

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1003 (originally distributed in Batch 147)	Economic Hardship Deferment Eligibility	<p><u>11.4.A</u> <u>Eligibility Criteria - Economic Hardship Deferment</u></p> <p>Clarifies that non-taxable income, defined by the IRS as child support, life insurance proceeds, and gifts and bequests, is not to be treated as income for purposes of determining eligibility for an economic hardship deferment.</p>	Guarantor	Economic hardship deferment eligibility determinations made on or after July 1, 2009, unless implemented earlier by the guarantor.
1067	Notification of Check Availability	<p><u>8.7.H</u> <u>Delivery Methods</u></p> <p>Provides that if the borrower does not pick up the check within 21 days of the school's notice to the borrower, the school must immediately mail it to the borrower, initiate an EFT of the funds to the borrower's bank account, or return the loan funds to the lender.</p>	Federal	Checks issued for direct payment by the school on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.
1068	Total and Permanent Disability	<p><u>13.8.G</u> <u>Total and Permanent Disability</u></p> <p>States that the borrower must submit the total and permanent disability certification to the lender within 90 days of the date that the physician completed and certified the discharge application. If the borrower submits the discharge application after this 90-day time frame, the borrower must have the physician complete a new application and the borrower must submit the application to the lender within 90 days of the physician's certification of the new discharge application.</p>	Federal	Total and permanent disability applications received by the lender on or after July 1, 2008.
1069	Special Allowance and Interest Rate Reporting	<p><u>Figure A-5</u> <u>LaRS Special Allowance and Interest Rate Reporting for FFELP Loans</u></p> <p>Provides an updated version of the LaRS Special Allowance and Interest Rate Reporting for FFELP Loans chart from the NCHELP Program Regulations Committee for inclusion in the Manual. This version is dated March 2008, and contains statutory changes made to special allowance codes as a result of the College Cost Reduction and Access Act (CCRAA) of 2007.</p>	Federal	Loans first disbursed on or after October 1, 2007.

1070	Title IV Program Definitions	<p><u>9.5.A</u> <u>Return Amounts for Title IV Grant and Loan Programs</u></p> <p><u>Appendix G</u></p> <p>Provides separate glossary definitions of the Federal Work-Study, Federal Supplemental Educational Opportunity Grant, and the Federal Perkins Loan Programs. A cross-reference to the FSA Handbook has also been added to the definition of each program.</p>	Correction	Retroactive to the implementation of the <i>Common Manual</i> .
1071	Simplified Deferment Processing	<p><u>11.4.D</u> <u>Simplified Deferment Processing</u></p> <p><u>11.5.D</u> <u>Simplified Deferment Processing</u></p> <p><u>11.8.D</u> <u>Simplified Deferment Processing</u></p> <p><u>11.9.D</u> <u>Simplified Deferment Processing</u></p> <p><u>11.14.D</u> <u>Simplified Deferment Processing</u></p> <p><u>11.18.D</u> <u>Simplified Deferment Processing</u></p> <p>States that when granting a deferment using the simplified deferment processing method, the lender may base the deferment on information from an authoritative electronic database maintained or authorized by the Secretary that supports eligibility for the deferment for the same reason and same time period.</p>	Correction	Deferment requests granted by the lender on or after July 1, 2008, unless implemented earlier by the lender on or after November 1, 2007.

COMMON MANUAL - GUARANTOR POLICY PROPOSAL

Date: October 10, 2008

X	DRAFT	Comments Due	Oct 31
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Economic Hardship Deferment Eligibility

AFFECTED SECTIONS: 11.4.A Eligibility Criteria - Economic Hardship Deferment

POLICY INFORMATION: 1003/Batch 154 (originally distributed in Batch 147)

EFFECTIVE DATE/TRIGGER EVENT: Economic hardship deferment eligibility determinations made on or after July 1, 2009, unless implemented earlier by the guarantor.

BASIS:
§682.210(s)(6)(x); IRS 1040 Instructions 2007.

CURRENT POLICY:

Current policy states a borrower's monthly income is the gross amount the borrower received from employment, if applicable, and from other sources, or one-twelfth of the borrower's adjusted gross income, as recorded in the borrower's most recently filed federal income tax return.

REVISED POLICY:

Revised policy clarifies that non-taxable income, defined by the IRS as child support, life insurance proceeds, and gifts and bequests, is not to be treated as income for purposes of determining eligibility for an economic hardship deferment.

REASON FOR CHANGE:

The regulation in §682.210(s)(6)(x) defines monthly income as the gross amount the borrower received from employment and "other sources," or one-twelfth of the borrower's adjusted gross income, as recorded in the borrower's most recently filed federal income tax return. According to IRS instructions for tax form 1040, child support, life insurance proceeds, and gifts and bequests are excluded from the list of "other sources" when computing a tax filer's AGI. Since the AGI formula does not factor in these sources, it is inconsistent and disparate treatment to count these sources as income for a borrower who has provided the lender with his or her gross amount received from employment and "other sources" to establish eligibility for an economic hardship deferment.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 11.4.A., page 9, Note 1, as follows:

Eligibility Criteria—Economic Hardship

...

Note 1:

A borrower is considered to be working full time if he or she is expected to be employed for at least three consecutive months at 30 or more hours per week. For a period of deferment granted under items 3 through 5 above, the lender must require the borrower to submit evidence showing the amount of the borrower's monthly income. A borrower's monthly income is the gross amount the borrower received from employment, if applicable, and from other sources, or one-twelfth of the borrower's adjusted gross income, as recorded on the borrower's most recently filed income tax return. Child support, life insurance proceeds, and gifts and bequests is defined by the Internal Revenue Service (IRS) as non-taxable income and not included in the computation of the adjusted gross income (AGI); therefore, these sources are not to be treated as income for purposes of determining eligibility for an economic hardship deferment. A borrower who is unemployed, incarcerated, disabled, or on a temporary unpaid leave of absence from work may qualify for an economic hardship deferment if he or she provides the lender with documentation of his or her income. Any borrower who does not have income when applying for an economic hardship deferment must

provide a self-certifying statement, either on the deferment form or in a separate statement, indicating that he or she has no income. If the borrower resides in a foreign country and submits proof of income in foreign currency, the amounts must be converted to U.S. dollars before the lender determines deferment eligibility. Deferment eligibility for borrowers with foreign income will be based on poverty guidelines for the last state in which the borrower resided.

PROPOSED LANGUAGE - COMMON BULLETIN:

Economic Hardship Deferment Eligibility

The *Common Manual* has been revised to clarify that for purposes of determining eligibility for an economic hardship deferment, child support, life insurance proceeds, gifts and bequests are not treated as income. This allows for consistent treatment for borrowers since these sources are considered non-taxable by the Internal Revenue Service (IRS) and not factored in when computing a tax filer's adjusted gross income (AGI).

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower request for economic hardship deferment will not be adversely affected by the receipt of child support payments, life insurance proceeds, gifts or bequests.

School:

None.

Lender/Servicer:

A lender will not need to request documentation of child support payments, life insurance proceeds, gifts or bequests in determining a borrower's economic hardship eligibility based on the borrower providing his or her monthly gross income from employment or other sources.

Guarantor:

A guarantor may need to modify default aversion activities as well as program review activities.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

Great Lakes

DATE SUBMITTED TO CM POLICY COMMITTEE:

July 3, 2007

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

Comments Received From (Batch 147):

AES/PHEAA, ASA, CSLF, EAC, FAME, Great Lakes, GSFC, HESAA, KHEAA, MGA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USAFunds and VSAC.

Responses to Comments

Many of the commenters supported this proposal as written. Other commenters recommended wordsmithing changes that made no substantive changes to the policy but that added clarity to the proposed language. 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 does not support this proposal as a Guarantor proposal and suggested that if there is a basis in federal regulations or Internal Revenue Service law for the changes, the proposal should be redrafted and redistributed as a federal proposal.

Response:

The Committee disagrees.

Change:

The Committee appreciates the commenter's desire to emphasize the federal basis for this proposed change by classifying it as a federal policy proposal. Adjusted gross income, for which the IRS excludes child support, has been a regulatory criterion for economic hardship deferment eligibility since before the implementation of the *Common Manual*. If the Committee were to reclassify this proposal as federal, the Committee would be obligated to establish a retroactive effective date. To date, the Committee believes that there has not been consensus among all entities about the treatment of child support when considering a borrower's eligibility for economic hardship deferment. The Committee does not believe that there has been sufficient FFELP federal guidance provided to expect all lenders and lender servicers to have been acting in accordance with the guidance provided in this policy. The Committee therefore believes that it is in the best interest of FFELP lenders and lender servicers to establish a prospective triggering event so that no entity is harmed by retroactively imposing a clarification for the granting of an economic hardship deferment. For that reason, the Committee declines the commenter's request to categorize this as a federal proposal.

COMMENT:

Three commenters feel the Basis does not support this change, and suggests that a cite from the IRS code be included in the Basis.

Response:

The Committee agrees.

Change:

The Committee has modified the basis of the proposal to include reference to the definition of adjusted gross income in the instructions to IRS Instructions for tax form 1040.

COMMENT:

Two commenters noted there is no regulatory history to suggest that the phrase "income...from other sources" was intended to exclude all forms of non-taxable income. One of the commenter's opinion is that the Department's definition of income is all income received by the borrower, regardless of the source. Another commenter feels if the position of the proposal is truly the intent of the regulations, then this should be addressed prospectively as a regulatory change and implemented with the release of a revised Economic Hardship deferment form.

Response:

The Committee disagrees. There is no evidence to support the commenters' contentions that the regulations intend to include child support or other non-taxable income in determining a borrower's eligibility for economic hardship deferment. To the contrary, the regulations state that a borrower can provide his or her most recently filed federal tax return as documentation of eligibility for the deferment. According to the IRS instructions for tax form 1040, child support, life insurance proceeds, and gifts and bequests are excluded from the list of "other sources" when computing a tax filer's AGI. Since the AGI formula does not factor in these sources, it is inconsistent and disparate treatment to count these sources as income for a borrower who has provided the lender with his or her gross amount received from employment and "other sources" to establish eligibility for an economic hardship deferment.

The Committee appreciates the commenter's suggestion to pursue a regulatory clarification, but that falls outside the purview of the Committee to initiate. If a guarantor or other community organization were to pursue such a fix, the Committee is confident that providing the Department with the IRS publication and logic applied in this policy would result in a positive change.

Change:

None.

COMMENT:

Two commenters noted that all sources of nontaxable income be included in the proposal, not just child support.

Response:

The Committee agrees.

Change:

The other non-taxable sources defined in the IRS publication – life insurance proceeds and gifts and bequests – have been included in the text change.

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COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: October 10, 2008

X	DRAFT	Comments Due	Oct 31
	FINAL	Consider at GB Meeting	
	APPROVED	With Changes / No Changes	

SUBJECT: Notification of Check Availability

AFFECTED SECTIONS: 8.7.H Delivery Methods

POLICY INFORMATION: 1067/Batch 154

EFFECTIVE DATE/TRIGGER EVENT: Checks issued for direct payment by the school on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.

BASIS:
§668.164(c)(1)(ii)(B).

CURRENT POLICY:

Current policy does not describe what a school must do when it delivers loan funds to a borrower by issuing a check, notifies the borrower that the check is available for immediate pickup, and the borrower does not pick up the check.

REVISED POLICY:

Revised policy provides that if the borrower does not pick up the check within 21 days of the school's notice to the borrower, the school must immediately mail it to the borrower, initiate an EFT of the funds to the borrower's bank account, or return the loan funds to the lender.

REASON FOR CHANGE:

The Manual is being updated to comply with regulatory changes published in the November 1, 2007, *Federal Register*, Vol. 72, No. 211.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 8.7.H, page 14, column 2, paragraph 2, bullet 2, as follows:

A school may deliver loan proceeds using any of the following methods:

- Crediting the proceeds to the student's account at the school.
[§668.164(d)]
- Issuing a check or other instrument to the borrower that requires endorsement or certification. The school may issue a check by releasing or mailing it to the borrower or by notifying the borrower that it is available for immediate pickup. If the school notifies the borrower that the check is available to pick up, and the borrower does not pick up the check within 21 days of the date of that notification, the school must immediately mail the check to the borrower, initiate an EFT of those funds to the borrower's bank account, or return the funds to the lender.
[§668.164(c)(1)(ii)(B) and §668.164(c)(2)]
- Releasing or mailing to the borrower a check that has been provided by a lender.
[§668.164(c)(2)(i)]
- ...
- ...
- ...

PROPOSED LANGUAGE - COMMON BULLETIN:

The *Common Manual* has been revised to comply with the regulatory changes published in the *Federal Register* dated November 1, 2007, that relate to delivering loan checks to borrowers who do not pick up a check issued by a school. Revised language provides that if the borrower does not pick up the check within 21 days of the school's notice that the check is available, the school must immediately mail the check to the borrower, initiate an EFT of those funds to the borrower's bank account, or return the loan funds to the lender.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower who does not pick up a check issued by a school for direct payment of loan funds will be assured of having unclaimed loan funds returned to the lender to reduce his or her loan balance.

School:

A school will be required to modify its procedures to track the number of days since the school notified the borrower to pick up a check for direct delivery of loan funds and ensure that, if it is not picked up within 21 days, the school timely mails the check to the borrower, initiates an EFT of those funds to the borrower's bank account, or returns the funds to the lender.

Lender/Service:

A lender will experience consistent and timely return of unclaimed loan funds that a school has attempted to directly pay to a borrower who did not pick up a check the school issued.

Guarantor:

A guarantor may be required to modify school program review standards.

U.S. Department of Education:

The Department may be required to modify school program review standards.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

September 10, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designee

Interested Industry Groups and Others

BMF/edited-RRL

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: October 10, 2008

X	DRAFT	Comments Due	Oct 31
	FINAL	Consider at GB Meeting	
	APPROVED	With Changes / No Changes	

SUBJECT: Total and Permanent Disability

AFFECTED SECTIONS: 13.8.G Total and Permanent Disability

POLICY INFORMATION: 1068/Batch 154

EFFECTIVE DATE/TRIGGER EVENT: Total and permanent disability applications received by the lender on or after July 1, 2008.

BASIS:

§682.402(c); NCHELP TPD Q&A confirmed by the Department on March 25, 2008.

CURRENT POLICY:

Current policy states that the borrower must submit the total and permanent disability certification to the lender within 90 days of the date that the physician completed and certified the discharge application. If the lender receives the discharge application after this 90-day time frame, the borrower must have the physician complete a new application and the borrower must submit the application to the lender within 90 days of the physician's certification of the new discharge application.

REVISED POLICY:

Revised policy states that the borrower must submit the total and permanent disability certification to the lender within 90 days of the date that the physician completed and certified the discharge application. If the borrower submits the discharge application after this 90-day time frame, the borrower must have the physician complete a new application and the borrower must submit the application to the lender within 90 days of the physician's certification of the new discharge application.

REASON FOR CHANGE:

This change is being made to align the Manual's text with regulations in §682.402(c).

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 13.8.G, page 45, column 2, paragraph 2, as follows:

The borrower's, comaker's, or endorser's representative may provide the physician's certification if the borrower, comaker, or endorser is unable to do so. The borrower, comaker, or endorser, or his or her representative, must submit a completed Loan Discharge Application: Total and Permanent Disability or other form(s) approved by the Department. The physician's certification must state that the borrower, comaker, or endorser is unable to work and earn money because of an injury or illness that is expected to continue indefinitely or result in death. The borrower must submit the certification to the lender within 90 days of the date that the physician completed and certified the discharge application. If the ~~lender receives~~ borrower submits the discharge application after this 90-day time frame, the borrower must have the physician complete a new application and the borrower must submit the application to the lender within 90 days of the physician's certification of the new discharge application.

PROPOSED LANGUAGE - COMMON BULLETIN:

Total and Permanent Disability

The *Common Manual* is revised to reflect that the borrower must submit the total and permanent disability certification to the lender within 90 days of the date that the physician completed and certified the discharge application. If the borrower submits the discharge application after this 90-day time frame, the borrower must have the physician complete a new application and the borrower must submit the application to the lender within 90 days of the physician's certification of the new discharge application.

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:

June 24, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designee

Interested Industry Groups and Others

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COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: October 10, 2008

X	DRAFT	Comments Due	Oct 31
	FINAL	Consider at GB Meeting	
	APPROVED	With Changes / No Changes	

SUBJECT: Special Allowance and Interest Rate Reporting

AFFECTED SECTIONS: Figure A-5 LaRS Special Allowance and Interest Rate Reporting for FFELP Loans

POLICY INFORMATION: 1069/Batch 154

EFFECTIVE DATE/TRIGGER EVENT: Loans first disbursed on or after October 1, 2007.

BASIS:
Public Law No. 110-84; §682.302(b).

CURRENT POLICY:
The Manual currently contains a version of Figure A-5 LaRS Special Allowance and Interest Rate Reporting for FFELP Loans that is dated October 2006.

REVISED POLICY:
The National Council of Higher Education Loan Programs (NCHELP) Program Regulations Committee has provided an updated version of its LaRS Special Allowance and Interest Rate Reporting for FFELP Loans chart for inclusion in the Manual. This version is dated March 2008, and contains statutory changes made to special allowance codes as a result of the CCRAA.

REASON FOR CHANGE:
This change incorporates a revised version of Figure A-5 LaRS Special Allowance and Interest Rate Reporting for FFELP Loans into Appendix A of the Manual.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Figure A-5, page 17, as follows:

See attached chart.

PROPOSED LANGUAGE - COMMON BULLETIN:

Special Allowance and Interest Rate Reporting

Appendix A of the Manual has been updated to incorporate a revised version of Figure A-5 LaRS Special Allowance and Interest Rate Reporting for FFELP Loans, provided by the NCHELP Program Regulations Committee.

GUARANTOR COMMENTS:
None.

IMPLICATIONS:
Borrower:
None.

School:
None.

Lender/Servicer:
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:

June 4, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designee

Interested Industry Groups and Others

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LaRS Special Allowance and Interest Rate Reporting For FFELP Loans

Loan Type Code		Special Allowance Factor			
SF ¹	Subsidized Stafford and Subsidized FISL loans	SA	3.50% round up to 1/8%	SL	3.10%
PL	PLUS (parent) loans and Grad PLUS loans	SB	3.50%	CA, CE	1.74%
PL ²	PLUS (student) and ALAS loans	SD	3.25%	CB, CF	2.34%
SU	Unsubsidized Stafford loans	SE, SG	3.10%	CC, CG	2.64%
SL	SLS loans	SG	3.10%	CD, CH	2.64%
SL ³	PLUS (student) and ALAS loans	SH	2.50% / 3.10% (see below)	CI	1.19%
CL	Consolidation loans	SJ	2.20%	CI, CM	1.79%
		SK	2.80%	CK	2.09%
Special Allowance Codes - For loans made or purchased with taxable funds or tax-exempt funds not subject to the minimum/maximum rules ⁴					
SA	All loans first disbursed prior to 10-1-1981. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4, rounded up to the nearest 1/8 percent)	SB	All loans first disbursed on/after 10-1-1981 through 10-16-1986 and loans first disbursed on/after 10-17-1986 through 11-15-1986 with a loan period begin date prior to 11-16-1986. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4)		
SC	All loans first disbursed during sequester periods (1st four quarters after first disbursement). These sequester periods included 3-1-1986 to 9-30-1986 and 10-1-1989 to 12-31-1989. (Formulas no longer in effect)	SD	All loans first disbursed on/after 10-17-1986 through 11-15-1986 with a loan period begin date on/after 11-16-1986, and loans first disbursed on/after 11-16-1986 through 9-30-1992. (Formula: Average 90-day Tbill + 3.25% - Interest Rate / 4)		
SE	All loans first disbursed on/after 10-1-1992 through 6-30-1994, and consolidation loans based on applications received by the lender prior to 11-13-1997. (Formula: Average 90-day Tbill + 3.10% - Interest Rate / 4)	SG	All Stafford and PLUS loans first disbursed on/after 7-1-1994 through 6-30-1998 (except Stafford loans first disbursed on/after 7-1-1995 through 6-30-1998 while in school, grace, or deferment status) and consolidation loans based on applications received by the lender on/after 11-13-1997 through 9-30-1998. (Formula: Average 90-day Tbill + 3.10% - Interest Rate / 4)		
SH	All Stafford loans first disbursed on/after 7-1-1995 through 6-30-1998 while in school, grace, or deferment status, and PLUS loans first disbursed on/after 7-1-1998 through 12-31-1999. (Stafford Formula: Average 90-day Tbill + 2.50% - Interest Rate / 4) (PLUS Formula: Average 90-day Tbill + 3.10% - Interest Rate / 4)	SJ	All Stafford loans first disbursed on/after 7-1-1998 through 12-31-1999 while in school, grace, or deferment status. (Formula: Average 90-day Tbill + 2.20% - Interest Rate / 4)		
SK	All Stafford loans first disbursed on/after 7-1-1998 through 12-31-1999 while in a status other than in-school, grace or deferment status. (Formula: Average 90-day Tbill + 2.80% - Interest Rate / 4)	SL	Consolidation loans based on applications received by the lender on/after 10-1-1998 through 12-31-1999. (Formula: Average 90-day Tbill + 3.10% - Interest Rate / 4)		
CA	All Stafford loans first disbursed on/after 1-1-2000 through 3-31-2006 while in school, grace, or deferment status. (Formula: Average 3-month CP + 1.74% - Interest Rate / 4)	CB	All Stafford loans first disbursed on/after 1-1-2000 through 3-31-2006 while in a status other than in-school, grace, or deferment status. (Formula: Average 3-month CP + 2.34% - Interest Rate / 4)		
CC	Consolidation loans based on applications received by the lender on/after 1-1-2000 through first disbursed on/before 3-31-2006. (Formula: Average 3-month CP + 2.64% - Interest Rate / 4)	CD	PLUS loans first disbursed on/after 1-1-2000 through 3-31-2006. (Formula: Average 3-month CP + 2.64% - Interest Rate / 4)		
CE	All Stafford loans first disbursed on/after 4-1-2006 while in school, grace, or deferment status. (Formula: Average 3-month CP + 1.74% - Interest Rate / 4, subject to excess interest rebates)	CF	All Stafford loans first disbursed on/after 4-1-2006 while in a status other than in-school, grace, or deferment status. (Formula: Average 3-month CP + 2.34% - Interest Rate / 4, subject to excess interest rebates)		
CG	Consolidation loans first disbursed on/after 4-1-2006. (Formula: Average 3-month CP + 2.64% - Interest Rate / 4, subject to excess interest rebates)	CH	PLUS loans first disbursed on/after 4-1-2006. (Formula: Average 3-month CP + 2.64% - Interest Rate / 4, subject to excess interest rebates)		
CI	All Stafford loans first disbursed on/after 10-1-2007 while in school, grace, or deferment status, including loans held by an ENFP⁶. (Formula: Average 3-month CP + 1.19% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 3-month CP + 1.34% - Interest Rate / 4, subject to excess interest rebates)	CI	All Stafford loans first disbursed on/after 10-1-2007 while in a status other than in-school, grace, or deferment status, including loans held by an ENFP⁶. (Formula: Average 3-month CP + 1.79% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 3-month CP + 1.94% - Interest Rate / 4, subject to excess interest rebates)		
CK	Consolidation loans first disbursed on/after 10-1-2007, including loans held by an ENFP⁶. (Formula: Average 3-month CP + 2.09% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 3-month CP + 2.24% - Interest Rate / 4, subject to excess interest rebates)	CM	PLUS loans first disbursed on/after 10-1-2007, including loans held by an ENFP⁶. (Formula: Average 3-month CP + 1.79% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 3-month CP + 1.94% - Interest Rate / 4, subject to excess interest rebates)		

Special Allowance Codes - For loans made or purchased with tax exempt funds subject to the minimum/maximum rules ⁴					
SA	All loans first disbursed prior to 10-1-1980. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4, rounded up to the nearest 1/8 percent)		XA	All loans first disbursed on/after 10-1-1980 through 9-30-1981. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)	
XB	All loans first disbursed on/after 10-1-1981 through 9-30-1992. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)		XC	All loans first disbursed during sequester periods (1st four quarters after first disbursement). These sequester periods include 3-1-1986 to 9-30-1986 and 10-1-1989 to 12-31-1989. (Formulas no longer in effect)	
XE	All loans first disbursed on/after 10-1-1992 through 6-30-1994, and consolidation loans based on applications received by the lender prior to 11-13-1997. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)		XG	All Stafford and PLUS loans first disbursed on/after 7-1-1994 through 6-30-1998 (except Stafford loans while in school, grace, or deferment) and consolidation loans based on applications received by the lender on/after 11-13-1997 through 9-30-1998. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)	
XH	All Stafford loans first disbursed on/after 7-1-1995 through 6-30-1998 while in school, grace, or deferment, and PLUS loans first disbursed on/after 7-1-1998 through 3-31-2006, for quarters prior to 4-1-2006. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)		XJ	All Stafford loans first disbursed on/after 7-1-1998 through 3-31-2006 while in school, grace, or deferment. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)	
XK	All Stafford loans first disbursed on/after 7-1-1998 through 3-31-2006 while in a status other than in-school, grace or deferment. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)		XL	Consolidation loans based on applications received by the lender on/after 10-1-1998 through first disbursement on/before 3-31-2006. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)	
XM	All Stafford loans first disbursed on/after 4-1-2006 while in school, grace, or deferment, held by lenders eligible for the HERA of 2005 special exemptions. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater, subject to excess interest rebates)		XN	All Stafford loans first disbursed on/after 4-1-2006 while in a status other than in-school, grace or deferment, held by lenders eligible for the HERA of 2005 special exemptions. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater, subject to excess interest rebates)	
XO	Consolidation loans first disbursed on/after 4-1-2006, held by lenders eligible for the HERA of 2005 special exemptions. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater, subject to excess interest rebates)		XP	PLUS loans first disbursed on/after 4-1-2006, held by lenders eligible for the HERA of 2005 special exemptions. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater, subject to excess interest rebates)	
XQ	PLUS loans first disbursed on/after 1-1-2000 through 3-31-2006, for quarters beginning 4-1-2006 which would have been reported under the "XH" category for quarters prior to 4-1-2006. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)				

Interest Rate Codes	
Fixed	For fixed rate loans, report applicable rate as decimal point.
.07	Stafford loans at a fixed rate of 7% or less.
.99999	Consolidation loans based on applications received by the lender on/after 10-1-1998 where the fixed interest rate is a weighted average of the underlying loan interest rates rounded up to the nearest 1/8 of a percent.
CVAR	PLUS loans and SLS loans made in 1986 and 1987 where the interest rate changes each January 1.
VAR	PLUS and SLS loans with first disbursements on or after 7-1-1987, but before 10-1-1992, where the interest rate changes each July 1.
EVAR	All FFELP loans that were guaranteed as variable rate loans with first disbursements on or after 10-1-1992 and Consolidation loans based on applications received by the lender between 11-13-1997 and 9-30-1998, inclusive, where the interest rate changes each July 1, and HEAL portions of Consolidation loans.
FVAR#	Stafford loans that were originally guaranteed as fixed rate loans, but were converted to a variable rate, where the interest rate now changes each July 1. Includes 8/10% loans except for those that fall under the FVARX category. FVAR# includes FVAR7, FVAR8, FVAR9, FVAR10.
FVARX	FFELP Stafford loans with a 8/10% interest rate first disbursed to prior borrowers on or after 7-23-1992 but before 10-1-1992, when such loans reach the 49 th month of repayment and beyond.
.068	All Stafford loans (subsidized and unsubsidized) made on or after 7-1-2006.
.085	All PLUS loans (parent and Grad) made on or after 7-1-2006.
.060	Subsidized Stafford loans made to undergraduate students on or after 7-1-2008.

Valid Special Allowance, Loan Type, and Interest Rate Code Reporting Combinations									
Subsidized Stafford		Unsubsidized Stafford		PLUS ⁵		SLS ⁵		Consolidation	
Taxable	Tax-exempt ⁴	Taxable	Tax-exempt ⁴	Taxable	Tax-exempt ⁴	Taxable	Tax-exempt ⁴	Taxable	Tax-exempt ⁴
SA SF .07	SA SF .07	SE SU .07	XE SU .07	SA PL .09	XA PL .09	SA SL .09	XA SL .09	SC CL .09	XC CL .09
SA SF .09	XA SF .07	SE SU .08	XE SU .08	SB PL .14	XB PL .14	SB SL .14	XB SL .14	SC CL .10	XC CL .10
SB SF .07	XA SF .09	SE SU .09	XE SU .09	SB PL .12	XB PL .12	SB SL .12	XB SL .12	SC CL .11	XC CL .11
SB SF .08	XB SF .07	SE SU EVAR	XE SU EVAR	SB PL CVAR	XB PL CVAR	SB SL CVAR	XB SL CVAR	SC CL .12	XC CL .12
SB SF .09	XB SF .08	SE SU FVAR7	XE SU FVAR7	SC PL .12	XB PL VAR	SC SL .12	XB SL VAR	SD CL .09	XB CL .09
SC SF .07	XB SF .09	SE SU FVAR8	XE SU FVAR8	SC PL VAR	XC PL .12	SC SL VAR	XC SL .12	SD CL .10	XB CL .10
SC SF .08	XB SF .10	SE SU FVAR9	XE SU FVAR9	SD PL .12	XC PL VAR	SD SL .12	XC SL VAR	SD CL .11	XB CL .11
SC SF .09	XB SF FVAR7	SE SU FVAR10	XE SU FVAR10	SD PL CVAR	XE PL EVAR	SD SL VAR	XE SL EVAR	SD CL .12	XB CL .12
SD SF .07	XB SF FVAR8	SG SU EVAR	XG SU EVAR	SD PL VAR	XG PL EVAR	SD SL CVAR		SE CL .01-.25	XE CL .01-.25
SD SF .08	XB SF FVAR9	SH SU EVAR	XH SU EVAR	SE PL EVAR	XH PL EVAR	SE SL EVAR		SG CL EVAR	XG CL EVAR
SD SF .09	XB SF FVAR10	SJ SU EVAR	XJ SU EVAR	SG PL EVAR	XP PL EVAR			SL CL .99999	XL CL .99999
SD SF .10	XB SF FVARX	SK SU EVAR	XK SU EVAR	SH PL EVAR	XP PL .085			CC CL .99999	XO CL .99999
SD SF FVAR7	XC SF .07	CA SU EVAR	XM SU EVAR	CD PL EVAR	XQ PL EVAR			CG CL .99999	
SD SF FVAR8	XC SF .08	CB SU EVAR	XN SU EVAR	CH PL EVAR				CK CL .99999	
SD SF FVAR9	XC SF .09	CE SU EVAR	XM SU .068	CH PL .085					
SD SF FVAR10	XE SF .07	CF SU EVAR	XN SU .068	CM PL .085					
SD SF FVARX	XE SF .08	CE SU .068							
SE SF .07	XE SF .09	CF SU .068							
SE SF .08	XE SF EVAR	CI SU .068							
SE SF .09	XE SF FVAR7	CJ SU .068							
SE SF EVAR	XE SF FVAR8								
SE SF FVAR7	XE SF FVAR9								
SE SF FVAR8	XE SF FVAR10								
SE SF FVAR9	XG SF EVAR								
SE SF FVAR10	XH SF EVAR								
SG SF EVAR	XJ SF EVAR								
SH SF EVAR	XK SF EVAR								
SJ SF EVAR	XM SF EVAR								
SK SF EVAR	XN SF EVAR								
CA SF EVAR	XM SF .068								
CB SF EVAR	XN SF .068								
CE SF EVAR									
CF SF EVAR									
CE SF .068									
CF SF .068									
CI SF .068									
CJ SF .068									
CI SF .060									
CJ SF .060									
Notes									
¹	Stafford Nonsubsidized and FISL Nonsubsidized loans disbursed prior to 10-1-1981 are included within SF loan types.								
²	Loans disbursed prior to 10-17-1986 and unable to distinguish from PLUS (parent) loans.								
³	Loans disbursed prior to 10-17-1986 and able to distinguish from PLUS (parent) loans.								
⁴	Loans originally made or purchased with tax-exempt funds originally issued prior to 10-1-1993 receive ½ the regular special allowance rate but not less than 9.5% minus the applicable interest rate. Loans made or purchased with tax-exempt funds originally issued on or after 10-1-1993, loans held in tax-exempt bond issues that were refunded on or after 10-1-2004, and loans made or purchased on or after 2-8-2006 regardless of funding source (except those held by lenders eligible for the HERA of 2005 special exemptions), receive regular special allowance and must be reported using the taxable special allowance codes.								
⁵	PLUS and SLS loans first disbursed on/after 7-1-1987 but before 6-30-1994, and PLUS loans first disbursed on/after 7-1-1998 but before 12-31-1999 do not receive any special allowance if the annual interest rate calculation does not exceed the applicable maximum interest rate. PLUS loans first disbursed on/after 1-1-2000 will receive special allowance for quarters beginning 4-1-2006, even if the annual interest rate calculation does not exceed the applicable maximum interest rate.								
⁶	Eligible Not-For-Profit (ENFP) holders may receive the increased Special Allowance Factor on loans made on or after October 1, 2007 if they meet the statutory and regulatory requirements for ENFP holders and are designated as such in the Department of Education's Lender Reporting System (LaRS).								

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: October 10, 2008

X	DRAFT	Comments Due	Oct 31
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Title IV Program Definitions

AFFECTED SECTIONS: 9.5.A Return Amounts for Title IV Grant and Loan Programs
Appendix G

POLICY INFORMATION: 1070/Batch 154

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

CURRENT POLICY:

Current policy does not include glossary definitions of three federal student aid programs that are referenced in Manual text: the Federal Work-Study, Federal Supplemental Educational Opportunity Grant, and Federal Perkins Loan Programs.

REVISED POLICY:

Revised policy provides separate glossary definitions of the Federal Work-Study, Federal Supplemental Educational Opportunity Grant, and the Federal Perkins Loan Programs. A cross-reference to the FSA Handbook has also been added to the definition of each program.

REASON FOR CHANGE:

The Manual includes a definition of "Campus-Based Programs," which lists all three of the aforementioned federal student aid programs. However, the Manual does not commonly refer to the "campus-based programs." This change is necessary to provide Manual readers with context for multiple, separate references to the Federal Work-Study, Federal Supplemental Educational Opportunity Grant, and Federal Perkins Loan Programs.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Subsection 9.5.A, page 13, column 2, paragraph 1, as follows:

Aid Types to Be Included in the Return Calculations

When calculating the return of Title IV funds, the school must include the following Title IV funds, as applicable:

- Federal Perkins loan
- . . .
- . . .
- . . .
- . . .
- . . .
- Federal Supplemental Educational Opportunity Grant (FSEOG), (not including the nonfederal share of an FSEOG award if the school meets its matching share by the individual recipient method or the aggregate method).

[§668.22(a)(2)]

Revise Appendix G, page 8, column 2, paragraph 4, as follows:

...

Federal Perkins Loan Program: A low-interest, long-term loan program intended for needy undergraduate or graduate/professional students. The Federal Perkins Loan Program is one of the campus-based programs that are administered by a school's financial aid office. For more information, see the FSA Handbook.

Federal PLUS Loan Application and Master Promissory Note: . . .

Federal Register: . . .

Federal Stafford Loan Master Promissory Note: . . .

Federal Supplemental Educational Opportunity Grant: (FSEOG) A grant program intended for exceptionally needy undergraduate students. The FSEOG is one of the campus-based programs that are administered by a school's financial aid office. For more information, see the FSA Handbook.

Federal Work-Study: (FWS) Through the FWS program, undergraduate or graduate/professional students with financial need work part time to help pay for the costs of their education. The FWS program is one of the campus-based programs that are administered by a school's financial aid office. For more information, see the FSA Handbook.

PROPOSED LANGUAGE - COMMON BULLETIN:

The *Common Manual* has been revised to include separate glossary definitions of the following Title IV federal student aid programs that are referenced in existing Manual text:

- **Federal Perkins Loan Program:** A low-interest, long-term loan program intended for needy undergraduate or graduate/professional students. The Federal Perkins Loan Program is one of the campus-based programs that are administered by a school's financial aid office. For more information, see the FSA Handbook.
- **Federal Supplemental Educational Opportunity Grant: (FSEOG)** A grant program intended for exceptionally needy undergraduate students. The FSEOG is one of the campus-based programs that are administered by a school's financial aid office. For more information, see the FSA Handbook.
- **Federal Work-Study: (FWS)** Through the FWS program, undergraduate or graduate/professional students with financial need work part time to help pay for the costs of their education. The FWS program is one of the campus-based programs that are administered by a school's financial aid office. For more information, see the FSA Handbook.

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:

September 30, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

jcs/edited-aes

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COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: October 10, 2008

X	DRAFT	Comments Due	Oct 31
	FINAL	Consider at GB Meeting	
	APPROVED	With Changes / No Changes	

SUBJECT: Simplified Deferment Processing

AFFECTED SECTIONS: 11.4.D Simplified Deferment Processing
11.5.D Simplified Deferment Processing
11.8.D Simplified Deferment Processing
11.9.D Simplified Deferment Processing
11.14.D Simplified Deferment Processing
11.18.D Simplified Deferment Processing

POLICY INFORMATION: 1071/Batch 154

EFFECTIVE DATE/TRIGGER EVENT: Deferment requests granted by the lender on or after July 1, 2008, unless implemented earlier by the lender on or after November 1, 2007.

BASIS:
§682.210(s)(1)(iii).

CURRENT POLICY:
Current policy states that when granting a deferment using the simplified deferment processing method, a lender may use information from an authoritative electronic database maintained and authorized by the Secretary that supports eligibility for the deferment for the same reason and the same time period.

REVISED POLICY:
Revised policy states that when granting a deferment using the simplified deferment processing method, the lender may base the deferment on information from an authoritative electronic database maintained or authorized by the Secretary that supports eligibility for the deferment for the same reason and same time period.

REASON FOR CHANGE:
This change is being made to align the Manual's text with §682.210(s)(1)(iii).

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 11.4.D, page 10, column 1, paragraph 3, as follows:

11.4.D Simplified Deferment Processing

In granting the deferment in this manner, the lender may rely in good faith on the information obtained from another FFELP loan holder, the Department, or an authoritative electronic database maintained ~~and~~ or authorized by the Department, unless the lender has information indicating that the borrower does not qualify for the economic hardship deferment. The lender must resolve any discrepant information before granting an economic hardship deferment in this manner.

Revise Subsection 11.5.D, page 11, column 1, paragraph 5, as follows:

11.5.D Simplified Deferment Processing

In granting the deferment in this manner, the lender may rely in good faith on the information obtained from another FFELP loan holder, the Department, or an authoritative electronic database maintained ~~and~~ or authorized by the Department, unless the lender has information indicating that the borrower does not qualify for the graduate fellowship deferment. The lender must resolve any discrepant information before granting a graduate fellowship deferment in

this manner.

Revise Subsection 11.8.D, page 16, column 1, paragraph 2, as follows:

11.8.D Simplified Deferment Processing

In granting the deferment in this manner, the lender may rely in good faith on the information obtained from another FFELP loan holder, the Department, or an authoritative electronic database maintained ~~and~~ or authorized by the Department, unless the lender has information indicating that the borrower does not qualify for the military active duty student deferment. The lender must resolve any discrepant information before granting a military active duty student deferment in this manner.

Revise Subsection 11.9.D, page 17, column 2, paragraph 5, as follows:

11.9.D Simplified Deferment Processing

In granting the deferment in this manner, the lender may rely in good faith on the information obtained from another FFELP loan holder, the Department, or an authoritative electronic database maintained ~~and~~ or authorized by the Department, unless the lender has information indicating that the borrower does not qualify for the military service deferment. The lender must resolve any discrepant information before granting a military service deferment in this manner.

Revise Subsection 11.14.D, page 21, column 2, paragraph 2, as follows:

11.14.D Simplified Deferment Processing

In granting the deferment in this manner, the lender may rely in good faith on the information obtained from another FFELP loan holder, the Department, or an authoritative electronic database maintained ~~and~~ or authorized by the Department, unless the lender has information indicating that the borrower does not qualify for the rehabilitation training program deferment. The lender must resolve any discrepant information before granting a rehabilitation training program deferment in this manner.

Revise Subsection 11.18.D, page 25, column 2, paragraph 5, as follows:

11.18.D Simplified Deferment Processing

In granting the deferment in this manner, the lender may rely in good faith on the information obtained from another FFELP loan holder, the Department, or an authoritative electronic database maintained ~~and~~ or authorized by the Department, unless the lender has information indicating that the borrower does not qualify for the unemployment deferment. The lender must resolve any discrepant information before granting an unemployment deferment in this manner.

PROPOSED LANGUAGE - COMMON BULLETIN:

Simplified Deferment Processing

The Manual has been revised to clarify that when a lender is granting a deferment using the simplified deferment processing method, the lender may base the deferment on information from an authoritative electronic database maintained or authorized by the Secretary that supports eligibility for the deferment for the same reason and same time period.

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

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June 4, 2008

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PROPOSAL DISTRIBUTED TO:
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CM Guarantor Designee
Interested Industry Groups and Others

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