

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1079	Social Security Number on Individual Checks and Master Check Transmittals	<p><b><u>7.7.C</u></b>      <b><u>Disbursement by Individual Check</u></b>  <b><u>7.7.D</u></b>      <b><u>Disbursement by Electronic Funds Transfer (EFT) or Master Check</u></b></p> <p>Removes the requirement that the lender provide any SSN(s) on an individual check and affords the lender alternative methods by which sufficient information is provided with or on the check to ensure that the school can efficiently match the check with the correct student or borrower to facilitate timely delivery.</p> <p>Removes the requirement that the master check roster always include the SSN for the dependent student for a parent PLUS loan by affording the lender the option to include <i>either</i> the student's SSN or other reliable identifying information.</p>	Guarantor	Loan disbursement checks issued by the lender on or after July 1, 2009, unless implemented earlier by the lender or the guarantor.
1080	Child Care Forgiveness	<p><b><u>2.3.C</u></b>      <b><u>Common Forms</u></b>  <b><u>Figure 11-2</u></b>      <b><u>Forbearance Eligibility Chart</u></b>  <b><u>11.24.C</u></b>      <b><u>National Service, Loan Forgiveness, or Department of Defense Repayment</u></b>  <b><u>Chapter 13</u></b>      <b><u>Claim Filing, Discharge, and Forgiveness</u></b>  <b><u>13.9</u></b>      <b><u>Forgiveness</u></b>  <b><u>13.9.A</u></b>      <b><u>Loan Forgiveness Demonstration Program for Child Care Providers</u></b>  <b><u>13.9.B</u></b>      <b><u>Teacher Loan Forgiveness Program</u></b>  <b><u>Appendix D.9</u></b>      <b><u>Other Department</u></b>  <b><u>Appendix G</u></b>      <b><u>Glossary</u></b></p> <p>Removes references throughout the Manual to the Child Care Providers Loan Forgiveness program, and renumbers the Teacher Loan Forgiveness Program as Subsection 13.9.A.</p>	Federal	August 14, 2008.

1081	Revised Notice of Assignment, Sale, or Transfer	<p><b><u>3.4.B</u></b>      <b><u>Loan Assignment, Sale, or Transfer</u></b></p> <p>Amends the Manual to require that the notification that the lender or holder sends to the borrower when the loan is assigned, sold, or transferred to another lender or holder also include the effective date of the transaction and the date on which the current holder will stop accepting payments, and the date on which the new loan holder will begin accepting payments.</p>	Federal	Loans assigned, sold, or transferred by the lender or holder on or after August 14, 2008.
1082	Permitted and Prohibited Activities	<p><b><u>3.4.C</u></b>      <b><u>Permitted and Prohibited Activities</u></b></p> <p>Specifies that the assistance a lender may provide to a school is limited to technical assistance comparable to the kinds of technical assistance provided to a school by the Department under the Federal Direct Loan Program (FDLP).</p> <p>Amends the activities a lender is prohibited from providing to a school based on the provisions of Higher Education Opportunity Act (HEOA).</p>	Federal	Lender activities that occur on or after August 14, 2008.
1083	Student Consumer Information	<p><b><u>4.4.B</u></b>      <b><u>Consumer Information</u></b></p> <p>Adds to the Manual consumer information that a school must disclose to a student based on the provisions of the HEOA.</p> <p>Deletes from the Manual consumer information-related requirements that a school is no longer required to disclose to student borrowers.</p> <p>Clarifies that foreign schools are exempt from the requirement to publish an annual security report.</p> <p>Incorporates clarifications that are intended to be non-substantive in nature and align the Manual's text with existing regulatory language.</p>	Federal	<p>August 14, 2008.</p> <p><i>If the Department publishes guidance with a different triggering event, the Common Manual will immediately notify the FFELP community of the change.</i></p> <p>The deletion of the requirements to retain a signed consumer information disclosure in the student's file is retroactive to the implementation of the <i>Common Manual</i>.</p>

1084	Extenuating Circumstances in Adverse Credit Determinations	<p><b><u>7.1.B</u></b>      <b><u>Creditworthiness</u></b></p> <p>Provides that in addition to the four examples of extenuating circumstances, a lender may approve a PLUS loan for an applicant with adverse credit if he or she is or has been 180 days or less delinquent, during the period beginning on January 1, 2007, and ending on December 31, 2009, on mortgage loan payments or on medical bill payments for the applicant or the applicant's family.</p>	Federal	Effective for loans first disbursed on or after July 1, 2008 for extenuating circumstances existing between January 1, 2007 and December 31, 2009.
1085	Capitalizing Interest on PLUS Loans	<p><b><u>10.10</u></b>      <b><u>Capitalizing Accrued Interest</u></b></p> <p><b><u>10.10.A</u></b>      <b><u>Permitted Capitalization</u></b></p> <p><b><u>10.10.B</u></b>      <b><u>Capitalization Frequency</u></b></p> <p>Provides that for a PLUS loan first disbursed on or after July 1, 2008, the lender must capitalize unpaid interest if the borrower does not pay the interest. Interest may be capitalized no more frequently than quarterly.</p>	Federal	PLUS loans first disbursed by the lender on or after July 1, 2008.
1086	PLUS In-School and Post-Enrollment Deferment	<p><b><u>11.6</u></b>      <b><u>In-School Deferment and Summer Bridge</u></b></p> <p><b><u>11.6.A</u></b>      <b><u>Eligibility Criteria—In-School</u></b></p> <p>States that a PLUS loan borrower who meets the conditions required for an in-school deferment may defer all of his or her PLUS, Stafford, or Consolidation loans, as applicable. In addition, a parent PLUS borrower may request an in-school deferment of his or her PLUS loans, first disbursed on or after July 1, 2008, based on the in-school status of the student for which the loan was made.</p>	Federal	PLUS loans first disbursed on or after July 1, 2008.
1087	In-School Deferment from NSLDS Data	<p><b><u>11.6.B</u></b>      <b><u>Deferment Documentation—In-School</u></b></p> <p>Requires the lender, at the request of a school, to use data on the NSLDS to process a borrower's in-school deferment.</p>	Federal	In-school deferment requests received by the lender from a school on or after August 14, 2008.
1088	Loan Forgiveness for Service in Areas of National Need	<p><b><u>13.9.B</u></b>      <b><u>Loan Forgiveness for Service in Areas of National Need</u></b></p> <p>Adds information regarding Loan Forgiveness for Service in Areas of National Need that was added as a result the HEOA.</p>	Federal	School, academic, or calendar year of full-time employment completed after August 14, 2008.

1089	Loan Repayment for Civil Legal Assistance Attorneys	<b><u>13.9.C</u></b> <b><u>Loan Repayment for Civil Legal Assistance Attorneys</u></b> Adds information regarding Loan Repayment for Civil Legal Assistance Attorneys that was added as a result of the HEOA.	Federal	August 14, 2008.
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Batch 156-trans

# COMMON MANUAL - GUARANTOR POLICY PROPOSAL

Date: December 5, 2008

X	DRAFT	Comments Due	Dec 29
	FINAL	Consider at GB Meeting	
	APPROVED	With Changes / No Changes	

**SUBJECT:** Social Security Number on Individual Checks and Master Check Transmittals

**AFFECTED SECTIONS:** 7.7.C Disbursement by Individual Check  
7.7.D Disbursement by Electronic Funds Transfer (EFT) or Master Check

**POLICY INFORMATION:** 1079/Batch 156

**EFFECTIVE DATE/TRIGGER EVENT:** Loan disbursement checks issued by the lender on or after July 1, 2009, unless implemented earlier by the lender or the guarantor.

**BASIS:**  
None.

## CURRENT POLICY:

Current policy requires the lender to include the student's and/or borrowers' Social Security number (SSN) on a Stafford or PLUS individual check. Current policy requires the lender that is issuing a master check to include both the borrower's SSN and, in the case of a parent PLUS loan, the SSN of the dependent student.

## REVISED POLICY:

Revised policy removes the requirement that the lender provide any SSN(s) on an individual check and affords the lender alternative methods by which sufficient information is provided with or on the check to ensure that the school can efficiently match the check with the correct student or borrower to facilitate timely delivery.

Revised policy also removes the requirement that the master check roster always include the SSN for the dependent student for a parent PLUS loan by affording the lender the option to include *either* the student's SSN or other reliable identifying information.

## REASON FOR CHANGE:

Changes in federal and state privacy laws limit the use of the SSN, thus requiring the SSN on individual checks may put some lenders in jeopardy of violating other rules. The lender must continue to provide sufficient identifying information on the check to ensure that the school may efficiently match the disbursement with the appropriate student.

Federal regulations regarding master checks require the lender to include the borrower's SSN on the master check roster, but there is no FFELP regulatory requirement that the lender also include the student's SSN. Lenders that choose to include the student's SSN on the master check roster may encounter conflicts with applicable state and/or federal laws.

## PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 7.7.C, page 13, column 2, paragraph 2, as follows:

### 7.7.C Disbursement by Individual Check

A Stafford loan disbursed by an individual check must be made payable to the student or made copayable to the student and the school. A PLUS loan disbursed by an individual check must be made copayable to the borrower and the school. The lender must provide both the borrower's ~~name and Social Security number on the loan check~~, and student's ~~name and Social Security number~~ for parent PLUS loans. The lender also must provide sufficient identifying information on the individual check to ensure that the school may efficiently match

the check to the appropriate student. Such information may include the student's and/or parent's Social Security number, a student identifier assigned by the school or lender and communicated to the other party, etc. The lender must send individual checks for Stafford and PLUS loan borrowers directly to the school, except in the case of a student enrolled at an eligible foreign school (see Subsection 7.7.E).  
[§682.207(b)(1)(ii)(A); §682.207(b)(1)(v)(B)(2) and (3)]

Revise Subsection 7.7.D, page 14, column 1, paragraph 3, as follows:

For proceeds disbursed by EFT or master check, the lender must provide the school with a roster (transmittal) listing each borrower's name, his or her Social Security number (SSN), the gross amount of the disbursement, and the net amount of the disbursement after the ~~guarantee-federal default~~ and origination fees are deducted. For parent PLUS loans, the roster also must include the name and SSN or other reliable identifying information for Social Security number of the student for whom the parent is borrowing. This information may be provided to the school electronically or by fax, overnight mail, or courier.  
[§682.207(b)(1)(v)]

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Social Security Numbers on Individual Checks and Master Check Transmittals**

The *Common Manual* has been revised to remove the requirement that the lender provide the student's and/or the parent's Social Security number (SSN) on an individual check. The Manual continues to require that the lender provide sufficient identifying information on the check to ensure that the school may efficiently match the check to the appropriate student. Such information may include the student's and/or parent's SSN, a student identifier assigned by the school or lender and communicated to the other party, etc.

In addition, for lenders who issue master checks, the lender is required by federal regulation to include the borrower's name and SSN, but in the case of a parent PLUS Loan, there is no federal requirement that the lender include the dependent student's SSN. Manual language has been revised to permit the lender to use alternate identifiers for the dependent student on the master check transmittal as well.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

A borrower or dependent student may be exposed to less risk of identity theft by removing the requirement that the lender provide the SSN.

*School:*

A school may establish processes with its lenders to use alternate identifiers in some instances in the loan disbursement and delivery process.

*Lender/Service:*

A lender/service may establish processes with its schools to use alternate identifiers in some instances in the loan disbursement and delivery process.

*Guarantor:*

A guarantor may be required to revise its program review procedures.

*U.S. Department of Education:*

None.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

October 23, 2008

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

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee

CM Guarantor Designee

Interested Industry Groups and Others

bg/edited - kk

# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: December 5, 2008

X	DRAFT	Comments Due	Dec 29
	FINAL	Consider at GB Meeting	
	APPROVED	With Changes / No Changes	

**SUBJECT:** Child Care Forgiveness

**AFFECTED SECTIONS:**

2.3.C	Common Forms
Figure 11-2	Forbearance Eligibility Chart
11.24.C	National Service, Loan Forgiveness, or Department of Defense Repayment
Chapter 13	Claim Filing, Discharge, and Forgiveness
13.9	Forgiveness
13.9.A	Loan Forgiveness Demonstration Program for Child Care Providers
13.9.B	Teacher Loan Forgiveness Program
Appendix D.9	Other Department Contact Information
Appendix G	Glossary

**POLICY INFORMATION:** 1080/Batch 156

**EFFECTIVE DATE/TRIGGER EVENT:** August 14, 2008.

**BASIS:**

HEA §428K, as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315.

**CURRENT POLICY:**

Current policy shows Child Care Providers Loan Forgiveness as a demonstration program.

**REVISED POLICY:**

Revise policy removes references throughout the *Common Manual* to the Child Care Providers Loan Forgiveness program. In addition, revised policy rennumbers the Teacher Loan Forgiveness Program as Subsection 13.9.A. Information on this change will be placed into the History Appendix during the annual Appendix H update.

**REASON FOR CHANGE:**

This change is made to comply with the provisions of the HEOA.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 2.3.C, page 14, column 1, under Loan Discharge/Forgiveness Forms, as follows:

**Loan Discharge/Forgiveness Forms**

- Loan Discharge Application: School Closure
- Loan Discharge Application: False Certification of Ability to Benefit
- Loan Discharge Application: False Certification (Disqualifying Status)
- Loan Discharge Application: Unauthorized Signature/Unauthorized Payment
- Loan Discharge Application: Total and Permanent Disability
- Loan Discharge Application: Unpaid Refund
- Loan Discharge Application: Spouse and Parents of September 11, 2001 Victims
- Teacher Loan Forgiveness Application
- Teacher Loan Forgiveness Forbearance Form
- ~~Child Care Provider Loan Forgiveness Application for Renewal Benefits~~
- ~~Child Care Provider Loan Forgiveness Forbearance Form~~



Revise Figure 11-2, page 30, as follows:

<b>Mandatory</b>	
Medical or Dental Internship/Residency <sup>2, 3</sup>	12-month increments (or a lesser period equal to actual period during which the borrower is eligible); no maximum
Department of Defense Student Loan Repayment Programs <sup>3</sup>	
National Service <sup>2, 3</sup>	
<del>Child Care Provider Loan Forgiveness<sup>2, 9</sup> <i>Note: Contingent upon funding by Congress.</i></del>	<del>Period while borrower maintains forgiveness eligibility. 12-month increments</del>
Debt Exceeds Monthly Income <sup>4, 5</sup>	12-month increments; 3 years maximum
Teacher Loan Forgiveness <sup>2, 3</sup>	Period while borrower maintains forgiveness eligibility. 12-month increments

*Note: For detailed information about each forbearance situation, refer to the applicable subsection.*

<sup>1</sup> Lender must document the borrower's request, the reason for the forbearance, and the terms of the forbearance agreement.

<sup>2</sup> For borrowers only.

<sup>3</sup> A request and supporting documentation from the authorized official(s) indicating the beginning and ending dates, and a verbal or written agreement are required.

<sup>4</sup> A request is required.

<sup>5</sup> A request and supporting documentation of monthly income and monthly payments on Title IV education loan obligations, and a verbal or written agreement are required.

<sup>6</sup> Lender must notify the borrower (or individual or endorser, if applicable) and document the beginning and ending dates and reason for the forbearance in borrower history record.

<sup>7</sup> Notice from the Department or guarantor is required.

<sup>8</sup> Documentation showing borrower is subject to a military mobilization is required.

~~<sup>9</sup> A request and a completed FFELP Child Care Provider Loan Forgiveness Forbearance Form are required.~~

Revise Subsection 11.24.C, page 40, column 2, 1st paragraph, as follows:

#### **11.24.C**

##### **National Service, Loan Forgiveness, or Department of Defense Repayment**

The lender must grant forbearance in yearly increments—or a lesser period equal to the actual period during which the borrower is eligible—for any period during which the borrower meets one of the following criteria:

- ...
- ~~Performs service that would qualify the borrower for forgiveness under the Child Care Provider Loan Forgiveness Program (see Subsection 13.9.A), unless the borrower has been granted a deferment for that period of service. Before granting a forbearance to a borrower, the lender must receive a completed FFELP Child Care Provider Loan Forgiveness Forbearance Form.~~

~~For additional information, refer to pages 39263-39265 of the *Federal Register* dated July 27, 2001, and pages 55385-55387 of the *Federal Register* dated August 29, 2002.~~

- ...

Revise Chapter 13, page 1, column 1, introductory paragraph, as follows:

Chapter 13 describes the policies governing filing a claim with a guarantor and requesting loan discharge or loan forgiveness. This chapter discusses the policies related to and the documentation required for default claims, as well as for the various loan discharge types—closed school, death of a borrower or student for whom a PLUS loan was obtained, false certification, total and permanent disability, and unpaid refund. Bankruptcy claim filing procedures are also covered, as well as a description of the procedures for the Teacher Loan Forgiveness Program ~~and the Loan Demonstration Program for Child Care Providers.~~

Revise Section 13.9, page 54, column 1, paragraph 1, as follows:

### **13.9**

#### **Forgiveness**

Loan forgiveness is the release of a borrower's or any comaker's, as applicable, obligation to repay his or her loan, either in whole or in part, as a result of public service provided by the borrower or comaker. Congress has authorized ~~two~~ programs that provide loan forgiveness to qualified FFELP borrowers. ~~Both of t~~These programs and their corresponding borrower eligibility criteria are outlined in this section.

Delete Subsection 13.9.A, pages 54 -55, as follows:

#### **~~13.9.A~~**

#### **~~Loan Forgiveness Demonstration Program for Child Care Providers~~**

~~The Loan Forgiveness Demonstration Program for Child Care Providers is intended to bring more highly trained individuals into the early child care profession and to retain those providers for longer periods of time. Loan forgiveness under this demonstration program is contingent upon the availability of annual appropriations. Under this program, the Department repays up to 100% of a borrower's eligible Stafford loan obligations. For the purpose of this program, the term "child care services" is defined as activities and services provided for the education and care of children from birth through age 5.~~

~~A borrower must meet the following criteria to qualify for this forgiveness program:~~

- ~~• The borrower must be a "new borrower" on or after October 8, 1998.  
{HEA §428K(c)}~~
- ~~• The borrower's eligible loan(s) must have been made before the beginning of the borrower's qualifying child care service.~~
- ~~• The borrower must have received an associate's or bachelor's degree in early childhood education after October 7, 1998. This field is defined as education in the areas of early child education, child care, or any other educational area related to child care that the Department determines to be appropriate.  
{HEA §428K(c)(1)}~~
- ~~• The borrower must obtain employment in a child care facility, defined as a facility, including a home, that provides child care services and meets the applicable state of local government licensing, certification, approval, or registration requirements, if any.~~
- ~~• The borrower must work full time as a child care provider in a low-income community for at least 2 consecutive years immediately preceding the year during which forgiveness is requested. A low-income community is defined as one in which at least 70% of households within the community earn less than 85% of the state's median household income.  
{HEA §428K(c)(1) and (2)}~~

If the borrower qualifies, the Department will pay—on a first-come, first-served basis, subject to the availability of funds—a percentage of the total amount of all eligible loans (excluding PLUS and Consolidation Loans) at the rate of:

~~20% after completion of the 2nd year~~  
~~20% after completion of the 3rd year~~  
~~30% after completion of the 4th year~~  
~~30% after completion of the 5th year~~

The Department will also pay a proportionate amount of the interest that accrues each year.  
{HEA §428K(d)(1) and (3)}

If an individual not participating in this program returns to school, after initially graduating from school, to obtain an associate or baccalaureate degree in early childhood education, the student may apply to the Department for repayment under this forgiveness program of qualified loans received for a maximum of two academic years when the student returned to school. Repayment by the Department will be made in accordance with the preceding rate schedule.

{HEA §428K(d)(4)}

The Department will give loan repayment priority to borrowers who received forgiveness in the prior year. No borrower may, for the same service, receive a benefit under both this Loan Forgiveness Program for Child Care Providers and subtitle D of Title I of the National and Community Service Act of 1990.

{HEA §428K(c)(3)(B)}

Qualified borrower may request loan forgiveness at the end of the second and each subsequent year of eligible child care employment by submitting a completed Child Care Provider Loan Forgiveness Application to the Department and providing any supporting documentation the Department requires. The Department will determine the borrower's eligibility and notify the borrower of the amount that is being forgiven (see Appendix D for Department of Education contact information specific to this program). During the period of eligible employment, a borrower may request a forbearance by submitting a completed Child Care Provider Loan Forgiveness Forbearance Form to the lender (see Subsection 11.24.C). The lender must grant the borrower a forbearance unless the borrower qualifies for a deferment.

{HEA §428K(d)(1) and (f)}

Receipt of a benefit under this program does not entitle the borrower to a refund of payments made on the loan.

{HEA §428K(d)(2); *Federal Register* dated August 29, 2002}

Renumber Subsection 13.9.B, page 55, as follows:

### **13.9.BA** **Teacher Loan Forgiveness Program**

Revise Section D.9, page 3, column 2, 1st paragraph, as follows:

#### **~~Child Care Provider Loan Forgiveness Program~~**

~~Borrowers apply for child care provider loan forgiveness directly with the Department of Education. The program is contingent upon the availability of annual appropriations. For more information, see Subsection 13.9.A.~~

~~The Department has set up a support desk to answer borrower questions about the program at (888) 562-7002. Borrowers send their completed forgiveness applications to:~~

~~Child Care Provider Loan Forgiveness Program  
PO Box 4639  
Utica, NY 13504-4639~~

Revise Appendix G, page 9, column 2, as follows:

**Forgiveness:** The release of a borrower or any comaker, as applicable, from all or a portion of his or her loan obligation ~~due to~~ as a result of public service provided by the borrower or comaker. ~~qualifying child care service or qualifying teaching service~~ as authorized by Title IV, Part B of the Higher Education Act, as amended. See Section 13.9.

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Elimination of Child Care Forgiveness**

As a result of the Higher Education Opportunity Act (HEOA), P.L. 110-315, the Child Care Forgiveness program was eliminated. Text regarding this program, will be moved to the History Appendix during the annual update of Appendix H.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

A borrower can no longer apply for new benefits under the Child Care Provider Loan Forgiveness Program.

*School:*

None.

*Lender/Service:*

None.

*Guarantor:*

None.

*U.S. Department of Education:*

The Department no longer needs to review new applications under the Child Care Provider Loan Forgiveness Program.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

June 27, 2008

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

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee

CM Guarantor Designee

Interested Industry Groups and Others

SM/edited - chh

# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: December 5, 2008

X	DRAFT	Comments Due	Dec 29
	FINAL	Consider at GB Meeting	
	APPROVED	With Changes / No Changes	

**SUBJECT:** Revised Notice of Assignment, Sale, or Transfer

**AFFECTED SECTIONS:** 3.4.B Loan Assignment, Sale, or Transfer

**POLICY INFORMATION:** 1081/Batch 156

**EFFECTIVE DATE/TRIGGER EVENT:** Loans assigned, sold, or transferred by the lender or holder on or after August 14, 2008.

**BASIS:**

HEA §428(b)(2)(F)(i), as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315.

**CURRENT POLICY:**

Current policy does not include the additional disclosures required by the HEOA.

**REVISED POLICY:**

Revised policy requires that the notification that the lender or holder sends to the borrower when the loan is assigned, sold, or transferred to another lender or holder also include the effective date of the transaction and the date on which the current holder will stop accepting payments, and the date on which the new loan holder will begin accepting payments.

**REASON FOR CHANGE:**

This change is made to comply with the provisions of the HEOA.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 3.4.B, page 8, column 2, paragraph 4, as follows:

Both the buying and selling holders must notify the borrower—either jointly or separately—of a loan's assignment, sale or transfer~~sale~~. This notification must include the following information: [§682.208(e)(1)(i)]

- The identity of the buying lender and/or the new servicer.  
[§682.208(e)(1)(ii)]
- The address to which the borrower's subsequent payments and communications should be sent.  
[§682.208(e)(1)(iii)]
- The telephone numbers of both the buying and selling lenders—or, if either lender utilizes a loan servicer, the telephone number of each servicer.  
[682.208(e)(1)(iv)]
- The effective date of the loan's assignment, sale, or transfer.  
[HEA §428(b)(2)(F)(i)(V)]
- The date on which the current holder or loan servicer will stop accepting payments and the date on which the new holder or loan servicer will begin accepting payments.  
[HEA §428(b)(2)(F)(i)(VI) & (VII)]

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Revised Notice of Assignment, Sale, or Transfer**

The *Common Manual* has been revised to require that the notification that the lender or holder sends to the borrower when the loan is assigned, sold, or transferred to another lender or holder also include the effective date of the transaction and the date on which the current holder or loan servicer will stop accepting payments and the date that the new holder or loan servicer will begin accepting payments.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

A borrower may receive additional information in the loan assignment, sale, or transfer notification that lenders are required to send.

*School:*

None.

*Lender/Servicer:*

A lender may be required to amend the notice it sends to borrowers when a loan is assigned, sold, or transferred.

*Guarantor:*

A guarantor may be required to amend its program review procedures.

*U.S. Department of Education:*

The Department may be required to amend its program review procedures.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

October 28, 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: December 5, 2008

X	DRAFT	Comments Due	Dec 29
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** Permitted and Prohibited Activities

**AFFECTED SECTIONS:** 3.4.C Permitted and Prohibited Activities

**POLICY INFORMATION:** 1082/Batch 156

**EFFECTIVE DATE/TRIGGER EVENT:** Lender activities that occur on or after August 14, 2008.

**BASIS:**

HEA §435(d)(5) as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315.

**CURRENT POLICY:**

Current policy does not reflect the permitted and prohibited activities for lenders as revised by the HEOA.

**REVISED POLICY:**

Revised policy specifies that the assistance a lender may provide to a school is limited to technical assistance comparable to the kinds of technical assistance provided to a school by the Department under the Federal Direct Loan Program (FDLP).

Revised policy also amends certain existing lender prohibitions. In addition to retaining the prohibition against the offering—directly or indirectly—of points, premiums, payments, and other inducements, a lender is not permitted to offer—directly or indirectly—prizes, stock or other securities, travel, entertainment expenses, tuition payment or reimbursement, the provision of information technology equipment at below-market value, additional financial aid funds, or other inducements to any school or employee of the school to secure applications for FFELP loans or to secure FFELP loan volume. Payments have been defined to specifically include payments for referrals and for processing or finder fees. Revisions have also been made to the following prohibited activities:

- Payments or other benefits provided to a student at a postsecondary school who acts as a lender's representative to secure applications for Title IV aid from individual prospective borrowers, *unless* the student is also employed by the lender for other purposes and the lender has made all appropriate disclosures regarding the student's employment.
- Compensating a school financial aid office employee or a school employee who has responsibilities with respect to the school's student loans or other financial aid for service on an advisory board, commission, or group established by a lender or group of lenders, *except that* a lender may now reimburse such an employee for reasonable expenses incurred in that service.

Revised policy adds a prohibition against entering into any type of consulting arrangement or other contract, with an employee in the financial aid office of a school or an employee who has responsibilities with respect to student loans or other financial aid at the school, to provide services to the lender. In addition, revised policy clarifies that the prohibition against unsolicited mailings applies to traditional postal service delivery or electronically and to mailings to students and families of students enrolled in either secondary or postsecondary schools who are first-time FFELP borrowers.

Revised policy also prohibits a lender from performing for a school or paying, on behalf of a school, another person to perform any function that the school is required to perform under any Title IV program. However, text was revised to state that a lender may participate in person in a school's required exit counseling.

**REASON FOR CHANGE:**

The purpose of the change is to comply with the provisions of the HEOA.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 3.4.C, page 9, paragraph 4, as follows:

### **3.4.C**

#### **Permitted and Prohibited Activities**

##### **Permitted Activities**

A lender is permitted to engage in the following activities in carrying out its role in the FFELP and providing service to schools and FFELP borrowers. The lender may provide:

- Technical Assistance to a school that is comparable to the kinds of technical assistance provided to a school by the Department under the Federal Direct Lending-Loan Program, as identified by the Department in public announcements, such as a notice in the *Federal Register*.  
[HEA §435 (d)(5); §682.200(b) definition of *lender* (5)(ii)(A)]

Revise Subsection 3.4.C, page 10, column 1, paragraph 2, as follows:

##### **Prohibited Activities**

The following activities are prohibited by federal regulations and may result in a loss of the lender's FFELP eligibility:

- Receiving points, premiums, payments, additional interest...
  - ...
  - ...
  - ...
  - ...
  - ...
  - ...
- Refusing to make, purchase, consolidate, or refinance a loan because of the borrower's race, national origin, religion, sex, marital status, age, or disability.
- Offering—directly or indirectly—points, premiums, payments (including payments for referrals and for processing or finder fees), prizes, stock or other securities, travel, entertainment expenses, tuition payment or reimbursement, the provision of information technology equipment at below-market value, additional financial aid funds, or other inducements to any school, any employee of the school, or other party to secure applications for FFELP loans or to secure FFELP loan volume. This includes but is not limited to:
  - ...
  - ...
  - Payments or other benefits provided to a student at a postsecondary school who acts as a lender's representative to secure FFELP loan applications for Title IV aid from individual prospective borrowers, unless the student is also employed by the lender for other purposes and the lender has made all appropriate disclosures regarding the student's employment.  
[HEA §435(d)(5)(G); §682.200(b) definition of *lender* (5)(i)(A)(3)]
  - ...



- ...
- ~~Solicitation of an employee of a school or school-affiliated organization to serve on the lender's advisory board or committee and/or payment of costs incurred on behalf of an employee of the school or a school-affiliated organization to serve on a lender's advisory board or committee.~~ Compensating a school financial aid office employee or a school employee who has responsibilities with respect to the school's student loans or other financial aid for service on an advisory board, commission, or group established by a lender or group of lenders, except that a lender may reimburse such an employee for reasonable expenses incurred in that service.  
[HEA §435 (d)(5)(D)]
- ...
- ...
- ...
- ...
- Performing for a school or paying, on behalf of a school, another person to perform any function that the school is required to perform under any Title IV program. A lender may participate ~~Participating in person in a school's required entrance and exit counseling.~~  
[HEA §435(d)(5)(E) and (F); ~~§682.200(b) definition of lender (5)(ii)(B)~~]
- Conducting unsolicited mailings, by mail or electronically, of student loan application forms to potential borrowers, including students enrolled in secondary or postsecondary schools, who had not previously borrowed student FFELP loans from that lender.  
[HEA §435(d)(5)(B); §682.200 (b) definition of lender (5)(i)(B)]
- Entering into any type of consulting arrangement or other contract, with an employee in the financial aid office of a school or an employee who has responsibilities with respect to student loans or other financial aid at the school, to provide services to the lender.  
[HEA §435(d)(5)(c)]
- Offering FFELP loans—directly or indirectly—as an inducement to a prospective borrower to purchase an insurance policy or other product or service by the borrower or other person.  
[HEA §435(d)(5)(~~C~~); §682.200(b) definition of lender (5)(i)(c)]
- Engaging in fraudulent or misleading advertising with respect to its FFELP activities.  
[HEA §435(d)(5)(~~D~~); §682.200 (b) definition of lender (5)(i)(D)]
- ...
- ...

#### **PROPOSED LANGUAGE - COMMON BULLETIN:**

##### **Revisions in Permitted and Prohibited Activities**

The *Common Manual* has been revised to limit the assistance that a lender may provide to a school to technical assistance comparable to the kinds of technical assistance provided to a school by the Department under the Federal Direct Loan Program.

Revised policy also amends certain existing lender prohibitions. In addition to retaining the prohibition against the offering—directly or indirectly—of points, premiums, payments, and other inducements, a lender is not permitted to offer—directly or indirectly—prizes, stock or other securities, travel, entertainment expenses, tuition payment or reimbursement, the provision of information technology equipment at below-market value, additional financial aid funds, or other inducements to any school or employee of the school to secure applications for FFELP loans or to secure FFELP loan volume. Payments have been defined to specifically include payments for referrals and for processing or finder fees. Revisions have also been made to the

following prohibited activities:

- Payments or other benefits provided to a student at a postsecondary school who acts as a lender's representative to secure applications for Title IV aid from individual prospective borrowers, *unless* the student is also employed by the lender for other purposes and the lender has made all appropriate disclosures regarding the student's employment.
- Compensating a school financial aid office employee or a school employee who has responsibilities with respect to the school's student loans or other financial aid for service on an advisory board, commission, or group established by a lender or group of lenders, *except that* a lender may reimburse such an employee for reasonable expenses incurred in that service.

Revised policy adds a prohibition against entering into any type of consulting arrangement or other contract, with an employee in the financial aid office of a school or an employee who has responsibilities with respect to student loans or other financial aid at the school, to provide services to the lender. In addition, revised policy clarifies that the prohibition against unsolicited mailings applies to mailings made by mail or electronically and to mailings to students and families of students enrolled in secondary or postsecondary schools who are first-time FFELP borrowers.

Revised policy also prohibits a lender from performing for a school or paying, on behalf of a school, another person to perform any function that the school is required to perform under any Title IV program. However, text was revised to state that a lender may participate in person in a school's required exit counseling.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

***Borrower:***

None.

***School:***

A school should be aware of services that a lender is permitted to offer to the school.

***Lender/Service:***

A lender/service may need to amend their policies and procedures to ensure compliance.

***Guarantor:***

A guarantor may be required to revise program review procedures.

***U.S. Department of Education:***

The Department may need to revise its program review procedures.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

September 16, 2008

**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: December 5, 2008

X	DRAFT	Comments Due	Dec 29
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** Student Consumer Information

**AFFECTED SECTIONS:** 4.4.B Consumer Information

**POLICY INFORMATION:** 1083/Batch 156

**EFFECTIVE DATE/TRIGGER EVENT:** August 14, 2008.

*If the Department publishes guidance with a different triggering event, the Common Manual will immediately notify the FFELP community of the change.*

The deletion of the requirements to retain a signed consumer information disclosure in the student's file is retroactive to the implementation of the *Common Manual*.

## **BASIS:**

HEA §485(a), (e), (f), (h), (i), and (j) as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315; Student Right to Know and Campus Security Act (P.L. 101-542); DCL GEN-90-41.

## **CURRENT POLICY:**

Current policy does not include student consumer information disclosure requirements brought about by the Higher Education Opportunity Act.

Current policy states that a school's student consumer information must be disclosed to a student in a format that enables the student to read and sign the disclosure. A copy of the completed disclosure must be kept by the school in the student's file.

## **REVISED POLICY:**

Revised policy adds the following student consumer information that a school must disclose:

- The terms and conditions of any FFELP, FDLP, or Perkins loan that a student receives.
- Any plans the school has to improve its academic programs.
- The school's policies on unauthorized peer-to-peer file sharing, including disciplinary actions that are taken against students who use the school's information technology system to engage in unauthorized distribution of copyrighted materials. Annually, a school must explicitly inform students that a student may be subject to civil and criminal penalties for unauthorized distribution of copyrighted material, including unauthorized peer-to-peer file sharing.
- Student body diversity at the school, including information on the percentage of enrolled, full-time students who are male, female, receive a Federal Pell grant, and are a self-identified member of a major racial or ethnic group.
- From data gathered through alumni surveys, student satisfaction surveys, the National Survey of Student Engagement, the Community College Survey of Student Engagement (as applicable), State data systems, or other relevant sources:
  - Information about employment placement and the types of employment obtained by graduates of the school's degree or certificate programs.
  - The types of graduate and professional education in which graduates of the school's four-year degree programs enrolled.

- At a school that maintains on-campus student housing facilities, the school's annual fire safety report and its campus fire safety practices and standards.
- The school's current campus policies regarding immediate emergency response and evacuation, including the use of electronic and cellular communication (if appropriate).
- The retention rate of certificate- or degree-seeking, first-time, full-time undergraduate students entering the school.
- The school's policies regarding vaccinations.
- Transfer of credit policy, including, at a minimum, the criteria the school uses regarding the transfer of credit earned at another school and a list of other schools with whom the school has established an articulation agreement. An articulation agreement is an agreement among schools that specifies the acceptability of transfer courses toward meeting specific degree or program requirements. The Department may not require a school to establish a particular policy, procedure, or practice regarding transfer of credit.
- At a school that provides on-campus housing, the school's missing student notification policy for students who reside in on-campus housing. This policy must inform each such student of all of the following:
  - A student may confidentially register contact information for an individual the school will contact no later than 24 hours after the school determines that the student is missing.
  - The school must notify a custodial parent or guardian no later than 24 hours after the school determines that a student who is under 18 years of age, and not an emancipated minor, is missing.
  - The school will notify the appropriate law enforcement agency no later than 24 hours after the school determines that the student is missing.

Revised policy deletes the following consumer information-related requirements:

- Disclosing conditions under which a FFELP borrower may obtain deferment for service in the Peace Corps, under the Domestic Volunteer Service Act of 1973, or comparable volunteer service for a tax-exempt organization.
- Collecting a student signature on consumer information disclosures and retaining a copy of the completed disclosure in the student's file.

Revised policy clarifies that foreign schools are exempt from the requirement to publish an annual security report.

In addition, revised policy incorporates clarifications that are intended to be non-substantive in nature and align the Manual's text with existing regulatory language.

**REASON FOR CHANGE:**

This change is necessary to comply with provisions of the HEOA. Additional changes are necessary to delete outdated information that became invalid effective with the enactment of the Student Right to Know and Campus Security Act of 1990.

**PROPOSED LANGUAGE - COMMON MANUAL:**

***Note: Additional changes were proposed to Subsection 4.4.B in policy proposal 1076, Batch 155.***

Revise Subsection 4.4.B, page 19, column 1, paragraph 1, as follows:

**4.4.B**  
**Consumer Information**

A school participating in any Title IV program must provide annually to all enrolled students—and to prospective students, upon request—consumer information concerning the school and any financial assistance available to students attending the school, along with the school's completion or graduation rate and its transfer-out rate. A school must also provide consumer information to employees and prospective employees and provide certain related reports (e.g., crime statistics reports).

The school's written student consumer information and related reports must adhere to statutory and regulatory requirements, as outlined in HEA §485 and Subpart D (Institutional and Financial Assistance Information for Students) of the Student Assistance General Provisions. Schools should refer to 34 CFR §668.41 through §668.48. Schools also may wish to consult other Department of Education publications, such as the ~~07-08~~ 08-09 FSA Handbook, Volume 2, Chapter 6 for more information on student consumer information requirements. A school's student consumer information plays an essential role in ensuring that prospective students receive enough information about the school and its programs to make an informed decision about where the student will pursue postsecondary education. The guarantor, during any program review, will examine the school's written student consumer information for accuracy, completeness, and adherence to the requirements outlined in federal regulations.

Student consumer information must be made available to all currently enrolled students and prospective students. ~~Regulations define~~ A prospective student ~~as is~~ an individual who has contacted an eligible school to request information about admission to the school. The information must be made available prior to the student's enrolling or entering into any financial obligation with the school. An Internet Website may be used to provide information to prospective students; however, an *Intranet* Website may *not* be used. For enrolled students, the information may be made available through an Internet Website or an Intranet Website that is reasonably accessible to the individuals to whom the information must be disclosed. [§668.41]

#### **Information for Student Athletes Who Are Offered Financial Aid**

When a school participating in any Title IV program offers a potential student athlete athletically-related student aid, the school must provide the potential student athlete—and his or her parents, high school coach, and guidance counselor— information on completion or graduation rates and transfer-out rates for student athletes, following the requirements of HEA §485(e), 34 CFR §668.41(b) and (f), and 34 CFR §668.48. The school also must submit the report produced to provide information to these students to the Department by July 1 of each year. ~~Schools should refer to 34 CFR 668.41(b) and (f) and 668.48 for information on disclosure requirements for student athletes.~~ A school's responsibilities may be satisfied if all of the following criteria are met:

- The school is a member of a national collegiate athletic association. [§668.41(f)(1)(ii)(A)]
- The association compiles data on behalf of its member schools, which the Department determines is comparable to those required in §668.48. [§668.41(f)(1)(ii)(B)]
- The association distributes the data to all secondary schools in the United States. [§668.41(f)(1)(ii)(C)]

A school must prepare or revise information for each award year in which it participates in any Title IV program. In developing student consumer information, schools new to Title IV programs may find it helpful to review other schools' catalogs. However, each school remains ultimately responsible for the accuracy and completeness of its student consumer information.

#### **Financial Assistance Aid Information**

A school must provide financial ~~assistance~~ aid information regarding its programs, including a

description of all federal, state, local, private, and institutional aid programs to enrolled and prospective students. For each listed financial aid program, the school's student consumer information must include, but is not limited to, descriptions of:

[HEA §485(a)(1)(A); §668.42(a)]

- The procedures (including deadlines) and forms a student must use to apply for assistance.  
[§668.42(b)(1)]
- The requirements used in determining whether a student is eligible for aid.  
[§668.42(b)(2)]
- The criteria used by the school to select financial aid recipients from the group of eligible applicants.  
[§668.42(b)(3)]
- The criteria used in determining the amount of a student's award.  
[§668.42(b)(4)]

*The Student Guide*, a free booklet published by the Department, provides schools with an excellent source of material for developing descriptions of Title IV programs. A school may obtain copies by calling (800) 4-FED-AID or by mailing a request to:

Federal Student Financial Aid Information Center  
Federal Student Aid  
P.O. Box 84  
Washington, DC 20044

### **Student Rights and Responsibilities**

A school's student consumer information must include a description of student rights and responsibilities specifically addressing financial assistance under the Title IV programs. This description must ~~contain~~ include, but is not limited to, the following:

- The criteria for continued student eligibility under each program.  
[§668.42(c)(1)]
- The standards by which the school determines, for the purpose of awarding financial assistance, whether a student is making satisfactory academic progress (SAP), and the criteria that must be met by a student who has failed to maintain SAP to reestablish eligibility for assistance.  
[§668.42(c)(2)(i) and (ii)]
- Information on how and when a student will receive financial assistance payments.  
[§668.42(c)(3)]
- The terms and conditions of any FFELP, FDLP, or Perkins loan ~~received by that~~ a student receives as part of a financial assistance package and a sample loan repayment schedule. Loan terms that should be disclosed include the interest rate, the total amount that must be repaid, the requirements on when repayment must begin, and the length of time allotted for repayment. The necessity of repaying the loan should be emphasized. Additional information must be provided during entrance and exit counseling sessions.  
[HEA §485(a)(1)(M); §668.42(c)(4) and (6)]
- ~~Provisions for cancellation, deferment, or forgiveness of FFELP loans, including deferment for service in the Peace Corps, under the Domestic Volunteer Service Act of 1973, or comparable volunteer service for a tax-exempt organization.~~  
[§668.42(c)(7)]
- The general conditions and terms applicable to any employment provided to a student

as part of the student's financial assistance package (for students receiving aid under the Federal Work-Study Program).

[§668.42(c)(5)]

To assist schools in meeting the student consumer information requirements, each MPN includes detailed information on the terms of the borrower's loan. By signing the Federal PLUS Loan Application and Master Promissory Note (PLUS MPN) or the Federal Stafford Loan Master Promissory Note (Stafford MPN), the borrower certifies that he or she has read the information and understands the terms of the loan, including the rights and responsibilities related to that loan. To ensure that this information is adequately communicated to the prospective student or borrower, the guarantor recommends that the information be summarized in the school's student consumer information.

### **Additional Student Consumer Information**

Upon request, a school must make readily available to enrolled and prospective students information regarding the school and its administration and academic standards. ~~Such information must address the following characteristics of the school~~ Information about the school must include, but is not limited, to the following:

- The cost of attending the school, including:
  - Tuition and fees charged to full-time and part-time students.  
[§668.43(a)(1)(i)]
  - Estimated costs for necessary books and supplies.  
[§668.43(a)(1)(ii)]
  - Estimates of typical costs for room and board.  
[§668.43(a)(1)(iii)]
  - Estimates of transportation costs for students.  
[§668.43(a)(1)(iv)]
  - Any additional costs for a particular program in which a student is enrolled or expresses an interest.  
[§668.43(a)(1)(v)]
- Any refund policy with which the school is required to comply for the return of unearned tuition and fees or other refundable charges paid to the school.  
[§668.43(a)(2)]
- The requirements and procedures for officially withdrawing from the school.  
[§668.43(a)(3)]
- A summary of the requirements under §668.22 for the return of Title IV loan or grant assistance. For more information on school requirements for returning Stafford or PLUS loan funds, see Section 9.5.  
[§668.43(a)(4)]
- The school's current degree programs and other educational and training programs, and any plans the school has to improve its academic programs.  
[HEA §485(a)(1)(G); §668.43(a)(5)(i)]
- The school's instructional, laboratory, and other physical facilities that relate to its academic programs.  
[§668.43(a)(5)(ii)]
- The school's faculty and other instructional personnel, ~~including the names and qualifications of members.~~  
[§668.43(a)(5)(iii)]



- The names of the school's accrediting or licensing organizations and the procedures under which any current or prospective student may review—upon request—a copy of the documents describing the school's accreditation, approval, or licensing.  
[§668.43(a)(6) and (9)]
- Special facilities and services available to students who are physically challenged. This information may include detailed descriptions of all facilities (such as ramps and special parking arrangements) and services (such as special tutors, library books in Braille, and audio-visual materials available). If the school has chosen not to provide special facilities or services, the school may report that no facilities exist to accommodate students with special needs.  
[§668.43(a)(7)]
- The titles of designated school personnel that are available on a full-time basis to assist students and prospective students in obtaining consumer information about the school—with information on how and where those persons may be contacted.  
[§668.43(a)(8); §668.44]
- For schools with study-abroad programs, a statement to the effect that enrollment in the foreign school is equivalent to enrollment in the home school for purposes of establishing Title IV eligibility.  
[§668.43(a)(9)]
- ~~The licensing or certification requirements of the state in which the school is located.~~  
~~[§668.43(b)]~~
- ~~For schools that use job placement statistics in recruiting students, the most recent available data concerning job placement rate for students scheduled for program completion in the most recent calendar year statistics, graduation statistics, and any other information necessary to substantiate the truthfulness of the advertisements. For these purposes, any graduate for whom the school does not possess documented evidence of employment in the occupation for which the program was offered may not be considered as having obtained employment.~~  
~~[§668.45; §668.14(b)(10)(i)]~~
- The school's annual security report containing the school's security policies and crime statistics. A foreign school is not required to comply with this data collection and disclosure requirement.  
[HEA §485(f)(1); §668.46]
- The school's current campus policies regarding immediate emergency response and evacuation, including the use of electronic and cellular communication (if appropriate).  
[HEA §485(f)(1)(J)]
- ~~Any other information necessary to substantiate the truth of any claims made by the school relating to job placement or salary.~~  
~~[§668.45]~~
- The school's policies on unauthorized peer-to-peer file sharing, including disciplinary actions that are taken against students who use the school's information technology system to engage in unauthorized distribution of copyrighted materials. Annually, a school must explicitly inform students that a student may be subject to civil and criminal penalties for unauthorized distribution of copyrighted material, including unauthorized peer-to-peer file sharing.  
[HEA §485(a)(1)(P)]
- Student body diversity at the school, including information on the percentage of enrolled, full-time students who are male, female, receive a Federal Pell Grant, and are a self-identified member of a major racial or ethnic group.

[HEA §485(a)(1)(Q)]

- From data gathered through alumni surveys, student satisfaction surveys, the National Survey of Student Engagement, the Community College Survey of Student Engagement (as applicable), State data systems, or other relevant sources:
  - Information about employment placement and the types of employment obtained by graduates of the school's degree or certificate programs.  
[HEA §485(a)(1)(R)]
  - The types of graduate and professional education in which graduates of the school's four-year degree programs enrolled  
[HEA §485(a)(1)(S)]
- The school's annual fire safety report and its campus fire safety practices and standards. A school must publish such a report if it maintains on-campus student housing facilities.  
[HEA §485(a)(1)(T) and §485(i)]
- The retention rate of certificate- or degree-seeking, first-time, full-time undergraduate students entering the school.  
[HEA §485(a)(1)(U)]
- The school's policies regarding vaccinations.  
[HEA §485(a)(1)(V)]

**Format and Documentation Requirements**

~~The school's student consumer information must be disclosed to a student in a format that enables the student to read and sign the disclosure. A copy of the completed disclosure must be kept by the school in the student's file.~~

~~A school's student consumer information plays an essential role in ensuring that prospective students receive enough information about the school and its programs to make an informed decision about where the student will pursue postsecondary education. The guarantor, during any program review, will examine the school's written student consumer information for accuracy, completeness, and adherence to the requirements outlined in federal regulations.~~

**Transfer of Credit Policy**

A school must publicly disclose its transfer of credit policies, including, at a minimum, the criteria the school uses regarding the transfer of credit earned at another school and a list of other schools with whom the school has established an articulation agreement. An articulation agreement is an agreement among schools that specifies the acceptability of transfer courses toward meeting specific degree or program requirements. The Department may not require a school to establish a particular policy, procedure, or practice regarding transfer of credit.  
[HEA §485(h); HEA §486A(a)]

**Missing Person Policy**

A school that provides on-campus housing must establish a missing student notification policy for students who reside in on-campus housing. The policy must, at minimum, inform each such student of all of the following:

- A student may confidentially register contact information for an individual the school will contact no later than 24 hours after the school determines that the student is missing.

- The school must notify a custodial parent or guardian no later than 24 hours after the school determines that a student who is under 18 years of age, and not an emancipated minor, is missing.
- The school will notify the appropriate law enforcement agency no later than 24 hours after the school determines that the student is missing.

See HEA §485(l) for additional information about the requirements for a school's response to a report that a student residing in on-campus housing is missing.

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Student Consumer Information**

The *Common Manual* has been updated to include Higher Education Opportunity Act changes that incorporate new or modified consumer information disclosure requirements for a school, as follows:

- The terms and conditions of any FFELP, FDLP, or Perkins loan that a student receives.
- Any plans the school has to improve its academic programs.
- The school's policies on unauthorized peer-to-peer file sharing, including disciplinary actions that are taken against students who use the school's information technology system to engage in unauthorized distribution of copyrighted materials. Annually, a school must explicitly inform students that a student may be subject to civil and criminal penalties for unauthorized distribution of copyrighted material, including unauthorized peer-to-peer file sharing.
- Student body diversity at the school, including information on the percentage of enrolled, full-time students who are male, female, receive a Federal Pell grant, and are a self-identified member of a major racial or ethnic group.
- From data gathered through alumni surveys, student satisfaction surveys, the National Survey of Student Engagement, the Community College Survey of Student Engagement (as applicable), State data systems, or other relevant sources:
  - Information about employment placement and the types of employment obtained by graduates of the school's degree or certificate programs.
  - The types of graduate and professional education in which graduates of the school's four-year degree programs enrolled.
- At a school that maintains on-campus student housing facilities, the school's annual fire safety report and its campus fire safety practices and standards.
- The school's current campus policies regarding immediate emergency response and evacuation, including the use of electronic and cellular communication (if appropriate).
- The retention rate of certificate- or degree-seeking, first-time, full-time undergraduate students entering the school.
- The school's policies regarding vaccinations.
- Transfer of credit policy, including, at a minimum, the criteria the school uses regarding the transfer of credit earned at another school and a list of other schools with whom the school has established an articulation agreement. An articulation agreement is an agreement among schools that specifies the acceptability of transfer courses toward meeting specific degree or program requirements. The Department may not require a school to establish a particular policy, procedure, or practice regarding transfer of credit.
- At a school that provides on-campus housing, the school's missing student notification policy for students who reside in on-campus housing. This policy must inform each such student of all of the following:

- A student may confidentially register contact information for an individual the school will contact no later than 24 hours after the school determines that the student is missing.
- The school must notify a custodial parent or guardian no later than 24 hours after the school determines that a student who is under 18 years of age, and not an emancipated minor, is missing.
- The school will notify the appropriate law enforcement agency no later than 24 hours after the school determines that the student is missing.

Revised policy deletes the following consumer information-related requirements:

- Disclosing conditions under which a FFELP borrower may obtain deferment for service in the Peace Corps, under the Domestic Volunteer Service Act of 1973, or comparable volunteer service for a tax-exempt organization.
- Collecting a student signature on consumer information disclosures and retaining a copy of the completed disclosure in the student's file.

Revised policy clarifies that foreign schools are exempt from the requirement to publish an annual security report.

In addition, other non-substantive changes have been made to the Manual's text to more closely align it with existing regulatory language.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

A student or prospective student will have greater access to information about the school.

*School:*

A school must update its student consumer information disclosures. A school may also be required to develop a number of new reports and policies.

*Lender/Servicer:*

None.

*Guarantor:*

A guarantor must update its program review procedures relative to student consumer information requirements for schools.

*U.S. Department of Education:*

The Department must update its program review procedures relative to student consumer information requirements for schools.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

September 16, 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

# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: December 5, 2008

X	DRAFT	Comments Due	Dec 29
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** Extenuating Circumstances in Adverse Credit Determinations

**AFFECTED SECTIONS:** 7.1.B Creditworthiness

**POLICY INFORMATION:** 1084/Batch 156

**EFFECTIVE DATE/TRIGGER EVENT:** Effective for loans first disbursed on or after July 1, 2008 for extenuating circumstances existing between January 1, 2007 and December 31, 2009.

## **BASIS:**

HEA §428B(a)(3)(B)(i) as amended by the Ensuring Continued Access to Student Loans Act (ECASLA) of 2008, P.L. 110-227 and the Higher Education Opportunity Act (HEOA), P.L. 110-315; *Dear Colleague Letter* GEN-08-08/FP-08-07.

## **CURRENT POLICY:**

Current policy provides four examples of extenuating circumstances that lenders may utilize in approving a PLUS loan for an applicant with adverse credit.

## **REVISED POLICY:**

Revised policy provides that in addition to the four examples of extenuating circumstances, a lender may approve a PLUS loan for an applicant with adverse credit if he or she is or has been 180 days or less delinquent, during the period beginning on January 1, 2007, and ending on December 31, 2009, on mortgage loan payments or on medical bill payments for the applicant or the applicant's family.

## **REASON FOR CHANGE:**

This change complies with the provisions of ECASLA as subsequently revised by the HEOA.

## **PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 7.1.B, page 2, column 1, paragraph 4, as follows:

### **Loan Approval after Identifying Adverse Credit**

If adverse credit is identified in the applicant's credit history, the lender may approve the loan only if it determines that extenuating circumstances exist. The lender must retain a record supporting its decision. (For more information on recordkeeping requirements, see Subsection 3.4.A.) Examples of acceptable records include, but are not limited to:

- An applicant who is or has been 180 days or less delinquent, during the period beginning on January 1, 2007, and ending on December 31, 2009, on mortgage loan payments on the borrower's primary residence or on medical bill payments for the applicant or the applicant's family.  
[DCL GEN-08-08/FP-08-07]
- An updated credit report indicating that the applicant is no longer 90 days or more delinquent.
- An updated credit report correcting the information found on the original credit history that resulted in an adverse credit determination.
- A statement from the creditor that the applicant has made satisfactory arrangements to repay each debt that resulted in the adverse credit determination.

- For each debt of less than \$500 that is 90 days or more delinquent, a satisfactory written explanation from the applicant of the reason for the delinquency.

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Extenuating Circumstances in Adverse Credit Determinations**

The *Common Manual* has been revised to permit a lender to approve a loan for a PLUS applicant with adverse credit by determining that an extenuating circumstance exists if the applicant has been or is 180 days or less delinquent, during the period beginning on January 1, 2007, and ending on December 31, 2009, on mortgage loan payments on the borrower's primary residence or on medical bill payments for the applicant or the applicant's family.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

***Borrower:***

A PLUS loan borrower may be approved if the applicant is 180 days or less delinquent on the borrower's primary residence or on medical bill payments for the applicant or the applicant's family. A PLUS loan applicant may have their eligibility re-examined by the lender based on extenuating circumstance.

***School:***

A school may experience an increased number of students and parents who qualify for a PLUS loan as a result of this change.

***Lender/Servicer:***

A lender may implement the extenuating circumstance for mortgage and medical bill delinquencies. The Department encourages the re-examination of the eligibility of applicants who may have been denied previously to determine if PLUS loans may be approved.

***Guarantor:***

A guarantor may be required to revise program review criteria.

***U.S. Department of Education:***

The Department may be required to revise program review criteria.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

May 13, 2008

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

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

ce/edited-rl

# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: December 5, 2008

X	DRAFT	Comments Due	Dec 29
	FINAL	Consider at GB Meeting	
	APPROVED	With Changes / No Changes	

**SUBJECT:** Capitalizing Interest on PLUS Loans

**AFFECTED SECTIONS:** 10.10 Capitalizing Accrued Interest  
10.10.A Permitted Capitalization  
10.10.B Capitalization Frequency

**POLICY INFORMATION:** 1085/Batch 156

**EFFECTIVE DATE/TRIGGER EVENT:** PLUS loans first disbursed by the lender on or after July 1, 2008.

**BASIS:**

HEA §428B(d)(2), as amended by the Ensuring Continued Access to Student Loans Act of 2008 (ECASLA), (P.L.110-227).

**CURRENT POLICY:**

Current policy permits the lender to capitalize interest on a PLUS loan for periods of in-school deferment and other authorized deferment periods. The lender is permitted to capitalize interest no more frequently than quarterly and again when the loan enters repayment.

**REVISED POLICY:**

Revised policy provides that for a PLUS loan first disbursed on or after July 1, 2008, the lender must capitalize unpaid interest if the borrower does not pay the interest. Interest may be capitalized no more frequently than quarterly.

**REASON FOR CHANGE:**

This change is made to align common policy with the provisions of ECASLA.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Note: Changes to Subsection 10.10.A refer to a new Subsection, 11.6.E, proposed in policy proposal in this batch.

Revise Section 10.10, page 17, column 2, paragraph 2, as follows:

Capitalization of interest on all FFELP loans is permitted under the terms of the promissory note and federal statute and regulations. In some cases, a lender is required to capitalize unpaid interest; sometimes statute or regulations provide the lender the option to capitalize the unpaid interest. A lender capitalizes interest by adding accrued interest to the loan's principal balance.

Revise Subsection 10.10.A, page 17, column 2, by amending the Subsection title and inserting a new paragraph after paragraph 3, as follows:

**10.10.A**  
**Permitted and Required Capitalization**

A lender may capitalize unsubsidized interest that accrues during:

- ...
- ...



A lender is required to capitalize unpaid interest accruing on a PLUS loan first disbursed on or after July 1, 2008, during a period of in-school deferment or post-enrollment deferment. See Section 11.6 for more information regarding in-school deferment, and Subsection 11.6.E for more information regarding post-enrollment deferment.

Revise Subsection 10.10.B, page 18, column 1, paragraph 1, as follows:

To determine when the lender may capitalize interest, the lender should refer to the following instructions.

**PLUS Loans First Disbursed on or after July 1, 2008**

The lender must capitalize unpaid interest on a PLUS loan no more frequently than quarterly during an in-school deferment or during the 6-month post-enrollment deferment.

For all other periods of deferment on a PLUS loan, the lender is permitted — but not required — to capitalize unpaid interest as specified later in this subsection.

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Capitalizing Interest on PLUS Loans**

The *Common Manual* has been revised to provide that a lender must capitalize unpaid interest on a PLUS loan first disbursed on or after July 1, 2008, no more frequently than quarterly if the loan is in an in-school deferment or during a 6-month post-enrollment deferment.

For all other periods of deferment on a PLUS loan, the lender is permitted — but not required — to capitalize unpaid interest.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

A PLUS loan borrower who fails to pay interest during an in-school deferment or post-enrollment deferment will have the balance on the loan increased by the capitalization of outstanding interest.

*School:*

None.

*Lender/Service:*

A lender/service may be required to amend systems or procedures to ensure that it capitalizes outstanding, unpaid PLUS loan interest as required.

*Guarantor:*

A guarantor may be required to amend program review procedures. Claim amounts on PLUS loans may increase if lenders were previously choosing not to capitalize some PLUS interest and are now compelled by law to do so.

*U.S. Department of Education:*

The Department may be required to amend program review procedures.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

October 24, 2008

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

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee

CM Guarantor Designee

Interested Industry Groups and Others

bg/edited - kk

**COMMON MANUAL - FEDERAL POLICY PROPOSAL**

Date: December 5, 2008

X	DRAFT	Comments Due	Dec 29
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** **PLUS In-School and Post-Enrollment Deferment****AFFECTED SECTIONS:** **11.6 In-School Deferment and Summer Bridge**  
**11.6.A Eligibility Criteria—In-School****POLICY INFORMATION:** **1086/Batch 156****EFFECTIVE DATE/TRIGGER EVENT:** PLUS loans first disbursed on or after July 1, 2008.**BASIS:**

HEA §428B(d)(1) as amended by the Higher Education Opportunity Act (HEOA), P. L. 110-315.

**CURRENT POLICY:**

Current policy states that a PLUS loan borrower who meets the conditions required for an in-school deferment may defer all of his or her PLUS loans based on that condition. However, an in-school deferment for a “new borrower” (as defined below) who obtains a PLUS loan may not be granted on the basis of the dependent student’s enrollment status.

Definition of “New borrower”: A borrower whose outstanding FFELP loans were all made on or after July 1, 1993, and when his or her first FFELP loan was made on or after July 1, 1993, had no outstanding FFELP loans that were made before July 1, 1993.

**REVISED POLICY:**

Revised policy states that a PLUS loan borrower who meets the conditions required for an in-school deferment may defer all of his or her PLUS, Stafford, or Consolidation loans, as applicable. In addition, a parent PLUS borrower may request an in-school deferment of his or her PLUS loans, first disbursed on or after July 1, 2008, based on the in-school status of the student for which the loan was made.

A Grad PLUS borrower may defer his or her PLUS loans during any 6-month period beginning on the day after the borrower ceases to be enrolled at least half time at an eligible school. A parent PLUS borrower may request deferment of his or her PLUS loans during any 6-month period beginning on the day after the borrower ceases to be enrolled at least half time at an eligible school. In addition, a parent PLUS borrower may request deferment of his or her PLUS loans during any 6-month period beginning on the day after the student, for whom the PLUS loan was borrowed, ceases to be enrolled at least half time at an eligible school. In addition, if both the parent PLUS borrower and the student for whom a PLUS loan was borrowed, meet the conditions for an in-school deferment, the parent PLUS borrower may request a deferment during any 6-month period beginning on the later of the day on which the parent or the student ceases to be enrolled at least half-time.

**REASON FOR CHANGE:**

The purpose of the changes is made to comply with the provisions of the HEOA.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Section 11.6, page 11, column 2, paragraph 1, as follows:

**11.6****In-School Deferment, and Summer Bridge Extension, and Post-Enrollment Deferment**

An in-school deferment is available to a borrower for the borrower's and, in the case of a parent PLUS loan, the student's both full-time or and half-time study at an eligible school. The deferment of each parent PLUS loan based on the in-school status of the student for whom the PLUS loan was borrowed must be requested by the borrower. In all other cases, a A

lender must grant an in-school deferment if it receives information that supports the borrower's eligibility for the deferment. The guarantor forwards this information to the lender in the following cases:

- When the guarantor learns of circumstances that may entitle a borrower to an in-school deferment (which often occurs during default prevention activities).
- When the guarantor receives a request or documentation for the deferment (either verbally or in writing).
- When the guarantor receives verification of the borrower's eligibility for the deferment from the school.

If the lender receives information from the guarantor, the lender may rely on the information provided. The lender should require neither the borrower nor school to complete or submit any additional paperwork.

Revise Subsection 11.6.A, page 11, column 2, paragraph 3, as follows:

**11.6.A**  
**Eligibility Criteria—In-School**

A student's in-school enrollment includes any combination of courses, special studies, research, or work experience...

...

...

...

If a PLUS loan borrower meets the conditions required for an in-school, ~~graduate fellowship, or rehabilitation training~~ deferment, the borrower may defer, as applicable, all of his or her PLUS, Stafford, or Consolidation loans based on that condition. A parent PLUS borrower also may request deferment of any PLUS loans that are first disbursed on or after July 1, 2008 and borrowed on behalf of a student who meets the conditions required for an in-school deferment. An in-school deferment on a parent PLUS loan first disbursed on or after July 1, 2008 and based on the enrollment of the dependent student is loan as opposed to borrower specific.

If a dependent student for whom a parent borrower obtained, prior to July 1, 2008, one or more PLUS loans meets the conditions required for an in-school deferment, the parent borrower may defer all of his or her PLUS loans based on the status of that one student—provided the parent borrower's loan was made on or after July 1, 1987, and before July 1, 1993, or the parent borrower had an outstanding balance on a FFELP loan made before July 1, 1993, when the parent obtained a loan disbursed on or after July 1, 1993.

A PLUS loan borrower who is classified under the category "*New borrower*" July 1, 1993 defined in Subsection 11.1.A must be enrolled on at least a half-time basis to be eligible for in-school deferment. A deferment for such a "new borrower" who obtains a PLUS loan may no longer be granted on the basis of the dependent student's enrollment status if the PLUS loan was first disbursed prior to July 1, 2008.

Insert a new Subsection, page 13, column 2, paragraph 1, as follows:

**11.6.D**  
**Summer Bridge Extension**

...

...

...

...

...

#### **11.6.E**

##### **Post-Enrollment Deferment**

A parent PLUS borrower may request deferment of his or her PLUS loan(s) during any 6-month period beginning on the day after the parent PLUS borrower ceases to be enrolled at least half time at an eligible school. A Grad PLUS borrower may defer all of his or her PLUS loans during any 6-month period beginning on the day after the Grad PLUS borrower ceases to be enrolled at least half time at an eligible school, as determined by the out-of-school date provided by the school.

A parent PLUS borrower may request deferment of his or her PLUS loan(s), borrowed on behalf of a student who meets the conditions required for an in-school deferment, during any 6-month period beginning on the day after the student on whose behalf the PLUS loan(s) was borrowed ceases to be enrolled at least half time, as determined by the out-of-school date provided by the school. If both the parent borrower of a PLUS loan and the student for whom the PLUS loan was borrowed meet the conditions for an in-school deferment, the parent PLUS borrower may request a deferment during any 6-month period beginning on the later of the following:

- The day after the student on whose behalf the loan was borrowed ceases to be enrolled at least half time, as determined by the out-of-school date provided by the school.
- The day after the parent borrower ceases to be enrolled at least half time at an eligible school.

#### **PROPOSED LANGUAGE - COMMON BULLETIN:**

##### **In-School and Post-Enrollment Deferments for PLUS Loans**

The text of the *Common Manual* has been revised to clarify that a PLUS loan borrower who meets the conditions for an in-school deferment may defer all of his or her PLUS, Stafford, or Consolidation loans, as applicable. The Manual has also been revised to comply with the provisions of the Higher Education Opportunity Act (HEOA) regarding the eligibility of a parent PLUS borrower to receive an in-school deferment for any PLUS loans that are first disbursed on or after July 1, 2008, and borrowed on behalf of a student who meets the conditions required for an in-school deferment. As a result, PLUS loan borrowers are eligible to receive in-school deferments as follows:

- A Grad PLUS borrower may receive an in-school deferment based on his or her at least half time enrollment at an eligible school. A lender must grant the in-school deferment if it receives information that supports the borrower's eligibility for the deferment, i.e. no request from the borrower is required.
- A parent PLUS borrower may receive an in-school deferment based on his or her at least half time enrollment at an eligible school. A lender must grant the in-school deferment if it receives information that supports the borrower's eligibility for the deferment, i.e. no request from the borrower is required
- A parent PLUS borrower may receive an in-school deferment based on the at least half time enrollment status of the dependent student for whom the PLUS loan is obtained, if the PLUS loan was first disbursed on or after July 1, 2008. The parent borrower must request the deferment from the lender.

In addition, the HEOA permits the lender to grant an additional period of deferment for a PLUS loan first disbursed on or after July 1, 2008. This period is called a post-enrollment deferment. The post-enrollment deferment applies to a 6-month period that begins on the day after the PLUS borrower or student, for whom a PLUS loan was borrowed, ceases to be enrolled at least half-time at an eligible school. PLUS loan borrowers are eligible to receive post-enrollment deferments as follows:

- A Grad PLUS borrower may receive a post-enrollment deferment following his or her at least half time enrollment at an eligible school, as determined by the out-of-school date provided by the school. A lender must grant the post-enrollment deferment if it receives information that supports the borrower's eligibility for the deferment, i.e. no request from the borrower is required.
- A parent PLUS borrower may receive a post-enrollment deferment following his or her at least half time enrollment at an eligible school. The parent borrower must request the post-enrollment deferment from the lender.
- A parent PLUS borrower may receive a post-enrollment deferment based on the at least half time enrollment status of the dependent student for whom the PLUS loan is obtained, as determined by the out-of-school date provided by the school. The parent borrower must request the post-enrollment deferment from the lender.

If both the parent PLUS borrower and the student, for whom a PLUS loan was borrowed, meet the conditions for an in-school deferment, the parent PLUS borrower may request a deferment during any 6-month period beginning on the later of the day on which the parent or the student ceases to be enrolled at least half-time.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

***Borrower:***

A PLUS borrower may have greater financial flexibility through the deferment options. If a PLUS borrower does not pay interest during periods of deferment, the expense of the loan(s) will increase.

***School:***

A school may need to update counseling materials.

***Lender/Service:***

A lender/service may experience a greater number of deferments as a result of these options and may be required to revise its systems and procedures for determining deferment eligibility.

***Guarantor:***

A guarantor may be required to revise program review criteria, default aversion information, and make system revisions.

***U.S. Department of Education:***

The Department may be required to revise program review criteria and NSLDS codes.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

September 16, 2008

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

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee  
CM Guarantor Designees  
Interested Industry Groups and Others

ce/edited-rl

# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: December 5, 2008

X	DRAFT	Comments Due	Dec 29
	FINAL	Consider at GB Meeting	
	APPROVED	With Changes / No Changes	

**SUBJECT:** In-School Deferment from NSLDS Data

**AFFECTED SECTIONS:** 11.6.B Deferment Documentation—In-School

**POLICY INFORMATION:** 1087/Batch 156

**EFFECTIVE DATE/TRIGGER EVENT:** In-school deferment requests received by the lender from a school on or after August 14, 2008.

**BASIS:**

HEA §428(b)(1)(Y), as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315.

**CURRENT POLICY:**

Current policy does not require the lender to use data on the National Student Loan Data System (NSLDS) as the basis for granting an in-school deferment, if the school requests.

**REVISED POLICY:**

Revised policy requires the lender, at the request of a school, to use data on the NSLDS to process a borrower's in-school deferment.

**REASON FOR CHANGE:**

This change is made to comply with the provisions of the HEOA.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 11.6.B, page 12, column 2, paragraph 3, as follows:

The lender must determine the eligibility of a borrower—or, as applicable, the dependent student—for an in-school deferment based upon the receipt of any one of the following:

- A written or verbal request for deferment from the borrower and documentation of the borrower's eligibility for the deferment.
- A new loan certification record that documents the borrower's eligibility for a deferment. By signing the Master Promissory Note (MPN), the borrower authorizes a lender to defer all of his or her FFELP loans upon the lender's receipt of information indicating that the borrower or, as applicable, the student, is enrolled at least half time.
- Student status information received by the lender indicating that the borrower is enrolled at least half time.
- Student status information contained on the National Student Loan Data System (NSLDS) if the school has requested that the lender use that data.  
[HEA §428(b)(1)(Y)]
- Other information certified by the school indicating that the borrower is enrolled at least half time.

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**In-School Deferment from NSLDS Data**

The *Common Manual* has been revised to require a lender, at the request of a school, to use data on the National Student Loan Data System (NSLDS) to process a borrower's in-school deferment.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:***Borrower:*

A borrower may receive an in-school deferment on a loan more promptly.

*School:*

A school may be able to provide deferment data more efficiently via NSLDS than via individual lender request.

*Lender/Service:*

A lender/service may be able to use the NSLDS as a more efficient resource for deferment data. The lender may be required to amend deferment processing procedures.

*Guarantor:*

A guarantor may be required to amend program review procedures.

*U.S. Department of Education:*

The Department may be required to amend program review procedures.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

October 28, 2008

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

CM Policy Committee

CM Guarantor Designee

Interested Industry Groups and Others

bg/edited - kk



# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: December 5, 2008

X	DRAFT	Comments Due	Dec 29
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** Loan Forgiveness for Service in Areas of National Need

**AFFECTED SECTIONS:** 13.9.B Loan Forgiveness for Service in Areas of National Need

**POLICY INFORMATION:** 1088/Batch 156

**EFFECTIVE DATE/TRIGGER EVENT:** School, academic, or calendar year of full-time employment completed after August 14, 2008.

**BASIS:**

HEA §428K, as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315.

**CURRENT POLICY:**

Current policy shows does not provide information on Loan Forgiveness for Service in Areas of National Need.

**REVISED POLICY:**

Revised policy adds information regarding Loan Forgiveness for Service in Areas of National Need that was added as a result the HEOA.

**REASON FOR CHANGE:**

This change is made to comply with the provisions of the HEOA.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Add a new Subsection 13.9.B, as follows:

**Note:** Subsection 13.9.B Teacher Loan Forgiveness was renumbered as Subsection 13.9.A in proposal 1080.

**13.9.B**

**Loan Forgiveness for Service in Areas of National Need**

The Loan Forgiveness for Service in Areas of National Need is intended to bring more highly trained individuals into certain areas that are defined as being "national need areas." The Department will grant loan forgiveness on eligible loans under this program on a first-come, first-served basis, contingent on the availability of annual appropriations. This program is currently not funded.

To qualify for this forgiveness program, a borrower must not be in default on the loan for which he or she seeks forgiveness, and must be employed full-time in an area of national need. Parent PLUS loans and portions of a Consolidation loan that repaid a Parent PLUS loan are not eligible for this type of forgiveness.

A borrower is considered to be employed in an area of national need if the borrower meets the requirements of one of the following:

- The borrower is employed full-time as an early childhood educator.
- The borrower has obtained a baccalaureate or advanced degree in a critical foreign language and is employed full-time in one of the following positions:
  - As an elementary or secondary school teacher of a critical foreign language.
  - In an agency of the United States Government in a position that regularly requires the

use of such critical foreign language.

- In an institution of higher education as a faculty member or instructor teaching a critical foreign language.
- The borrower is highly qualified, as defined in Section 9101 of the Elementary and Secondary Education Act of 1965, and is employed full-time as any one of the following:
  - A teacher educating students who have limited English proficiency.
  - A teacher in a school that qualifies under Section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such a school.
  - A teacher and is an individual from an underrepresented population in the teaching profession, as determined by the Department.
  - A teacher in an educational service agency, as defined in Section 9101 of the Elementary and Secondary Education Act of 1965.
- The borrower is employed full-time as a school superintendent, principal, or other administrator in a local educational agency, including an educational service agency, in which 30 percent or more of the schools are schools that qualify under Section 465(a)(2)(A) for loan cancellations for Perkins loan recipients who teach in such a school.
- The borrower is employed full-time as a school counselor (as defined in Section 5421(e) of the Elementary and Secondary Education Act of 1965), in a school that qualifies under section 564(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such a school.
- The borrower is employed full-time as a librarian in either of the following:
  - A public library that serves a geographic areas within which the public schools have a combined average of 30 percent or more of the schools' total student enrollments composed of children meeting a measure of poverty under Section 1113(a)(5) of the Elementary and Secondary Education Act of 1965.
  - A school that qualifies under Section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such a school.
- The borrower has, at a minimum, a graduate degree in speech-language pathology, audiology, or communication sciences and disorders, and is employed full-time as a speech-language pathologist or audiologist in an eligible preschool program or a school that qualifies under section 564(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such a school.
- The borrower has received a degree from a medical school at an institution of higher education and has been accepted to, or currently participates in, a full-time graduate medical education training program or fellowship (or both) to provide health care services (as recognized by the Accreditation Council for Graduate Medical Education) that satisfies both of the following criteria:
  - Requires more than five years of total graduate medical training.
  - Has fewer United States medical school graduate applicants than the total number of positions available in such program or fellowship.
- The borrower is employed full-time as a nurse in a clinical setting or as a member of a nursing facility at an accredited school of nursing as defined in Section 801 of the Public Health Service Act.
- The borrower is a licensed, certified, or registered dietician who has completed a degree

in a relevant field and who is employed full-time as a dietician with an agency of the special supplemental nutrition program for women, infants, and children under Section 17 of the Child Nutrition Act of 1966.

- The borrower is a physical therapist and is employed full-time providing physical therapy services to children, adolescents, or veterans.
- The borrower is an occupational therapist and is employed full-time providing occupational therapy services to children, adolescents, or veterans.
- The borrower has at least a master's degree in social work, psychology, or psychiatry, and is employed full-time providing mental health services to children, adolescents, or veterans.
- The borrower has obtained a degree in social work or a related field with a focus on serving children and families and is employed full-time in public or private child welfare services.
- The borrower has received a degree from an accredited dental school (as accredited by the Commission on Dental Accreditation) and satisfies both of the following criteria:
  - Has completed residency training in pediatric dentistry, general dentistry, or dental public health.
  - Is employed full-time as a dentist or is employed full-time as a member of the faculty at a program or school accredited by the Commission on Dental Accreditation.
- The borrower is employed full-time in applied sciences, technology, engineering, or mathematics.
- The borrower is employed full-time in any of the following positions:
  - Public safety (including a first responder, firefighter, police officer, or other law enforcement or public safety officer).
  - Emergency management (including a emergency medical technician).
  - Public health (including full-time professionals engaged in health care practitioner occupations and health care support occupations, as defined by the Bureau of Labor Statistics).
  - Public interest legal services (including prosecution, public defense, or legal advocacy in low-income communities at a nonprofit organization).

If the borrower qualifies, the Department will pay on a first-come, first-served basis, subject to the availability of funds, not more than \$2,000.00 of the outstanding balance of the borrower's student loan obligation after the completion of each applicable school, academic, or calendar year of employment. The maximum forgiveness amount granted to a borrower under this forgiveness program is \$10,000.00 and no borrower can receive forgiveness under this program for more than 5 years of service. To qualify for forgiveness, a borrower must be employed full-time in an area of national need and must not be in default on a loan for which he or she is seeking forgiveness.

Receipt of a benefit under this program does not entitle the borrower to a refund of payments made on the loan. In addition, no borrower may, for the same service, receive a reduction of their loan amount under both this loan forgiveness program and the Teacher Loan Forgiveness Program, the Loan Repayment for Civil Legal Assistance Attorneys Program, the Repayment Plan for Public Service Employees under the Direct Loan Program, and the Loan Cancellation for Teachers under the Direct Loan Program.

**PROPOSED LANGUAGE - COMMON BULLETIN:**  
**Loan Forgiveness for Service in Areas of National Need**

The *Common Manual* has been updated to include information regarding the Loan Forgiveness Program for Service in Areas of National Need that was added as a result of the Higher Education Opportunity Act (HEOA), P.L. 110-315. The Department will grant loan forgiveness under this program on a first-come, first-served basis, contingent on the availability of annual appropriations. This program is currently not funded. To qualify for this forgiveness program, a borrower must be employed full-time in an area of national need and must not be in default on the loan they seek forgiveness on. Parent PLUS loans and portions of a Consolidation loan that repaid a Parent PLUS loan are not eligible for this type of forgiveness.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

A borrower may be eligible for forgiveness benefits under the Loan Forgiveness for Service in Areas of National Need.

*School:*

A school may need to revise counseling materials to include information on this forgiveness program. A school must ensure that current students are aware that this program is contingent on congressional funding and that there are currently no funds allocated to provide this benefit.

*Lender/Service:*

When the program is funded, a lender may need to establish policies and procedures for processing a borrower's request. A lender must ensure that current students are aware that this program is contingent on congressional funding and that there are currently no funds allocated to provide this benefit.

*Guarantor:*

A guarantor may need to update their loan counseling materials regarding new the new forgiveness option, but also must ensure that current students are aware that this program is contingent on congressional funding and that there are currently no funds allocated to provide this benefit. A guarantor may need to establish policies and procedures for processing a borrower's request.

*U.S. Department of Education:*

The Department may need to process Loan Forgiveness for Service in Areas of National Need for borrowers.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

September 16, 2008

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

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee  
CM Guarantor Designees  
Interested Industry Groups and Others

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# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: December 5, 2008

X	DRAFT	Comments Due	Dec 29
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** Loan Repayment for Civil Legal Assistance Attorneys

**AFFECTED SECTIONS:** 13.9.C Loan Repayment for Civil Legal Assistance Attorneys

**POLICY INFORMATION:** 1089/Batch 156

**EFFECTIVE DATE/TRIGGER EVENT:** August 14, 2008.

**BASIS:**

HEA §428L, as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315.

**CURRENT POLICY:**

Current policy does not provide information on Loan Repayment for Civil Legal Assistance Attorneys.

**REVISED POLICY:**

Revised policy adds information regarding Loan Repayment for Civil Legal Assistance Attorneys that was added as a result of the HEOA.

**REASON FOR CHANGE:**

This change is made to comply with the provisions of the HEOA.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Add a new Subsection 13.9.C, as follows:

**13.9.C**

**Loan Repayment for Civil Legal Assistance Attorneys**

The Loan Repayment for Civil Legal Assistance Attorneys is intended to bring more highly trained individuals into the civil legal assistance field. The Department will repay portions of a qualifying student loan on behalf of the borrower. Parent PLUS loans and portions of a Consolidation loan that repaid a Parent PLUS loan are not eligible for this type of loan repayment. The Department will grant loan repayment under this program on a first-come, first-served basis and repayment is contingent on the availability of annual appropriations. This program is currently not funded.

When implemented, a borrower will be eligible to receive repayment benefits under this program by entering into a written agreement with the Department. The agreement will include, at a minimum, each of the following requirements:

- The borrower will remain employed full-time as a civil legal assistance attorney for at least 3 years, unless involuntarily separated from that employment.
- If the borrower is involuntarily separated from employment because of misconduct, or voluntarily separates from employment before the end of the required 3-year service period, the borrower will repay the Department the amount of any benefits received by the borrower under the agreement.
- If the borrower is required to repay an amount to the Department and fails to repay the amount, the Department of Education or other agency may recover the sum according to methods that are provided by law for the recovery of amounts owed to the federal government.
- The Department may waive portions of the required recoverable amount if it is shown that

the recovery of the amount would be contrary to the public interest.

- The Department will make student loan payments on the qualifying loan(s) for the period of the written agreement, subject to the availability of appropriations.

If the borrower qualifies, the Department will pay not more than \$6,000 of the outstanding balance of the borrower's student loan obligation in any calendar year. The maximum cumulative loan repayment amount that can be granted to a borrower under this program is \$40,000. The Department will give priority in each fiscal year to a borrower who meets each of the following qualifications:

- Practiced law for five years or less and, for not less than 90 percent of the time in that legal practice, has served as a civil legal assistance attorney.
- Received repayment benefits under this program during the previous fiscal year.
- Completed less than three years of the first required period of service specified for the borrower in the written agreement with the Department.

To qualify for loan repayment, a borrower must be employed full-time as a civil legal assistance attorney and must not be in default on a loan for which they are seeking repayment on. Upon completion of the initial written agreement, a borrower may enter into an additional agreement with the Department that may require the borrower to remain employed as a civil legal assistance attorney for less than three years.

Receipt of a benefit under this program does not entitle the borrower to a refund of payments made on the loan. In addition, no borrower may, for the same service, receive a reduction of the loan amount under both this loan repayment program and the Loan Forgiveness for Service in Areas of National Need Program or the Repayment Plan for Public Service Employees under the Direct Loan Program.

#### **PROPOSED LANGUAGE - COMMON BULLETIN:**

##### **Loan Repayment for Civil Legal Assistance Attorneys**

The *Common Manual* has been updated to include information regarding the Loan Repayment for Civil Legal Assistance Attorneys program that was added as a result of the Higher Education Opportunity Act (HEOA), P.L. 110-315. The Department will grant loan repayment under this program on a first-come, first-served basis, contingent on the availability of annual appropriations. There are currently no funds appropriated for loan repayment under this program. When funds are available, a borrower be employed full-time as a civil legal assistance attorney for a period of at least 3 years and must not be in default on a loan that is otherwise eligible for repayment.. Parent PLUS loans and portions of a Consolidation loan that repaid a Parent PLUS loan will not be eligible for this type of loan repayment.

#### **GUARANTOR COMMENTS:**

None.

#### **IMPLICATIONS:**

##### *Borrower:*

A borrower may be eligible for new benefits under the Loan Repayment for Civil Legal Assistance Attorneys.

##### *School:*

A school may need to update counseling materials to include information on the Loan Repayment for Civil Legal Assistance Attorneys. A school must ensure that current students are aware that this program is contingent on congressional funding and that there are currently no funds allocated to provide this benefit.

##### *Lender/Service:*

When the program is funded, a lender may need to establish policies and procedures for processing a borrower's request. A lender must ensure that current students are aware that this program is contingent on congressional funding and that there are currently no funds allocated to provide this benefit.

##### *Guarantor:*

A guarantor may need to update their loan counseling and other financial aid materials regarding the new loan

repayment option, but also must ensure that current students are aware that this program is contingent on congressional funding and that there are currently no funds allocated to provide this benefit.

*U.S. Department of Education:*

When the program is funded, the Department may need to provide contact information to lenders and guarantors in order to refer potential applicants for this program. The Department may need to process Loan Repayment for Civil Legal Assistance Attorneys requests.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

September 16, 2008

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