

#	Subject	Summary of Change to Common Manual	Type of Update	Effective Date
1283	Common Income-based Repayment Plan Request	<p>2.3.C Common Forms 10.8.D Income-Based Repayment Schedule</p> <p>Adds information regarding distribution of the Department's common form for borrowers to request the income-based repayment plan that was published by the Department on December 19, 2012.</p>	Federal	Distribution of the Department's Income-Based/Pay As You Earn/Income-Contingent Repayment Plan Request Form to a borrower on and after April 1, 2013, unless implemented by a lender no earlier than December 19, 2012.
1284	Income-Based Repayment Plan	<p>10.8.D Income-Based Repayment Schedule</p> <p>Adds information to align with the income-based repayment plan final regulations published in the Federal Register on November 1, 2012. Provides individual lender flexibility regarding what type of income documentation a borrower must provide in order to determine whether the borrower has a partial financial hardship. Also outlines various notifications that a lender must send to a borrower under the income-based repayment plan provisions.</p>	Federal	<p>For income-based repayment plan requests, July 1, 2013.</p> <p>For income-based repayment plan income documentation and required notifications, July 1, 2013, unless implemented by the lender no earlier than November 1, 2012.</p>
1285	Loan Forgiveness under the Income-Based Repayment Plan	<p>13.9.D Loan Forgiveness under the Income-Based Repayment Schedule</p> <p>Adds information pertinent to loan forgiveness and the requirement to notify borrowers under the income-based repayment plan provisions published by the Department on November 1, 2012.</p>	Federal	Income-based repayment loan forgiveness notifications provided by the lender on or after July 1, 2013.

Batch 192 (Out for Comment)

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: January 11, 2013

X	DRAFT	Comments Due	Feb 1
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Common Income-based Repayment Plan Request

AFFECTED SECTIONS: 2.3.C Common Forms
10.8.D Income-Based Repayment Schedule

POLICY INFORMATION: 1283/Batch 192

EFFECTIVE DATE/TRIGGER EVENT: Distribution of the Department's Income-Based/Pay As You Earn/Income-Contingent Repayment Plan Request Form to a borrower on and after April 1, 2013, unless implemented by a lender no earlier than December 19, 2012.

BASIS:
DCL GEN-12-22.

CURRENT POLICY:
Current policy provides information about income-based repayment.

REVISED POLICY:
Revised policy adds information regarding distribution of the Department's common form for borrowers to request the income-based repayment plan that was published by the Department on December 19, 2012.

REASON FOR CHANGE:
This change is necessary to comply with the Department's guidance regarding a new common form for borrowers to request an income-based repayment plan.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 2.3.C, column 2, by adding a new paragraph 2, as follows:

Income-based Repayment Plan Request Form

- IBR/PAYE/ICR Income-Based/Pay As You Earn/Income-Contingent Repayment Plan Request Form

Revise Subsection 10.8.D, page 17, column1, by adding a new paragraph 4, as follows:

10.8.D Income-Based Repayment Schedule

...

If a borrower requests an income-based repayment plan, the lender must forward to the borrower the Income-Based/Pay As You Earn/Income-Contingent Repayment Plan Request Form.

If a borrower selects IBR, the lender must determine, based on the borrower's documentation, if the borrower has a . . .

PROPOSED LANGUAGE - COMMON BULLETIN:

Common Income-based Repayment Plan Request

The *Common Manual* is being revised to include information regarding use of the Department's common form for requesting an income-based repayment plan. Lenders may distribute the new form to borrowers on and after December 19, 2012, but must distribute only this form on and after April 1, 2013. The previous version of the Income-based Repayment Request form may be accepted from borrowers through April 30, 2013.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Student/Borrower:

A borrower may benefit from using a new, updated version of the form.

School:

None.

Lender/Servicer:

A lender may need to revise processes and procedures when converting from distribution and use of the previous form to the new revised form.

Guarantor:

A guarantor may need to update its program review procedures.

U.S. Department of Education:

The Department may need to update its program review procedures.

To be completed by the Policy Committee**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

January 8, 2013

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

ma/edited-chh

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: January 11, 2013

X	DRAFT	Comments Due	Feb 1
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Income-Based Repayment Plan

AFFECTED SECTIONS: 10.8.D Income-Based Repayment Schedule

POLICY INFORMATION: 1284/Batch 192

EFFECTIVE DATE/TRIGGER EVENT: For income-based repayment plan requests, July 1, 2013.
For income-based repayment plan income documentation and required notifications, July 1, 2013 unless implemented by the lender no earlier than November 1, 2012.

BASIS:
§682.215.

CURRENT POLICY:

Current policy includes information pertinent to the income-based repayment plan prior to final rules published on November 1, 2012.

REVISED POLICY:

Revised policy adds information to align with the income-based repayment plan final regulations published in the *Federal Register* on November 1, 2012. The revised policy provides individual lender flexibility regarding what type of income documentation a borrower must provide in order to determine whether the borrower has a partial financial hardship. Revised policy also outlines various notifications that a lender must send to a borrower under the income-based repayment plan provisions.

REASON FOR CHANGE:

This change is necessary to comply with the final regulations published by the Department in the *Federal Register* dated November 1, 2012.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 10.8.D, page 17, column 1, paragraph 3, as follows:

10.8.D Income-Based Repayment Schedule

Beginning on July 1, 2009, a borrower may request to repay any eligible loan under an income-based repayment (IBR) plan. A borrower who requests the IBR plan on or after July 1, 2013, must repay all of his or her eligible loans held by that lender under the IBR plan. If the borrower has multiple lenders, and wants to repay all eligible loans under the IBR plan, the borrower must request IBR from each lender. Eligible FFELP and Direct loans include the outstanding balances on all loans except:

- A defaulted loan.
- A FFELP or Direct parent PLUS loan.
- A FFELP or Direct Consolidation loan that repaid a FFELP or Direct parent PLUS loan.

Revise Subsection 10.8.D, page 17, column 2, paragraph 2, as follows:

To enable the lender to ~~make this determination~~ determine whether the borrower has a PFH, the lender must collect documentation acceptable to the lender of the borrower's AGI. ~~either:~~

If the borrower's AGI is not available or the lender has reason to believe that the borrower's reported AGI does not reasonably reflect the borrower's current income, the borrower must provide other documentation to verify his or her income.
[§682.215(e)(1)(i) and (ii); §685.221(e)(1)(i) and (ii)]

- ~~A signed copy of the page(s) of the borrower's most recent federal tax return that contains the borrower's AGI. If the borrower's tax return was filed electronically, the lender must ensure that the copy obtained from the electronic submission process is signed. If the borrower provides a copy of his or her most recent federal tax return, the borrower is not required to provide copies of any other tax return forms, schedules, attachments, or worksheets, including W-2 Forms. Unless the lender has reason to believe that the information on the tax return is not accurate, it may rely upon the AGI amount reported on the tax return for purposes of the PFH determination. If the lender questions the accuracy of the signed copy of the tax return submitted by the borrower, it must require the borrower to provide the lender with a signed consent form (IRS Form 4506-T) or the tax transcript that is received after submitting Form 4506-T to the Internal Revenue Service (IRS).~~
~~[Department's *Electronic Announcement* dated June 12, 2009]~~
- ~~The tax transcript information from the IRS, which can be obtained by the borrower submitting a signed consent form (IRS Form 4506-T) for the disclosure of applicable AGI and other tax return information from the IRS directly to the IRS, or to the lender for submission to the IRS.~~
~~[§682.215(e)(1); §685.221(e)(1)]~~

Revise Subsection 10.8.D, page 18, column 1, paragraph 2, as follows:

For a married borrower filing taxes separately, AGI includes only the borrower's income. For a married borrower filing taxes jointly, AGI includes both the borrower's and spouse's income. A married borrower who files a joint tax return may include with his or her eligible loans any eligible loans owed by the borrower's spouse for purposes of determining PFH eligibility. If the lender does not hold at least one of the spouse's eligible loans, the borrower must ensure that his or her spouse has provided consent for the lender to obtain information about the spouse's eligible loans from the National Student Loan Data System or provide other documentation, acceptable to the lender, of the spouse's eligible loan information. In this situation, the lender must:

...

[§682.215(a)(1) and (b)(1); ~~§682.215(e)(1)(iii)~~; §685.221(a)(1) and (b)(1); ~~§685.221(e)(1)(iii)~~]

Revise Subsection 10.8.D, page 19, column 1, paragraph 1, as follows:

~~If a borrower selects an IBR plan, the lender must—unless the borrower requests otherwise—require that all eligible loans held by the lender be repaid under the IBR plan. If the borrower has multiple lenders and wants to repay all eligible loans under the IBR plan, the borrower must request IBR from each lender.~~

The lender must recalculate the monthly payment amount for a borrower when any of the following occurs:

- The borrower ceases to have a PFH or chooses not to make PFH payments but remains in the IBR plan.
- The borrower fails to provide annual documentation acceptable to the lender of the borrower's AGI within 10 days of the specified annual deadline, unless the lender is able to determine the borrower's new monthly payment amount before the end of the borrower's current annual payment period. ~~a signed copy of his or her most recent federal tax return, or fails to renew or withdraws consent for tax transcript information from the IRS (via IRS Form 4506-T). See above for more information on the~~

documentation requirements.
[\$682.215(e)(7)]

To recalculate the borrower's monthly payment amount under either of the two preceding bullets, a lender uses a standard repayment schedule for a 10-year repayment period based on the borrower's outstanding loan balance at the time that the borrower began repayment under the IBR plan. This monthly payment amount (~~a.k.a. permanent-standard~~) may result in a repayment period that exceeds 10 years.

If the lender receives the borrower's information within 10 days of the specified annual deadline, the lender must promptly determine the borrower's new monthly payment amount. If the lender does not determine the new monthly payment amount by the end of the borrower's current annual payment period, the lender must prevent the borrower's monthly payment amount from being recalculated using the permanent-standard calculation. The lender maintains the borrower's current scheduled monthly payment amount until the lender processes the information received from the borrower and determines the new monthly payment amount. If the new monthly payment amount is less than the borrower's previously calculated monthly payment amount, the lender must make the appropriate adjustment to the borrower's account to reflect any payments at the previously calculated amount that the borrower made after the end of the most recent annual payment period. Unless the borrower requests otherwise, the lender must apply the excess payment amounts made after the end of the most recent annual payment period in the following order:

1. Accrued interest.
2. Collection costs.
3. Late charges.
4. Loan principal.

If the new monthly payment amount is equal to or greater than the borrower's previously calculated monthly payment amount, the lender does not make any adjustments to the borrower's account.

The new annual payment period begins on the day after the end of the most recent annual payment period.

[\$682.215(e)(8)(i)-(iii)]

If the lender received the borrower's information more than 10 days after the specified annual deadline and the borrower's monthly payment amount is recalculated, the lender may grant forbearance with respect to payments that are overdue or would be due at the time the new calculated monthly payment amount is determined. If the new monthly payment amount is zero or is less than the borrower's previously calculated monthly payment amount, interest that accrues during the portion of this forbearance period that covers payments that are overdue after the end of the prior annual payment period is not capitalized.

If a borrower chooses to leave IBR, a lender recalculates the borrower's monthly payment amount by using a standard repayment schedule for the time remaining on a 10-year repayment period based on the borrower's outstanding loan balance at the time the borrower elects to leave IBR (~~a.k.a. expedited-standard~~). For a Consolidation loan, the monthly payment amount is recalculated; ~~by using based on the applicable~~ time remaining as initially determined when the Consolidation loan went into repayment, based on the borrower's outstanding loan balance at the time the borrower elects to leave IBR, up to a maximum of 30 years. (See Subsection 15.5.C for information on applicable repayment periods.) A borrower may request a change to a different repayment plan after making one monthly payment. This monthly payment may include one payment made under a reduced-payment forbearance. (See Subsection 11.22.A for information on a discretionary reduced-payment forbearance.)

[\$682.215(e)(9)]

Required Notifications

After making a determination that a borrower qualifies for the IBR plan for the year the borrower initially elects the plan and for any subsequent year that the borrower has a PFH, the lender must send the borrower a written notification of all of the following information:

- The borrower's scheduled monthly payment amount and the current annual payment period for which this amount applies
- A statement of the requirement for the borrower to annually provide documentation of the borrower's AGI and self-certification of his or her family size if the borrower chooses to remain on the IBR plan, as well as an explanation that the borrower will be notified in advance of the date by which the lender must receive this information;
- An explanation of the consequences if the borrower does not provide the required information;
- An explanation of the consequences if the borrower no longer wishes to repay under the income-based repayment plan; and
- Information about the borrower's option to request, at any time during the borrower's current annual payment period, that the lender recalculate the borrower's monthly payment amount if the borrower's financial circumstances have changed and the income amount that was used to calculate the borrower's current monthly payment no longer reflects the borrower's current income.

If the lender recalculates the borrower's monthly payment amount based on the borrower's request, and the lender determines that the borrower again has a partial financial hardship, the lender must send the borrower a written notification that includes all of the information in the above bullets.

For each subsequent year that a borrower who currently has a PFH remains on the IBR plan, the lender must notify the borrower in writing of the requirements to provide documentation of the borrower's AGI and self-certification of his or her family size if the borrower chooses to remain on the IBR plan. The lender must send this notice to the borrower no later than 60 days and no earlier than 90 days prior to the borrower's annual deadline. The borrower's annual deadline must be no earlier than 35 days before the end of the borrower's annual payment period. The notification must provide the borrower with all of the following information:

- The borrower's annual deadline date
- The consequences if the lender does not receive the information within 10 days following the borrower's annual deadline date
- The borrower's new monthly payment amount recalculated based on the borrower no longer having a PFH,
- The effective date for the recalculated monthly payment amount,
- An explanation that unpaid accrued interest will be capitalized at the end of the borrower's current annual payment period.

Each time a lender makes a determination that a borrower no longer has a PFH for a subsequent year that the borrower wishes to remain on the IBR plan the lender must send the borrower a written notice that includes all of the following information:

- The borrower's recalculated monthly payment amount, recalculated based on the borrower no longer having a PFH,

- An explanation that unpaid accrued interest will be capitalized at the time the borrower no longer has a PFH
- Information about the borrower's option to request, at any time, that the lender re-determine whether the borrower has a PFH, if the borrower's financial circumstances have changed and the income amount used to determine that the borrower no longer has a PFH does not reflect the borrower's current income,
- An explanation that the borrower will be notified annually of this option.

If the lender determines that the borrower again has a PFH, the lender must recalculate the borrower's monthly payment as applicable, and send the borrower a written notification that includes the information described in the first set of bullets under this subheading.
[\$682.215(e)(6)]

PROPOSED LANGUAGE - COMMON BULLETIN:

Income-Based Repayment Plan

The *Common Manual* has been revised to align with income-based repayment plan final regulations published in the *Federal Register* on November 1, 2012. The revised language provides individual lender flexibility regarding what type of income documentation a borrower must provide to the lender in order for the lender to determine whether the borrower has a partial financial hardship. Revised policy also outlines various notifications that a lender must send to a borrower under the income-based repayment plan provisions.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Student/Borrower:

A borrower will become more informed as a result of the various notifications that a lender must provide while the borrower is repaying his or her loan under the income-based repayment plan.

School:

None.

Lender/Servicer:

A lender may need to update its processes and procedures relating to new provisions for the income-based repayment plan.

Guarantor:

A guarantor may need to update its program review procedures.

U.S. Department of Education:

The Department may need to update its program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

June 15, 2012

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: January 11, 2013

X	DRAFT	Comments Due	Feb 1
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Loan Forgiveness under the Income-Based Repayment Plan

AFFECTED SECTIONS: 13.9.D Loan Forgiveness under the Income-Based Repayment Schedule

POLICY INFORMATION: 1285/Batch 192

EFFECTIVE DATE/TRIGGER EVENT: Income-based repayment loan forgiveness notifications provided by the lender on or after July 1, 2013.

BASIS:
§682.215.

CURRENT POLICY:
Current policy includes information pertinent to loan forgiveness under the income-based repayment plan prior to final regulations published on November 1, 2012.

REVISED POLICY:
Revised policy adds information pertinent to loan forgiveness and the requirement to notify borrowers under the income-based repayment plan provisions published by the Department on November 1, 2012.

REASON FOR CHANGE:
This change is necessary to comply with the final regulations published by the Department in the *Federal Register* dated November 1, 2012.

PROPOSED LANGUAGE - COMMON MANUAL:
Revise Subsection 13.9.D, page 69, column1, paragraph 1, as follows:

13.9.D Loan Forgiveness under the Income-Based Repayment Schedule

Under IBR, a borrower who meets all eligibility requirements may have his or her outstanding principal balance and accrued interest forgiven on a qualifying FFELP loan. To be eligible for IBR loan forgiveness after 25 years, the borrower must have participated in the IBR plan and have made at least 300 monthly qualifying payments or equivalents on or after July 1, 2009, by satisfying any of the following conditions:

- . . .
- Made monthly loan payments under any repayment plan that were equal to or greater than the amount required under the standard repayment schedule with a 10-year repayment period for the amount of the borrower's loans that were outstanding at the time the loans initially entered repayment (standard-standard).
- Made monthly loan payments, after the borrower no longer had a partial financial hardship or after the borrower stopped making income-based payments, under the standard repayment schedule based on a 10-year repayment period for the amount of the borrower's loans that were outstanding at the time the borrower selected the IBR plan (permanent-standard).
- . . .

Revise Subsection 13.9.D, column 2, paragraph 3, as follows:

Borrower Notification Requirements

The lender determines when a borrower has met the loan forgiveness requirements and the borrower is not required to submit a request for loan forgiveness. No later than 6 months prior to the anticipated date that the borrower will meet the loan forgiveness requirements, the lender must send the borrower a written notice that includes all of the following:

- An explanation that the borrower is approaching the date that he or she is expected to meet the requirements to receive loan forgiveness
- A reminder that the borrower must continue to make scheduled monthly payments
- General information on the current treatment of the forgiveness amount for tax purposes, and instructions for the borrower to contact the Internal Revenue Service for more information.

[\$682.215(g)(1)]

PROPOSED LANGUAGE - COMMON BULLETIN:

Loan Forgiveness under the Income-Based Repayment Plan

The *Common Manual* has been updated to align with final rules published by the Department in a *Federal Register* dated November 1, 2012. The revisions primarily include new notification information that must be provided to the borrower no later than 6 months prior to the anticipated date that the borrower will meet the loan forgiveness requirements.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Student/Borrower:

A borrower will become more informed as a result of the notification that a lender must send to the borrower regarding his or her approaching the anticipated date that the borrower will meet the loan forgiveness requirements.

School:

None.

Lender/Servicer:

A lender may need to update its processes and procedures relating to new provisions for loan forgiveness under the income-based repayment plan.

Guarantor:

A guarantor may need to update its program review procedures.

U.S. Department of Education:

The Department may need to update its program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

December 18, 2012

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

Batch192/January 11, 2013

Page 2

Out for Comment 1285-O003 192

CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others

ma/edited-chh