org.

Enclosures:
Policy Proposal Transmittal (2)
Common Manual Policy Proposals (1276 – 1280)

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1276	Teacher Loan Forgiveness Eligibility	<p>13.9.A Teacher Loan Forgiveness Program</p> <p>States if the school where the borrower is employed meets the eligibility criteria of a qualifying school for at least the first year of the borrower's 5 qualifying years of service, the 4 subsequent years of qualifying teaching service continue to qualify the borrower even if the school does not meet the criteria.</p>	Federal	Teacher loan forgiveness eligibility determinations made on or after April 9, 2012.
1277	Academic Attendance and Attendance at an Academically Related Activity	<p>2.2.B The Interim Period 9.3 Leave of Absence 9.4 Withdrawal Dates 9.5 Return of Title IV Funds 9.5.B Processing Returned Funds 13.8.H Unpaid Refund Appendix G</p> <p>Moves the definition of "attendance at an academically-related activity" from Section 9.4 to Appendix G, and inserts a glossary definition for the synonymous term "academic attendance." Revised policy strikes the outdated definition of "last date of attendance," and clarifies Manual text so that it consistently refers to, as applicable, the glossary-defined term "withdrawal date" or the date that a student drops to less-than-half-time enrollment.</p>	Correction	Student withdrawal determinations made by a school on or after July 1, 2011.
1278	Parent PLUS Loan Eligibility	<p>5.1.C Graduate or Professional Student and Parent PLUS Loan Borrower Eligibility Requirements</p> <p>Provides clarification as to which stepparent is eligible to apply for a parent PLUS loan.</p>	Correction	Retroactive to the implementation of the <i>Common Manual</i> .

COMMON MANUAL – FEDERAL POLICY PROPOSAL

Date: October 18, 2012

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
x	APPROVED	no changes	Oct 18

SUBJECT: Teacher Loan Forgiveness Eligibility

AFFECTED SECTIONS: 13.9.A Teacher Loan Forgiveness Program

POLICY INFORMATION: 1276/Batch 188

EFFECTIVE DATE/TRIGGER EVENT: Teacher loan forgiveness eligibility determinations made on or after April 9, 2012.

BASIS:

§682.216(c)(2); private letter guidance from Pam Moran, U.S. Department of Education, dated April 9, 2012.

CURRENT POLICY:

Current policy states that if the school where the borrower is employed meets the eligibility criteria of a qualifying school for any year of the borrower's employment, all subsequent years continue to qualify the borrower even if the school does not meet the criteria.

REVISED POLICY:

Revised policy states that if the school where the borrower is performing his or her qualifying teaching service meets the eligibility criteria of a qualifying school for at least the first year of the borrower's 5 qualifying years of service, any all subsequent years of qualifying teaching service may be counted toward the required 5 consecutive, complete academic years of teaching, continue to qualify the borrower even if the school no longer meets ~~does not meet~~ the criteria.

REASON FOR CHANGE:

This policy is necessary to clarify teacher loan forgiveness eligibility.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise the Subsection 13.9.A of the July 2012 *Common Manual*, page 60, column 2, first bullet as follows:

- If the school where the borrower is ~~employed~~ performing his or her qualifying teaching service meets the eligibility criteria of a *qualifying school* for at least the first ~~any~~ year of the borrower's ~~employment~~ 5 qualifying years of teaching service, all any subsequent years of qualifying teaching service continue to qualify the borrower ~~may be counted toward the required 5 consecutive, complete academic years of teaching, even if the school does not no longer~~ meets the criteria. However, if the borrower is initially ~~employed~~ performing his or her qualifying teaching service ~~at by~~ a school that does not meet the criteria and the school later qualifies, the borrower's 5 qualifying years of service begin when the school meets the eligibility criteria.
[§682.216(c)(2); §685.217(c)(2)]

PROPOSED LANGUAGE - COMMON BULLETIN:

Teacher Loan Forgiveness Eligibility

The *Common Manual* is updated to clarify that the school ~~or educational institution~~ at which a borrower is performing his or her qualifying teaching service ~~employed~~ must be considered a low-income school for at least the first of the five consecutive years of service used to meet the requirements for teacher loan forgiveness, and subsequent years of qualifying teaching service continue to qualify the borrower even if the school no longer meets the criteria.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower will need to consider this clarification in determining eligibility for teacher loan forgiveness.

School:

A school will need to provide students with the correct teacher loan forgiveness qualification criteria.

Lender/Service:

A lender/service will need to review current teacher loan forgiveness qualifying criteria.

Guarantor:

A guarantor will need to review current teacher loan forgiveness qualifying criteria.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

April 3, 2012

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

October 11, 2012

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

C M Governing Board Representatives

Comments Received From:

AES/PHEAA, Great Lakes, HESC, MDHE, MGA, NCHELP, NSLP, OCAP, OSFA, PPSV, SCSL, SLISA, TG, UHEAA, USA Funds, and VSAC.

Responses to Comments

Most of the commenters supported this proposal as written. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

COMMENT:

One commenter recommended revising the July 2012 *Common Manual*, page 60, column 2, first bullet, by changing the word “employed” to “performing his or her qualifying teaching service” to provide further clarification.

Response:

The Committee agrees.

Change:

The proposed language in Subsection 13.9.A has been revised as recommended by the commenter.

COMMENT:

One commenter felt the term “subsequent “ in the original *Manual* language clarifies the order of service requirement and number the year (i.e. “the 4 subsequent...”) is unnecessarily constraining and potentially confusing.

Response:

The Committee agrees.

Change:

The proposed language in Subsection 13.9.A has been revised as recommended by the commenter.

COMMENT:

One commenter suggested wording changes to correspond with appropriate language on the Teacher Loan

Forgiveness Application to provide more clarity.

Response:

The Committee agrees.

Change:

The proposed language in Subsection 13.9.A has been revised as recommended by the commenter.

COMMENT:

One commenter recommended revising the July 2012 *Common Manual*, page 60, column 2, first bullet, by changing “even if the school does not meet the criteria” to “even if the school no longer meets the criteria” to further clarify the school may lose eligibility in subsequent years.

Response:

The Committee agrees.

Change:

The proposed language in Subsection 13.9.A has been revised as recommended by the commenter.

COMMENT:

One commenter suggested revising the Common Bulletin language by adding “continue to” in the last phrase to clarify the school may lose eligibility in the subsequent years.

Response:

The Committee agrees.

Change:

The proposed language in Subsection 13.9.A has been revised as recommended by the commenter.

COMMENT:

One commenter felt the use of the words “the first year” was constraining and unnecessary, and current *Manual* language was sufficient.

Response:

While the commenter’s concern is appreciated, the Committee feels the addition of the term “at least the first (year)” is necessary to clarify that the 5 consecutive years of qualifying service cannot commence until at least the first year of such service has taken place at a qualifying school.

Change:

None.

COMMENT:

Three commenters did not agree with the proposed effective date and trigger event, and suggested the date listed be a prospective, rather than retroactive, date.

Response:

The Committee feels the proposed date of April 9, 2012 is appropriate given the private guidance received from the Department was rendered on that date. In the case of a federal policy proposal, where the foundation is federal guidance, we must align the change with the date that corresponds with the Department’s expectation of when that guidance should have been implemented. The Committee therefore believed the date of the federal guidance that provided clarification was the latest possible effective date for this change.

Change:

None.

COMMENT:

Three commenters did not support this proposal because they felt the interpretation in the private guidance was inconsistent with previous guidance from the Department as well as with the regulation itself.

Response:

Although the Committee appreciates the commenters' concerns, it does not agree the private guidance is contrary to the Department's past clarification or the regulation. Rather, the private guidance and this proposal serve to clarify past industry misinterpretation of the Preamble comments which accompanied the publication of the applicable final rules on November 1, 2000.

Change:

None.

COMMENT:

One commenter suggested the Committee ask the Department to provide official guidance before this proposed policy text is included in the Manual.

Response:

Historically, the Committee has not been permitted to contact the Department for official guidance, nor does the Committee feel a request for further clarification would be productive.

Change:

None.

jd/edited-tmh

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: October 18, 2012

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	no changes	Oct 18

SUBJECT: Academic Attendance and Attendance at an Academically-Related Activity

AFFECTED SECTIONS: 2.2.B The Interim Period
9.3 Leave of Absence
9.4 Withdrawal Dates
9.5 Return of Title IV Funds
9.5.B Processing Returned Funds
13.8.H Unpaid Refund
Appendix G

POLICY INFORMATION: 1277/Batch 188

EFFECTIVE DATE/TRIGGER EVENT: Student withdrawal determinations made by a school on or after July 1, 2011.

BASIS:
§668.22(l)(7)(i) and (ii).

CURRENT POLICY:

Current policy includes a definition of “attendance at an academically-related activity,” but this definition is not in the glossary, and the glossary does not include the synonymous term “academic attendance” despite its use in the Manual. In addition, current Manual text is inconsistent with these terms and the glossary contains an outdated definition of “last date of attendance.” Current Manual text does not always align with the existing Appendix G definition of “withdrawal date” and does not consistently refer to a school’s historical requirement to report the date that a student drops to less than half-time enrollment.

REVISED POLICY:

Revised policy moves the definition of “attendance at an academically-related activity” from Section 9.4 to Appendix G, and inserts a glossary definition for the synonymous term “academic attendance.” Revised policy strikes the outdated definition of “last date of attendance,” and clarifies Manual text so that it consistently refers to, as applicable, the glossary-defined term “withdrawal date” or the date that a student drops to less-than-half-time enrollment.

REASON FOR CHANGE:

This change is necessary to align Manual text with final rules published in the *Federal Register* dated October 29, 2010.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 2.2.B of the July 2012 *Common Manual*, page 8, column 2, paragraph 2, as follows:

Student Leaves School

...

When the student leaves school or drops to less-than-half-time enrollment, the school must provide the student with exit counseling information. The school also must report the student's last date of at least date the student dropped to less-than-half-time enrollment to the guarantor and/or lender. The lender credits any refund from the school and records the student's last date of attendance withdrawal date or the date that the student dropped to less-than-half-time enrollment.

...

Revise Section 9.3, page 7, column 1, paragraph 3, as follows:

A student who fails to return to school by the end of an approved leave of absence or whose leave of absence has not been approved must be considered to have withdrawn for purposes of determining the student's ~~last date of attendance~~ withdrawal date and calculating the amount of Title IV funds to be returned. In addition . . .

The ~~last date of attendance~~ withdrawal date for students who fail to return from an approved leave of absence is based upon whether the school is required to record attendance. For schools required to record attendance, the ~~last date of attendance~~ withdrawal date is the last date of academic attendance reflected in the school's attendance records. For schools not required to record attendance, the ~~last date of attendance~~ withdrawal date is the date the student began the leave of absence
[§668.22(b)(1) and (c)(1)(v); 40-44 12-13 FSA Handbook, Volume 5, Chapter ~~21~~, p. 5-~~37~~13 to 5-14]

Revise Section 9.4, page 7, column 2, paragraph 4, as follows:

Death of a Student

At a school that is required to record attendance, the withdrawal date for a student who has died is the last date of academic attendance as determined from the school's attendance records.
[§668.22 . . .]

Withdrawal Dates at Schools Required to Record Attendance

For a school that is required to record attendance, the withdrawal date is the student's last recorded date of academic attendance, as determined by the school from its attendance records . . .

Revise Section 9.4, page 9, column 1, paragraph 2, as follows:

. . .

As an alternative to the preceding dates, the school may use one of the following as a withdrawal date when a student does not initiate the withdrawal process:

- The last date of attendance ~~by the student in~~ at an academically-related activity as documented by the school. ~~Attendance at an "academically-related activity" includes, but is not limited to:~~

~~_____ Physically attending a class.~~

~~_____ Submitting an academic assignment.~~

~~_____ Taking an exam.~~

~~_____ Participating in an interactive tutorial.~~

~~_____ Engaging in computer-assisted instruction.~~

~~_____ Attending a student group that is assigned by the school.~~

~~_____ Participating in an online discussion about academic matters.~~

~~_____ Initiating contact with a faculty member to ask a question about the academic subject studied in the course.~~

[§668.22(l)(7)(i)(A)]

~~Attendance at an "academically-related activity" does not include an activity in which a student may be present but not academically engaged, including, but not limited to:~~

~~_____ Living in school housing.~~

- ~~_____ Participating in the school's meal plans.~~
 - ~~_____ Logging into an online class without active participation.~~
 - ~~_____ Participating in academic counseling or advisement.~~
- ~~[\$668.22(l)(7)(i)(B)]~~

The school must confirm and document . . .

- . . .

Revise Subsection 9.5.B, page 21, column 2, paragraph 1, bullet 7, as follows:

Guarantors recommend that the school's notice accompanying the return of funds to lenders include the following information:

- . . .
- . . .
- . . .
- . . .
- . . .
- . . .
- The student's withdrawal date, graduation date, or ~~last the date of attendance as at least a~~ the student dropped to less-than-half-time student enrollment.
- . . .
- . . .
- . . .
- . . .

Revised Subsection 13.8.H, page 56, column 1, paragraph 2, as follows:

Processing the Discharge Application

When the borrower submits the discharge application to the lender, the lender must review the application to determine whether it appears to be complete. If the application appears to be complete, the lender must provide the application and all pertinent information related to the borrower's qualification for discharge to the guarantor, including the borrower's (or student's, as applicable) ~~last date of attendance~~ withdrawal date, if it is available. See Subsection 9.5.C for school requirements.

~~[\$682.402(l)(5)(ii)]~~

. . .

Revise Appendix G, page 1, column 1, by inserting a new paragraph 1, as follows

Academic Attendance: Is synonymous with "attendance at an academically-related activity." See the separate glossary definition of "attendance at an academically-related activity."

Academic Period: A measured period of enrollment. . .

Revise Appendix G, page 2, column 1, by adding a new paragraph 9, as follows:

Assignment of a Loan: . . .

Attendance at an Academically-Related Activity: Attendance at an academically-related activity includes, but is not limited to:

- Physically attending a class.
- Submitting an academic assignment.
- Taking an exam.
- Participating in an interactive tutorial.
- Engaging in computer-assisted instruction.
- Attending a student group that is assigned by the school.
- Participating in an online discussion about academic matters.
- Initiating contact with a faculty member to ask a question about the academic subject studied in the course.

[\$668.22(l)(7)(i)(A)]

Attendance at an academically-related activity does *not* include an activity in which a student may be present but not academically engaged, including, but not limited to:

- Living in school housing.
- Participating in the school's meal plans.
- Logging into an online class without active participation.
- Participating in academic counseling or advisement.

[\$668.22(l)(7)(i)(B)]

Authority: . . .

Revise Appendix G, page 14, column 1, paragraph 5, by deleting it as follows:

~~**Last Date of Attendance:** The last day the student was physically present in class, as confirmed by the student's attendance records.~~

PROPOSED LANGUAGE - COMMON BULLETIN:

Academic Attendance and Attendance at an Academically-Related Activity

The July 2012 reprint of the *Common Manual* has been revised to provide glossary definitions of the following terms:

Academic Attendance: Is synonymous with “attendance at an academically-related activity.” See the separate glossary definition of “attendance at an academically-related activity.”

Attendance at an Academically-Related Activity: Attendance at an academically-related activity includes, but is not limited to:

- Physically attending a class.
- Submitting an academic assignment.
- Taking an exam.
- Participating in an interactive tutorial.

- Engaging in computer-assisted instruction.
 - Attending a student groups that is assigned by the school.
 - Participating in an online discussion about academic matters.
 - Initiating contact with a faculty member to ask a question about the academic subject studied in the course.
- [§668.22(l)(7)(i)(A)]

Attendance at an academically-related activity does *not* include an activity in which a student may be present but not academically engaged, including, but not limited to:

- Living in school housing.
 - Participating in the school's meal plans.
 - Logging into an online class without active participation.
 - Participating in academic counseling or advisement.
- [§668.22(l)(7)(i)(B)]

In addition, revised policy strikes the outdated glossary definition of "last date of attendance," and clarifies text so that it consistently refers to, as applicable, the glossary-defined term "withdrawal date" or the date that a student drops to less-than-half-time enrollment.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:

None.

Guarantor:

None.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

February 4, 2011

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

September 13, 2012

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others
CM Governing Board

Comments Received from:

AES/PHEAA, Great Lakes, HESC (NY), MDHE, MGA, NCHELP, NSLP, OCAP, OSFA, PPSV, SCSL, SLSA, TG, UHEAA, USA Funds, and VSAC.

Responses to Comments

All commenters supported the substance of this proposal as written. A single technical editing suggestion was incorporated without comment. We appreciate the review of all commenters and their careful consideration of this policy.

jcs/edited-chh/tm-h

COMMON MANUAL – CORRECTION POLICY PROPOSAL

Date: October 18, 2012

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	no changes	Oct 18

SUBJECT: Parent PLUS Loan Eligibility

AFFECTED SECTIONS: 5.1.C Graduate or Professional Student and Parent PLUS Loan Borrower Eligibility Requirements

POLICY INFORMATION: 1278/Batch 188

EFFECTIVE DATE/TRIGGER EVENT: Retroactive to publication of the *Common Manual*.

BASIS:

2012-13 FSA Handbook Volume 1, Chapter 6, p. 1-70.

CURRENT POLICY:

Current policy does not clarify that when a student's parents are divorced, only the stepparent whose spouse's financial data was, or could have been, included on the FAFSA is eligible for a parent PLUS loan.

REVISED POLICY:

Revised policy provides clarification that a stepparent who is married to a parent who did not complete the FAFSA is not an eligible PLUS borrower.

REASON FOR CHANGE:

This policy is necessary to clarify parent PLUS borrower eligibility.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 5.1.C of the July 2012 *Common Manual*, page 3, column 1, paragraph 1, as follows:

Graduate or Professional Student and Parent PLUS Loan Borrower Eligibility Requirements

For purposes of obtaining a PLUS loan, an eligible parent borrower is a student's biological or adoptive mother or father. A stepparent who is married to the spouse of a parent who is remarried who completed the FAFSA is also an eligible parent borrower if the stepparent's spouse's income and assets were, or would have been, taken into account when calculating a dependent student's expected family contribution (EFC). A stepparent who is married to a parent who did not complete the FAFSA is not an eligible PLUS borrower. All of a dependent student's eligible parent borrowers may borrow separately to provide for the educational expenses of the student—provided that the combined borrowing of the parent borrowers does not exceed the calculated cost of attendance (COA) minus estimated financial assistance (EFA).

[§668.2(b); §682.201(c)(2); DCL GEN-98-26]

PROPOSED LANGUAGE - COMMON BULLETIN:

Parent PLUS Loan Eligibility

The *Common Manual* is updated to clarify that a stepparent who is married to a parent who did not complete the FAFSA is not an eligible PLUS borrower.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:
None.

Guarantor:
None.

U.S. Department of Education:
None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
February 15, 2012

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:
CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others
CM Governing Board Representatives

Comments Received from:
AES/PHEAA, Great Lakes, HESC, MDHE, MGA, NCHELP, NSLP, OCAP, OSFA, PPSV, SCSL, SLISA, TG, UHEAA, USA Funds, and VSAC.

Responses to Comments

Many commenters supported this proposal as written. One commenter recommended a wordsmithing change that was considered without comment. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

ly/edited -th

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1279	Common Mandatory Forbearance Forms	<p>2.3.C Common Forms 11.24 Mandatory Forbearance</p> <p>Includes information regarding use of the Department's common mandatory forbearance request forms. One form is the Mandatory Forbearance Request: Student Loan Debt Burden and the other is the Mandatory Forbearance Request: Medical or Dental Internship/Residency Program; National Guard Duty; Department of Defense Loan Repayment Program.</p>	Federal	Distribution of the Department's mandatory forbearance request forms to a borrower on and after December 31, 2012, unless implemented by a lender no earlier than July 30, 2012.
1280	Title IV Credit Balances	<p>8.8 Managing Credit Balances</p> <p>Reorganizes the <i>Common Manual</i> by adding to Section 8.8, Managing Credit Balances. The guidance regarding the treatment of credit balances for a school that assesses all program costs upfront currently found in Subsection 8.7.I, Delivery Methods is moved to Section 8.8, Managing Credit Balances.</p>	Organizational	Prior-year charges paid by a school with current-year funds on or after September 8, 2009.

Batch 189 (Approved)

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: October 18, 2012

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	no changes	Oct 18

SUBJECT: Common Mandatory Forbearance Forms

AFFECTED SECTIONS: 2.3.C Common Forms
11.20.J Establishing Repayment after Forbearance
11.24 Mandatory Forbearance
11.24.A Debt Exceeds Monthly Income

POLICY INFORMATION: 1279/Batch 189

EFFECTIVE DATE/TRIGGER EVENT: Distribution of the Department's mandatory forbearance request forms to a borrower on and after December 31, 2012, unless implemented by a lender no earlier than July 30, 2012.

BASIS:
DCL GEN-12-14.

CURRENT POLICY:
Current policy provides information about mandatory forbearance.

REVISED POLICY:
Revised policy adds information regarding distribution of the Department's Mandatory Forbearance Request: Student Loan Debt Burden and the Mandatory Forbearance Request: Medical or Dental Internship/Residency Program; National Guard Duty; Department of Defense Loan Repayment Program published by the Department on July 30, 2012.

REASON FOR CHANGE:
This change is necessary to comply with the Department's guidance regarding use of the Department's Mandatory Forbearance Request: Student Loan Debt Burden and the Mandatory Forbearance Request: Medical or Dental Internship/Residency Program; National Guard Duty; Department of Defense Loan Repayment Program.

PROPOSED LANGUAGE - COMMON MANUAL:
Revise Subsection 2.3.C, page 14, column 1, by adding a new paragraph 2, as follows:

Mandatory Forbearance Forms

- SLDB Mandatory Forbearance Request: Student Loan Debt Burden
- SERV Mandatory Forbearance Request: Medical or Dental Internship/Residency Program; National Guard Duty; Department of Defense Loan Repayment Program

Revise Subsection 11.20.J, Figure 11-2, page 32, Mandatory forbearance row 5, column 1, as follows:

~~Debt Exceeds Monthly Income~~ Student Loan Debt Burden^{4, 5}

Revise Section 11.24, page 42, column 1, by adding new paragraphs 2 and 3, as follows:

11.24 Mandatory Forbearance

Upon receiving a borrower's request and documentation required to support the borrower's eligibility, a lender must grant a forbearance in any of the situations listed below. A lender and the borrower may agree to the terms of the forbearance verbally or in writing. A lender that grants a forbearance based on a verbal agreement with the borrower must record the forbearance terms in the borrower's file and send a notice to the borrower confirming the

terms of the forbearance agreement.

If a borrower requests a mandatory forbearance because of student loan debt burden, the lender must forward to the borrower the Mandatory Forbearance Request: Student Loan Debt Burden (SLDB) form.

If a borrower requests a mandatory forbearance for one of the reasons listed below, the lender must forward to the borrower the Mandatory Forbearance Request: Medical or Dental Internship/Residency Program; National Guard Duty; Department of Defense Loan Repayment Program (SERV) form:

- Medical or dental internship/residency
- Active military state duty as a member of the National Guard
- Department of Defense Student Loan Repayment Program

Revise the title of Subsection 11.24.A, page 42, column 1, paragraph 4, as follows:

11.24.A

Debt Exceeds Monthly Income Student Loan Debt Burden

The lender must grant forbearance in increments of up to one year, for periods that collectively do not exceed three years, if the borrower or endorser is currently obligated to make payments on Title IV loans and the amount of those payments each month—or a proportional share, if the payments are due less frequently than monthly—is collectively equal to or greater than 20% of the borrower's or endorser's total monthly income.

PROPOSED LANGUAGE - COMMON BULLETIN:

Common Mandatory Forbearance Forms

The *Common Manual* is being revised to include information regarding use of the Department's common mandatory forbearance request forms. One form is the Mandatory Forbearance Request: Student Loan Debt Burden and the other is the Mandatory Forbearance Request: Medical or Dental Internship/Residency Program; National Guard Duty; Department of Defense Loan Repayment Program. Lenders may distribute these forms to borrowers on and after July 30, 2012, but must distribute only these forms on and after December 31, 2012. Lenders may continue to process any version of the mandatory forbearance forms received by the lender on or after December 31, 2012.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Student/Borrower:

A borrower may benefit from using a federally standardized form to request a mandatory forbearance, especially in a case where the borrower has more than one lender.

School:

None.

Lender/Servicer:

A lender may need to revise processes and procedures when converting from distribution and use of their entity-specific mandatory forbearance form(s) to the Department's common mandatory forbearance forms. Lenders may continue to process any version of the mandatory forbearance forms received by the lender on or after December 31, 2012.

Guarantor:

None.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
July 17, 2012

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
October 11, 2012

PROPOSAL DISTRIBUTED TO:
CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others
CM Governing Board Representatives

Comments Received From:
AES/PHEAA, ASA, FAME, Great Lakes, HESC, MGA, NASFAA, NCHELP, NELA, NSLP, OCAP, PPSV, SCSL, SLND, SLSA, TG, USA Funds, and VSAC.

Responses to Comments

Most of the commenters supported this proposal as written. Several commenters recommended wordsmithing changes that were incorporated without comment. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

COMMENT:

One commenter noted that Subsection 11.24.A is titled "Debt Exceeds Monthly Income." The commenter suggested changing the subsection title to "Student Loan Debt Burden" to match the new form and to avoid confusion.

Response:

The Committee agrees.

Change:

The title of Subsection 11.24.A has been changed to "Student Loan Debt Burden." Also, the forbearance chart, Figure 11-2, page 32, mandatory forbearance row 5, column 1, has been revised accordingly.

COMMENT:

One commenter recommended clarifying changes to Section 11.24, as follows:

If a borrower requests a mandatory forbearance because debt exceeds monthly income, the lender must forward to the borrower the "Mandatory Forbearance Request: Student Loan Debt Burden (SLDB)" form.

If a borrower requests a mandatory forbearance, for one of the following reasons, the lender must forward to the borrower the ~~SERV~~ Mandatory Forbearance Request: Medical or Dental Internship/Residency Program; National Guard Duty; Department of Defense Loan Repayment Program (SERV) form. the lender must forward to the borrower the following applicable mandatory forbearance request form:

- Medical or Dental Internship/Residency
- Active Military State Duty
- Department of Defense Student Loan Repayment Program
- ~~SDLB Mandatory Forbearance Request: Student Loan Debt Burden~~

Response:

The Committee agrees:

Change:

The proposed language in Section 11.24 has been revised as recommended by the commenter with modification.

COMMON MANUAL – ORGANIZATIONAL POLICY PROPOSAL

Date: October 18, 2012

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	no changes	Oct 18

SUBJECT: Title IV Credit Balances

AFFECTED SECTIONS: 8.8 Managing Credit Balances

POLICY INFORMATION: 1280/Batch 189

EFFECTIVE DATE/TRIGGER EVENT: Prior-year charges paid by a school with current-year funds on or after September 8, 2009.

BASIS:

DCL GEN-09-11; 12-13 FSA Handbook, Volume 4, Chapter 1, pp. 4-19 to 4-21.

CURRENT POLICY:

Current policy provides guidance in Subsection 8.7.1, Delivery Methods, regarding the treatment of credit balances for a school that assesses all program costs upfront.

REVISED POLICY:

Revised policy reorganizes the text by adding this guidance in Section 8.8, Managing Credit Balances.

REASON FOR CHANGE:

This change is needed to ensure that the reader finds all applicable information about the treatment of credit balances.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 8.8, page 21, column 1, by adding a new paragraph 2, as follows:

**8.8
Managing Credit Balances**

A Title IV credit balance is created when a school credits Title IV funds to a student's school account and the total amount of funds credited to the account exceeds the amount of tuition and fees, contracted room and board, and other authorized charges allocated to the current loan period or award year, as appropriate.

If the student's program of study is more than one academic year in length and the school charges the total costs of that program of study at the beginning of the program, the school must apportion the program's total charges to each applicable "year" (i.e., each loan period or award year, as appropriate). The school must allocate charges to each year or portion of a year based on the education and other services the school provides to the student during the period of time associated with each year or portion of a year. Charges for books, equipment, supplies, or other materials could be allocated on a pro rata basis, or alternatively, could be allocated to the period in which the school requires the student to purchase them. The school must also use the portion of the program's total charges that it allocates to each "year" for the purpose of determining whether the student has a credit balance of Title IV funds. See Section 8.3 for information about required authorizations. See Subsection 8.7.I for a description of what constitutes authorized charges and for more information about allocating charges to the current year and prior year. See Subsection 8.7.C for more information on managing about providing certain Pell- grant eligible students who have a Title IV credit balance with a method to obtain or purchase necessary books and supplies.
[§668.164(d)(2) and (e); §668.164(i); DCL GEN-09-11; 12-13 FSA Handbook, Volume 4, Chapter 1, pp. 4-19 to 4-21]

PROPOSED LANGUAGE - COMMON BULLETIN:

Title IV Credit Balances

The *Common Manual* is being reorganized by adding to Section 8.8, Managing Credit Balances the guidance regarding the treatment of credit balances for a school that assesses all program costs upfront. This

information is currently only found in Subsection 8.7.I, Delivery Methods.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:

None.

Guarantor:

None.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

July 21,2010.

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

October 11, 2012

PROPOSAL DISTRIBUTED TO:

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