

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1090	Entrance Counseling	<p><u>4.4.C</u> <u>Entrance Counseling</u></p> <p>Expands on the current text of the Manual to include new requirements made as part of the Higher Education Opportunity Act (HEOA) regarding what a school must provide a student during entrance counseling made as a result of the HEOA.</p> <p>Expands counseling specific to Grad PLUS borrowers and makes it consistent with counseling applicable to Stafford borrowers.</p> <p>Deletes audiovisual presentation as an acceptable means of entrance counseling.</p> <p>Deletes redundant text and makes other non-substantive changes to provide clarity.</p>	Federal	<p>Entrance counseling provided by the school on or after 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>
1091	Exit Counseling	<p><u>4.4.D</u> <u>Exit Counseling</u></p> <p>Expands on the current text of the Manual to include new requirements made as part of the HEOA regarding what a school must provide a student during exit counseling.</p> <p>States that a school is required to ensure that the borrower is provided a copy of the Department's publication that describes federal student finance programs.</p> <p>Deletes redundant text and makes other non-substantive changes to provide clarity.</p>	Federal	<p>Exit counseling materials for Stafford and Grad PLUS borrowers on or after 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>
1092	Academic Year Categories for Determining Annual Loan Limit Frequency	<p><u>6.1.B</u> <u>Academic Year Categories</u> <u>Figure 6-2</u> <u>Appendix G</u></p> <p>Incorporates various changes made in the Volume 3 of the 08-09 FSA Handbook regarding academic year categories, including the adoption of the abbreviation for programs with nonstandard terms that are substantially equal and at least nine weeks of instructional time in length (SE9W), and the FSA Handbook standard for identifying the different BBAY categories that apply to different types of academic programs: BBAY1, BBAY2, and BBAY3.</p>	Federal	<p>Publication date of Volume 3 of the 08-09 FSA Handbook.</p>

		<p>Revises Figure 6-2 with corresponding changes.</p> <p>Adds a new Appendix G definition for the acronym "SE9W" relative to a non-standard term-based credit-hour program.</p> <p>Revises the current Appendix G definition of the acronym "BBAY", as well as the definition of "Borrower-Based Academic Year."</p>		
1093	Grade Level Changes and Increases in the Stafford Annual Loan Limit	<p><u>6.10</u> <u>Determining the Student's Grade Level Stafford Annual Loan Limits</u></p> <p><u>6.11.A</u> <u>Appendix G</u></p> <p>Incorporates various changes made in the Volume 3 of the 08-09 FSA Handbook regarding Stafford annual loan limit increases for a student who experiences a grade level change within an academic year.</p> <p>Adds reference to a credit-hour program with nonstandard terms that are not SE9W when explaining that a school may not certify the higher loan limit associated with the next grade level until the student completes both the minimum number of weeks and the minimum number of credit or clock hours in the program's defined academic year.</p> <p>Revises the current glossary definition of "Grade Level" to clarify that a school must provide the appropriate grade level code (e.g., 01 through 05) on the Federal Stafford Loan School Certification.</p> <p>Makes non-substantive changes to provide consistency throughout the Manual's text.</p>	Federal	Publication date of Volume 3 of the 08-09 FSA Handbook.
1094	Increased Loan Limits and Overawards	<p><u>6.11.E</u> <u>Exceeding Loan Limits</u></p> <p>Incorporates private guidance received from the Department that will assist lenders in resolving inadvertent overawards that existed when loan limits increased due to the enactment of the Ensuring Continued Access to Student Loans Act (ECASLA).</p>	Federal	Inadvertent overawards resulting from Stafford loans first disbursed before July 1, 2008.
1095	Proration of Stafford Annual Loan Limits	<p><u>6.11.F</u> <u>Prorated Loan Limits</u></p> <p>Incorporates several new and existing clarifications found in the FSA Handbook concerning prorating a borrower's Stafford annual loan limit.</p> <p>Incorporates information regarding when a school is not required to prorate the</p>	Federal	Publication date of Volume 3 of the 08-09 FSA Handbook for the following in a credit-hour program that uses nonstandard terms that are

		<p>Stafford annual loan limit and in some instances, the school is not permitted to prorate the borrower's Stafford annual loan limit</p>		<p>substantially equal <i>and</i> at least nine instructional weeks in length (SE9W):</p> <ul style="list-style-type: none"> • Determining the final period of study for an undergraduate borrower • Exempting from proration an undergraduate borrower who is enrolled less than half time for a term(s) during a final period of study that contains the number of terms in the program's academic year. <p>Publication date of Volume 3 of the 07-08 FSA Handbook for exempting from proration an undergraduate borrower who is enrolled in a standard term-based credit-hour program and enrolled less than half time for a term(s) during a final period of study that contains the number of terms in the program's academic year.</p> <p>Publication date of Volume 3 of the 05-06 FSA Handbook for the following:</p> <ul style="list-style-type: none"> • Clarifying that a school must prorate the Stafford annual loan limit when the school knows in advance that an undergraduate student will be enrolled for a
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				<p>period of less than an academic year.</p> <ul style="list-style-type: none"> Exempting from proration an undergraduate borrower who is enrolled at least half time but less than full time or enrolled for a period of less than a full academic year that is not a final period of study. <p>Publication date of Volume 3 of the 04-05 FSA Handbook for using the school's academic year definition for the program to determine whether a final period of study is shorter than an academic year.</p>
1096	Reduced Interest Rate for Military Servicemembers	<p><u>7.4</u> <u>Establishing Stafford Loan Interest Rates</u></p> <p><u>7.4.B</u> <u>Reduced Stafford Interest Rates</u></p> <p><u>7.5</u> <u>Establishing PLUS Loan and SLS Loan Interest Rates</u></p> <p><u>7.5.B</u> <u>Reduced PLUS Interest Rates</u></p> <p><u>10.9.B</u> <u>Reduced Interest Rates</u></p> <p><u>15.3.D</u> <u>Calculating the Interest Rate</u></p> <p>Incorporates HEOA-related changes that require FFELP lenders to comply with the provisions of the Servicemembers Civil Relief Act (SCRA) with respect to charging reduced interest (not to exceed 6%) on a FFELP loan. Qualifying borrowers must request the reduced interest rate in writing and provide the lender substantiating documentation of his or her eligibility.</p> <p>Permits the lender to determine the applicable special allowance payment based on the loan's actual 6% interest rate if the loan was first disbursed on or after July 1, 2008.</p>	Federal	<p>Loans for which the lender receives a servicemember's written request for the reduced interest rate that is effective on or after August 14, 2008, for periods of military service ending on or after that date.</p> <p>Special allowance billings for loans that are first disbursed on or after July 1, 2008, if the lender receives a servicemember's request for the reduced interest rate on or after August 14, 2008.</p>
1097	Timing of Lender Disclosures before	<p><u>10.7.A</u> <u>Time Frame for Disclosure</u></p>	Federal	Effective for loans first disbursed on

	Repayment	Incorporates HEOA-related changes with regard to the time frames in which a lender discloses repayment terms to a borrower prior to the start of the repayment period. A lender must provide the repayment disclosure to a Stafford borrower no less than 30 days, and no more than 150 days, before the first payment due date. The lender must provide the repayment disclosure to a PLUS borrower at or before the beginning of the repayment period, defined as the date on which the loan is fully disbursed or the date on which an in-school or post-enrollment deferment period is scheduled to end. The lender must notify a PLUS loan borrower of repayment terms no less than 30 days, and no more than 150 days, before the first payment due date.		or after August 14, 2008. <i>If the Department publishes guidance with a different triggering event, the Common Manual will immediately notify the FFELP community of the change.</i>
1098	Economic Hardship Deferment	<p><u>11.4</u> <u>Economic Hardship Deferment</u></p> <p><u>11.4.A</u> <u>Eligibility Criteria—Economic Hardship</u></p> <p><u>11.4.B</u> <u>Deferment Documentation—Economic Hardship</u></p> <p>Incorporates Final Rule-related changes (dated October 23, 2008) that adds a definition for family size as it pertains to the economic hardship deferment and deletes the two eligibility criterion based on a federal income-to-debt ratio.</p>	Federal	Economic hardship deferments granted on or after July 1, 2009.
1099	Post-Active Duty Student Deferment	<p><u>11.8</u> <u>Military Active Duty Student Deferment</u></p> <p><u>11.9</u> <u>Military Service Deferment</u></p> <p><u>11.10</u> <u>National Oceanic and Atmospheric Administration Corps Deferment</u></p> <p><u>11.11</u> <u>Parental Leave Deferment</u></p> <p><u>11.12</u> <u>Peace Corps Deferment</u></p> <p><u>Figure 11-1</u> <u>Deferment Eligibility Chart</u></p> <p>Incorporates Final Rule-related changes (dated October 23, 2008) relating to the post-active duty student deferment. The Manual identifies the military active duty student deferment as a post-active duty student deferment and moves the text so that the information related to the post-active duty student deferment appears alphabetically within the deferment chapter.</p> <p>Specifies that to qualify for the post-active</p>	Federal	Post-active student deferment requests received on or after July 1, 2009, unless implemented earlier by the lender on after October 23, 2008.

		<p>duty student deferment, a borrower's eligible military service must begin on or after October 1, 2007, or include that date.</p> <p>Updates Figure 11-1, "Deferment Eligibility Chart," to incorporate these changes and to also clarify that there is no limit to the number of post-active duty student deferments an eligible borrower may receive, however, each individual deferment is limited to 13 months.</p>		
1100	Military Service Deferment	<p><u>11.9.C</u> <u>Length of Deferment—Military Service</u></p> <p>Incorporates a Final Rule-related change (dated October 23, 2008) which states that without supporting documentation, a military service deferment may be granted to an otherwise eligible borrower for a period not to exceed the initial 12 months from the date the qualifying eligible service began based on a request from the borrower or the borrower's representative.</p>	Federal	Military Service Deferment requests received by the lender on or after July 1, 2009, unless implemented by the lender on or after October 23, 2008.
1101	Mandatory Forbearance for Post-Active Duty Student Deferment	<p><u>11.24</u> <u>Mandatory Forbearance</u> <u>Figure 11-2</u> <u>Forbearance Eligibility Chart</u></p> <p>Incorporates a Final Rule-related change (dated October 23, 2008) that states a mandatory forbearance must be granted to a borrower who is a member of the National Guard if the borrower is serving on active military state duty and qualifies for the post-active duty student deferment, but does not qualify for the military service deferment or other deferment. This type of forbearance is granted in yearly increments (or for a lesser period of time that is equal to the period for which the borrower is eligible) while the eligible borrower is engaged in active state duty for a period of more than 30 consecutive days. The forbearance begins on the day after the grace period expires for a Stafford loan that has not entered repayment or on the day after the borrower ceases at least half-time enrollment, for a FFELP loan in repayment.</p> <p>Updates Figure 11-2, "Forbearance Eligibility Chart," to incorporate this forbearance type.</p>	Federal	Requests received by a lender on or after July 1, 2009, unless implemented earlier by the lender on or after October 23, 2008.
1102	Additional Documentation Requirements for Subrogated Loans	<p><u>13.1.D</u> <u>Claim File</u> <u>13.1.G</u> <u>Documentation</u> <u>Additional</u> <u>Documentation as</u> <u>Requested by the</u></p>	Federal	Requests for loan disbursement information and electronic signature documents

		<p><u>Guarantor</u></p> <p>Incorporates a Final Rule-related change (dated November 1, 2007) that states a lender will need to provide additional loan disbursement information or electronic signature documentation to a guarantor, upon request, for a loan that may be selected for subrogation to the Department.</p> <p>Creates a new subsection regarding additional documentation as requested by the guarantor.</p>		received from the guarantor on or after July 1, 2008.
1103	Repayment Options on Rehabilitated Loans	<p><u>13.7</u> <u>Rehabilitation of Defaulted FFELP Loans</u></p> <p>Incorporates a Final Rule-related change (dated October 23, 2008) that states a lender must allow a borrower to choose any repayment plan that is available for the loan type as the rehabilitated loan. The rehabilitation lender is no longer required to ensure that the repayment schedule on the rehabilitated loan has initial payments that are equal to or greater than the nine monthly payments that the borrower made to the guarantor during the rehabilitation period.</p>	Federal	Rehabilitated FFELP loans purchased by a lender on or after July 1, 2009.
1104	Consolidation Eligibility	<p><u>15.2</u> <u>Borrower Eligibility and Underlying Loan Holder Requirements</u></p> <p>Incorporates a HEOA-related change that states a FFELP borrower may consolidate into the Direct Loan program for the purpose of using the no accrual of interest for active duty service members benefits of the Direct Loan program.</p> <p>Incorporates changes made as a result of the HEOA and Final Rule dated October 23, 2008, that state that a FFELP borrower may consolidate into the Direct Loan program for the purpose of using the Public Service Loan Forgiveness Program.</p>	Federal	<p>Direct Consolidation Loans disbursed on and after October 1, 2008, for benefits of the no accrual of interest for active duty service members benefit.</p> <p>Direct Consolidation Loans disbursed on and after July 1, 2009, for using the Public Service Loan Forgiveness Program.</p>

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: January 9, 2009

X	DRAFT	Comments Due	Jan 30
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Entrance Counseling

AFFECTED SECTIONS: 4.4.C Entrance Counseling

POLICY INFORMATION: 1090/Batch 157

EFFECTIVE DATE/TRIGGER EVENT: Entrance counseling provided by the school on or after 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.

BASIS:

HEA §485(l), as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315.

CURRENT POLICY:

Current policy does not include all the required information that a school must provide to a student during entrance counseling.

REVISED POLICY:

Revised policy includes all the information that a school must ensure a student receives during entrance counseling. Revised policy expands counseling specific to Grad PLUS borrowers and makes it consistent with counseling applicable to Stafford borrowers. In addition to the existing requirements, a school must also include information about each of the following:

- How interest accrues and is capitalized during periods when the interest is not paid by either the borrower or the Department.
- That the borrower has the option to pay accruing interest on any unsubsidized loan while the borrower or student is in school.
- The effect of accepting the loan on the borrower's eligibility for other forms of student financial assistance.
- The definition of half-time enrollment during regular and summer terms, and the consequences of not maintaining half-time enrollment.
- The importance of contacting the appropriate school offices if the student intends to withdraw.
- The name and contact information for a party whom the student may contact with questions about rights, responsibilities, loan terms and conditions.
- That the student must repay the loan in full, even if the student does not complete the program or if the student does not complete the program in the regular time.
- The availability of the National Student Loan Data System (NSLDS) and how the borrower can use the information found there.
- Federal delinquent debt collection procedures.

In addition, revised policy deletes audiovisual presentation as an acceptable means of entrance counseling.

Further, revised policy deletes redundant text and makes other non-substantive changes to provide clarity.

REASON FOR CHANGE:

This change is necessary to incorporate provisions of the HEOA.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Subsection 4.4.C, page 22, column 1, as follows:

A school must ensure that entrance counseling is ~~conducted with~~ provided in a simple and understandable manner to all of the following:

- ~~Each~~ student borrower who is obtaining his or her first Stafford loan for attendance at that school—unless the student previously received a Stafford or Federal Direct Stafford loan for attendance at another school.
- ~~A school also must ensure that entrance counseling is conducted with~~ Each graduate or professional student borrower who is obtaining his or first Grad PLUS loan, unless he or she has previously received a PLUS loan, or a Direct PLUS loan.

Entrance counseling must be provided before the first disbursement of a loan is released and may be conducted by any of the following methods:

- In-person presentation.
- ~~Audiovisual presentation.~~
- Separate written form provided to the borrower that the borrower signs and returns to the school.
- Interactive electronic means, with the borrower acknowledging receipt of the information.

[HEA §485(I)(1)(B)(i)]

If entrance counseling is conducted through interactive electronic means, the school must ~~take reasonable steps to~~ ensure that each student borrower receives the counseling materials and participates in and completes the counseling. The school must ensure that an individual with expertise in Title IV programs is reasonably available shortly after the counseling has been conducted to answer questions regarding these programs. As an alternative, the school may provide the required counseling through written materials for students enrolled in a correspondence program or a study-abroad program that the home institution approves for credit.

[HEA §485(I); and §682.604(f)(1) and (2)]

When counseling is conducted by another party ~~or by interactive electronic means~~, the school remains responsible for ensuring that each student borrower receives the counseling materials and participates in and completes entrance counseling.

[§682.604(f)(3)]

A school must ensure that information on the following subjects is provided to a first-time Stafford borrower or a first-time Grad PLUS borrower who has not received a prior Stafford or Federal Direct Stafford loan:

- The use of the Master Promissory Note (MPN). This may include . . .
- The seriousness and importance of the repayment obligation that the student is assuming.
[§682.604(f)(1)(ii); §682.604(f)(1) and (2)(iii)]
- How interest accrues and is capitalized during periods when the interest is not paid by either the borrower or the Department.
- In the case of a PLUS loan or unsubsidized Stafford loan, that the borrower has the

option to pay interest that accrues while the borrower is in school.
[HEA §485(l)(2)(C) and (D)]

- The effect of accepting the loan on the eligibility of the borrower for other forms of student financial assistance.
[HEA §485(l)(2)(A)]
- The definition of half-time enrollment at the school, during both regular and summer terms and the consequences of not maintaining half-time enrollment.
[HEA §485(l)(2)(E)]
- The importance of contacting the appropriate offices at the school if the student withdraws prior to completing their program so that the school can provide exit counseling that will include information on the borrower's repayment options and loan consolidation.
[HEA §485(l)(2)(F)]
- The name and contact information for the individual the borrower may contact if the borrower has any questions about the borrower's rights and responsibilities or the terms and conditions of the loan.
[HEA §485(l)(2)(K)]
- The obligation to repay the full amount of the Stafford or Grad PLUS loan, even if the student borrower does not complete the program or complete the program within the regular time frame normally required for program completion, or is otherwise dissatisfied with or does not receive the educational or other services that the student purchased from the school (the school or the school designee must provide this information to all of the school's student borrowers except those who receive a loan made or originated by the school).
[HEA §485(l)(2)(H); §682.604(f)(1)(iv); §682.604(f)(2)(iii); ~~§682.604(f)(2)(iii)~~]
- The student borrower must be provided with sample monthly repayment amounts based on a range of student levels of indebtedness or on the average indebtedness of Stafford loan borrowers or, depending on the type of loan the borrower has obtained, Grad PLUS loan borrowers, at the same school or in the same program of study at the same school.
[§682.604(f)(1)(v)]
- The availability of the National Student Loan Data System (NSLDS) and how the borrower can use the information found there.
[HEA §485(l)(2)(J)]
- The likely consequences of default, including adverse credit reports, federal delinquent debt collection procedures, federal offset, and litigation.
[§682.604(f)(1)(ii); §682.604(f)(2)(iii)]

Revise Subsection 4.4.C, page 23, column 2, paragraph one, as follows:

A school must maintain a record to substantiate the school's compliance with the entrance counseling requirement for each borrower. For detailed information on entrance counseling, a school may consult §682.604(f) and the ~~07-08~~ 08-09 FSA Handbook, Volume 2, Chapter 6, pp. ~~2-78 to 79~~ 2-80 to 81.

PROPOSED LANGUAGE - COMMON BULLETIN:

Entrance Counseling

The *Common Manual* has been updated to include statutory changes resulting from the Higher Education Opportunity Act. Revised policy includes all the information that a school must ensure a student receives during entrance counseling. Revised policy expands counseling specific to Grad PLUS borrowers and makes it consistent with counseling applicable to Stafford borrowers. In addition to the existing requirements, a school must also include information about each of the following:

- How interest accrues and is capitalized during periods when the interest is not paid by either the borrower or the Department.
- That the borrower has the option to pay accruing interest on any unsubsidized loan while the borrower is in school.
- The effect of accepting the loan on the eligibility of the borrower for other forms of student financial assistance.
- The definition of half-time enrollment during regular and summer terms, and the consequences of not maintaining half-time enrollment.
- The importance of contacting the appropriate school offices if the student intends to withdraw.
- The name and contact information for a party whom the student may contact with questions about rights, responsibilities, loan terms and conditions.
- That the student must repay the loan in full, even if the student does not complete the program or if the student does not complete the program in the regular time.
- The availability of the NSLDS and how the borrower can use the information found there.
- Federal delinquent debt collection procedures.

Revised policy has deleted audiovisual presentation as an acceptable means of entrance counseling. Acceptable entrance counseling methods are in-person; through interactive electronic means with the borrower acknowledging receipt of the information; and in separate written form provided to the borrower that the borrower signs and returns to the school.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

Both Stafford and Grad PLUS borrowers will be provided more information on loan acceptance responsibilities and the effect on eligibility for other types of aid, at least half-time attendance in all Title IV loan programs to remain eligible, delinquent debt collection procedures, and contact information for withdrawal or questions they may have.

School:

A school must update its entrance counseling materials and presentations or ensure that entrance counseling materials and presentations provided by the school or any third party are up-to-date.

Lender/Service:

A lender who offers entrance counseling materials to schools may be required to update its materials and presentations.

Guarantor:

A guarantor who offers entrance counseling materials to schools may be required to update its entrance counseling materials and presentations. A guarantor may be required to update its program review procedures regarding entrance counseling requirements for a school.

U.S. Department of Education:

The Department may be required to update its program review procedures regarding entrance counseling requirements for a school.

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

om/edited-rl

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: January 9, 2009

X	DRAFT	Comments Due	Jan 30
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Exit Counseling

AFFECTED SECTIONS: 4.4.D Exit Counseling

POLICY INFORMATION: 1091/Batch

EFFECTIVE DATE/TRIGGER EVENT: Exit counseling materials for Stafford and Grad PLUS borrowers on or after 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.

BASIS:

HEA §485(b), as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315.

CURRENT POLICY:

Current policy does not include expanded information that a school must ensure a student receives during exit counseling.

REVISED POLICY:

Revised policy expands information that a school must ensure a student receives during exit counseling. Revised policy expands counseling specific to Grad PLUS borrowers and makes it consistent with counseling applicable to Stafford borrowers. In addition to the existing requirements, a school must include information about each of the following:

- The different features of the repayment options and the difference in interest paid and total payment under each and about the effect that a longer repayment period has on interest accrual and payment.
- The student's options to prepay a loan, to request a shorter repayment term, and select another repayment plan.
- Federal delinquent debt collection procedures.
- Forbearance, deferment, loan cancellation, forgiveness, and discharge options for all Title IV loans.
- The effect of consolidation on total interest, fees to be paid, the length of repayment, the grace period, forgiveness, cancellation, and deferment opportunities.
- The borrower's option to prepay the Consolidation loan or change the repayment plan, and a statement that borrower benefit programs may vary from lender to lender.
- Tax benefits available to borrowers.
- The availability of the NSLDS and how the borrower can use the information found there. In addition, a school must ensure that the student is provided the NSLDS disclosure form developed by the Department.

Revised policy also requires the school to ensure that the borrower is provided a copy of the Department's publication that describes federal student finance programs.

Further, revised policy deletes redundant text and makes other non-substantive changes to provide clarity.

REASON FOR CHANGE:

These changes are necessary to incorporate provisions of the HEOA.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 4.4.D, page 23, column 2, paragraph 2, as follows:

A school must ensure that exit counseling is conducted shortly before any Stafford or Grad PLUS loan borrower ceases enrollment on at least a half-time basis. The exit counseling may be conducted in person, by audiovisual presentation, or by interactive electronic means through the financial aid office or by another party. The school must ensure that an individual with expertise in Title IV programs is reasonably available shortly after the exit counseling has been conducted to answer the student borrower's questions.

If a student borrower withdraws without the school's prior knowledge, or fails to complete the required exit counseling, the school must ensure that exit counseling ~~is~~ was provided through interactive electronic means or by mailing written materials to the student borrower at his or her last known address within 30 days after learning that the student borrower withdrew from school or failed to complete the exit counseling as required. . . .

When counseling is conducted by another party or by interactive electronic means, the school remains responsible for ensuring that each student borrower receives the counseling materials and participates in and completes exit counseling. A school must maintain a record to substantiate the school's compliance with exit counseling requirements for each student.
[§682.604(g)(3)]

The school must ensure that the student borrower provides

The school must ensure the information on the following subjects is provided to the student borrower during exit counseling:

- . . .
- Available repayment options including standard, graduated, extended and income-sensitive repayment plans and loan consolidation, including a description of the different features of the repayment options and the difference in interest paid and total payments under each.
[HEA §485(b)(1)(A) (I); §682.604(g)(2)(iv)]
- Debt management strategies that would facilitate repayment including an explanation of the borrower's options to prepay each loan, pay each loan on a shorter schedule, and change repayment plans.
[HEA §485(b)(1)(A) (ii) and (iii); §682.604(g)(2)(iii)]
- For all Title IV loans, the terms and conditions under which the student borrower may defer or forbear repayment, or obtain a full or partial discharge, forgiveness or cancellation of the principal and interest.
[HEA §485(b)(1)(A)(iv) and (v); §682.604(g)(2)(v)]
- The seriousness and importance of the repayment obligation that the student has assumed.
[§682.604(g)(2)(iv)]
- The likely consequences of default, including adverse credit reports, federal delinquent debt collection procedures, federal offset, and litigation.
[HEA §485(b)(1)(A)(vi); §682.604(g)(2)(iv)]
- Information on the effects of loan consolidation, including all of the following:
 - The total interest to be paid, fees to be paid, and the length of repayment.
 - How consolidation affects a borrower's underlying loan benefits, including grace periods, loan forgiveness, cancellation, and deferment opportunities.

- That the borrower has the option to prepay the Consolidation loan or to change repayment plans.
- A statement that borrower benefits vary among lenders.
[HEA §485(b)(1)(vii)]
- A general description of the types of tax benefits that may be available to borrowers.
[HEA §485(b)(1)(viii)]
- The availability of the Student Loan Ombudsman's Office.
[§682.604(g)(2)(iiv)]
- The use of the Federal Stafford Loan Master Promissory Note (Stafford MPN).
[§682.604(g)(2)(iv)]
- The obligation to repay the full amount of the loan-even if the student borrower has not completed the program, is unable to obtain employment upon completion, or is otherwise dissatisfied with or does not receive the educational or other services the student purchased from the school. (The school or the school designee must provide this information to all of the school's student borrowers except those who receive a loan made or originated by the school.
[§682.604(g)(2)(iv)]
- The availability of Title IV loan information in the National Student Loan Data System and how it can be used to obtain information on the status of the borrower's loans. In addition, a school must ensure that the student is provided the NSLDS disclosure form developed by the Department.
[HEA §485(b)(1)(vii) and §485(B)(d)(3)]
- A copy of the Department's publication that describes federal student finance assistance programs.
[HEA §485(b)(A)(iv)and §485(d)(1)]

*As of this writing, the Department has not informed the FFELP community which of its publications it intends to use to fulfill the requirements described in the latter two bullets above.

To improve a student's understanding of his or her loan repayment

- The current name and address . . .
- . . .
- . . .
- . . .
- ~~An overview of the advantages and disadvantages of loan consolidation:~~
~~{08-09 FSA Handbook, Volume 2, Chapter 6, pp. 2-82 - 84}~~

~~A school that conducts exit counseling by interactive electronic means must take reasonable steps to ensure that each student receives the counseling materials, and participates in and completes the counseling. Schools are required to maintain a record to substantiate the school's compliance with exit counseling requirements for each student.~~
~~{§682.604(g)(3)}~~

Additional information that the Department recommends including in exit counseling can be found in the ~~07-08~~ 08-09 Handbook, Volume 2, Chapter 6, pp 2-~~80~~ 82 to 2-~~84~~ 83.

PROPOSED LANGUAGE - COMMON BULLETIN:
Exit Counseling

The *Common Manual* has been updated to include statutory changes resulting from the Higher Education Opportunity Act. Revised policy expands counseling specific to Grad PLUS borrowers and makes it consistent with counseling applicable to Stafford borrowers. In addition to the existing requirements, a school must include information about each of the following:

- The different features of each of the repayment options and the difference in interest paid and total payment under each and about the effect that a longer repayment period has on interest accrual and payment.
- The student's options to prepay a loan, to request a shorter repayment term, or select another repayment plan.
- Federal delinquent debt collection procedures.
- Forbearance, deferment, loan cancellation, forgiveness, or discharge options for all Title IV loans.
- The effect of consolidation on total interest, fees to be paid, the length of repayment, the grace period, forgiveness, cancellation, and deferment opportunities.
- The borrower's option to prepay the Consolidation loan or change the repayment plan, and a statement that borrower benefit programs may vary from lender to lender.
- Tax benefits available to borrowers.
- The availability of the NSLDS and how the borrower can use the information found there. In addition, a school must ensure that the student is provided the NSLDS disclosure form developed by the Department.

The school must also ensure that the borrower is provided a copy of the Department's publication that describes federal student finance programs.

**As of this writing, the Department has not informed the FFELP community which of its publications it intends to use to fulfill the requirements described in the last bullet and the sentence above.*

The *Common Manual* has also been updated to delete redundant text and makes other non-substantive changes to provide clarity.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

Both Stafford and Grad PLUS borrowers will be afforded more information on forbearance, deferment, cancellation, forgiveness, and discharge provisions in all Title IV loan programs, higher education tax benefits, the NSLDS, delinquent debt collection procedures, and the effects of consolidation on the benefits he or she may otherwise have on loans included in the consolidation.

School:

A school must update its exit counseling materials and presentations or ensure that exit counseling materials and presentations provided by the school or any third party are up-to-date.

Lender/Service:

A lender who offers exit counseling materials and services to schools may be required to update its materials and presentations.

Guarantor:

A guarantor who offers exit counseling materials and services to schools may be required to update its exit counseling materials and presentations. A guarantor may be required to update its program review procedures regarding exit counseling requirements for a school.

U.S. Department of Education:

The Department must publicize the location of its publication that describes financial assistance programs.

The Department may be required to update its exit counseling materials and program review procedures regarding exit counseling requirements for a school.

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

om/edited-rl

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: January 9, 2009

X	DRAFT	Comments Due	Jan 30
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Academic Year Categories for Determining Annual Loan Limit Frequency

AFFECTED SECTIONS: 6.1.B Academic Year Categories
Figure 6-2 Frequency of Stafford Annual Loan Limits
Appendix G

POLICY INFORMATION: 1092/Batch 157

EFFECTIVE DATE/TRIGGER EVENT: Publication date of Volume 3 of the 08-09 FSA Handbook.

BASIS:
08-09 FSA Handbook, Volume 3, Chapter 5, pp. 3-80 to 3-85.

CURRENT POLICY:

Current policy permits the use of a scheduled academic year (SAY) to determine the frequency of annual loan limits only for a standard term-based credit-hour program that is offered in a traditional academic calendar. Current policy restricts a nonstandard term-based credit-hour program with substantially equal terms of at least nine weeks of instructional time (SE9W) to the use of a borrower-based academic year (BBAY) to determine the frequency of annual loan limits.

REVISED POLICY:

Revised policy in Subsection 6.1.B adopts the FSA Handbook abbreviation for programs with nonstandard terms that are substantially equal and at least nine weeks of instructional time in length (SE9W), and the FSA Handbook standard for identifying the different BBAY categories that apply to different types of academic programs: BBAY1, BBAY2, and BBAY3. Revised policy permits programs using nonstandard terms that are SE9W in a traditional academic year calendar to use an SAY as an option to a BBAY to determine the frequency of annual loan limits.

Revised policy clarifies the beginning date of a BBAY for programs that are eligible to use BBAY1 (programs with standard terms or nonstandard terms that are SE9W and are offered in a traditional academic year calendar) and BBAY2 (programs with standard terms or nonstandard terms that are SE9W and are *not* offered in a traditional academic year calendar). A BBAY in these programs cannot begin with a term in which the student is not enrolled. However, a BBAY may begin with a term in which the student is enrolled less than half-time, except that the student is not eligible to receive, or receive the benefit of, a loan for that initial term.

Revised policy clarifies that once the calendar period associated with all of the terms in an SAY, BBAY1, or BBAY2 has elapsed, a student regains eligibility for a new annual loan limit for a new BBAY regardless of whether the student attends all of the terms or completes all of the credit hours or weeks of instructional time in the program's Title IV academic year.

Revised policy states that BBAY3 must be used for a clock-hour program, a non-term-based credit-hour program, a nonstandard term-based program with terms that are *not* SE9W, and a credit-hour program with standard and nonstandard terms that does not qualify to use an SAY.

Revised policy clarifies loan proration requirements for a student who is enrolled in a nonstandard-term-based credit-hour program with terms that are *not* SE9W, a non-term-based credit-hour program, and a clock-hour program that is *exactly one academic year in length*. If the average student successfully completes the clock or credit hours in the program in the weeks of instructional time allotted for program completion, the school is not required to prorate the annual loan limit for the occasional student who successfully completes the clock or credit hours in the program in fewer weeks of instructional time. However, revised policy requires a student enrolled in such a program that is *more* than one academic year in length to successfully complete the number of clock or credit hours *and* complete the weeks of instructional time in the program's Title IV academic year before he or she gains eligibility to receive another loan for a new BBAY. Revised policy provides an example.

Figure 6-2, "Frequency of Stafford Annual Loan Limits," has been revised with corresponding changes.

Appendix G includes new a new definition of "SE9W" relative to a non-standard term-based credit-hour program, including information about what is *not* SE9W and an example. The existing glossary reference to the acronym "BBAY" has been expanded to include separate references to "BBAY1," "BBAY2," and "BBAY3," all of which are cross-referenced to the glossary definition of "Borrower-Based Academic Year." The glossary definition of "Borrower-Based Academic Year" has been expanded to include separate, high-level definitions of BBAY1, BBAY2, and BBAY3, with a cross reference for additional information to Subsection 6.1.B and the 08-09 FSA Handbook, Volume 3, Chapter 5.

REASON FOR CHANGE:

This change is required to incorporate Departmental guidance found in Volume 3 of the 08-09 FSA Handbook concerning frequency of annual loan limits.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 6.1.B, page 2, column 1, paragraph 1, as follows:

6.1.B

Academic Year Categories

~~Typically~~ Generally, there are two categories of academic year that determine the frequency of Stafford annual loan limits:

- A scheduled academic year (SAY) that corresponds to a traditional academic year calendar (~~e.g., fall and spring semesters, or fall, winter, and spring quarters~~). An SAY is a ~~"fixed" academic-fixed~~ period of time that generally begins and ends at about the same time each calendar year according to an established schedule that is published in a school's catalog or other materials. Summer terms are generally not considered to be part of the SAY, but for loan limit purposes they are treated as a "header" or "trailer" to the SAY, as explained below.

[08-09 FSA Handbook, Volume 3, Chapter 5, pp. 3-79 and 3-80]

For a standard term-based credit-hour program, a traditional academic year includes, for example, fall and spring semesters, or fall, winter, and spring quarters. For a nonstandard term-based credit hour program with substantially equal terms that are at least nine weeks of instructional time in length (SE9W), a traditional academic year includes 2 or more nonstandard terms in the fall through spring. Nonstandard terms are considered substantially equal in length if no term in the loan period is more than two weeks of instructional time longer than any other term in the loan period.

[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-79]

- A borrower-based academic year (BBAY) that does not have a fixed beginning or ending date. A BBAY begins when a student, or a group of students, begins attendance and tracks the student's (or group's) attendance and progress in a program of study.

[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-82]

Although there is no annual loan limit for a parent or Grad PLUS loan, a school must certify a parent or Grad PLUS loan for the same SAY or BBAY loan period that is used for the student's Stafford loan.

~~[07-08~~ 08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-78~~9~~]

Both the SAY and the BBAY must meet the minimum statutory requirements for an academic year. One exception to this rule is that a BBAY that is used as an alternative to a program with an SAY in a standard term-based, credit-hour program and that includes a summer term may include fewer than 30 weeks of instructional time or fewer credit hours than the minimum number required for an SAY.

[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-82]

~~For clock-hour programs and nonstandard term-based and non-term-based credit-hour programs, a school must use a BBAY. For a standard term-based credit-hour programs that~~

~~are~~ is offered in a traditional academic year calendar or a credit-hour program with nonstandard terms that are SE9W using a traditional academic year calendar, a school may use either an SAY or BBAY (referred to in discussion below as BBAY1). ~~For standard term-based program such programs that is are not~~ offered in a traditional academic year calendar, a school must use a BBAY (referred to in discussion below as BBAY2).
[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-82]

For a clock-hour program, a non-term-based credit-hour program, and a credit-hour program with nonstandard terms that are not SE9W, a school must use a BBAY (referred to in discussion below as BBAY3).
[08-09 FSA Handbook, Volume 3, Chapter 5, p.3-83]

There are significant differences ~~between a~~ in how a school determines that a student has completed a BBAY for a ~~standard term-based~~ credit-hour program with standard terms or nonstandard terms that are SE9W and versus a BBAY for a clock-hour, a non-term-based credit-hour, or a nonstandard term-based credit-hour program with terms that are not SE9W. See the discussion that follows for additional information.

Standard Term-Based, Credit-Hour Programs with Standard Terms or Nonstandard Terms That Are SE9W Offered in a Traditional Academic Year Calendar: Using an SAY

~~A school with~~ For a standard term-based credit-hour program with standard terms or nonstandard terms that are SE9W, using an SAY that corresponds to a traditional academic year calendar, the school must designate the summer term as either a "header" (precedes the academic year) or a "trailer" (follows the academic year). (See the discussion in this Subsection under the subheading *Academic Year Categories* for additional information.) A school may consistently designate the summer term as either a header or trailer with no exceptions. The A school has may also choose any one of the following options, provided there is no overlap in academic years:

- ~~The school may consistently designate the summer term as either a header or a trailer with no exceptions~~
- The school may consistently designate the summer term as either a header or a trailer with some exceptions (e.g., for different programs or for individual students) that are determined by the school on a case-by-case basis.
- The school may make all decisions regarding the use of the summer term as a header or a trailer on a case-by-case basis.

The annual loan limit applies to the SAY, plus the summer trailer or header. Once the calendar period associated with all of the terms in the SAY has elapsed, a student regains eligibility for a new annual loan limit regardless of whether the student attends all of the terms or completes all of the credit hours or weeks of instructional time in the program's Title IV academic year.

[08-09 FSA Handbook, Volume 3, Chapter 5, pp. 3-79 and 3-80]

Standard Term-Based, Credit-Hour Programs Using Standard Terms or Nonstandard Terms That Are SE9W Offered in a Traditional Academic Year Calendar: Using a BBAY1

If a program is offered in an SAY, the school may use BBAY1 as an alternative to the SAY for monitoring annual loan limit progression. If a BBAY1 is used, the school must include the same number of consecutive terms in the BBAY as it includes in the program's SAY, excluding a summer term designated as a "header" or "trailer" to the SAY. (See the discussion in this Subsection under the subheading *Academic Year Categories* for additional information.) For example, if the SAY includes three quarter terms (fall, winter, and spring), a BBAY would consist of any three consecutive terms. Mini-sessions (summer or otherwise) must be combined and treated as a single term. The borrower is not required to attend the entire BBAY but the loan period must coincide with the student's attendance. The BBAY must begin with a term in which the student actually is enrolled but may include a term in which the

~~student is not enrolled.~~ The BBAY may include a term(s) in which the student does not enroll if the student could have enrolled at least half time in that term(s), but the BBAY must begin with a term in which the student is actually enrolled. A student may be enrolled less than half-time for the first term in the BBAY, although the student is not eligible to receive, or receive the benefit of, a loan for that initial term. Mini-sessions (summer or otherwise) that are offered consecutively within a term must be combined and treated as a single term.

A school ~~must~~ may use a BBAY¹ for all students, for students enrolled in certain programs, or on a student-by-student basis. For example, a school may use BBAY¹ for a student who is enrolled in a program that begins in a term other than the first term of the SAY. The school may also alternate between a BBAY¹ and an SAY for the same student, allowing a student to receive another annual loan limit sooner than would be permitted under the SAY. However the school must ensure that it does not establish overlapping academic years for a student. [07-08 08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-80²]

The annual loan limit applies to the BBAY. Once the calendar period associated with all of the terms in BBAY¹ has elapsed, a student regains eligibility for a new annual loan limit regardless of whether the student attends all of the terms or completes the credit hours or weeks of instructional time in the program's Title IV academic year. [08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-82]

Standard Term-Based, Credit-Hour Programs Using Standard Terms or Nonstandard Terms That Are SE9W Not Offered in a Traditional Academic Year Calendar: Using BBAY2

If a school has a program that is not offered in a traditional academic year calendar (i.e., one that corresponds to an SAY), the school must use a BBAY². (See the discussion in this subsection under the subheading *Academic Year Categories* for additional information.) The BBAY for a program that is not offered in an SAY must always include enough consecutive terms to meet the program's Title IV academic year requirements for weeks of instructional time. If the program uses semesters or trimesters terms, a BBAY consists of at least two consecutive terms. If the program uses quarters terms, a BBAY consists of at least three consecutive terms. If the program uses nonstandard terms that are SE9W, a BBAY consists of the number of consecutive terms that coincide with the weeks of instructional time in the program's academic year. Mini-sessions (summer or otherwise) must be combined and treated as a single standard term. A BBAY may include a term(s) that a student does not attend if the student could have enrolled at least half time during that term(s), but the BBAY must begin with a term in which the student is actually enrolled. The BBAY for programs that are not offered in a traditional academic year calendar must always include enough terms to meet the minimum Title IV academic year requirements for weeks of instructional time. The BBAY may include a term(s) in which the student does not enroll if the student could have enrolled at least half time in that term(s), but the BBAY must begin with a term in which the student is actually enrolled. A student may be enrolled less than half-time for the first term in the BBAY, although the student is not eligible to receive, or receive the benefit of, a loan for that initial term. Mini-sessions (summer or otherwise) must be combined and treated as a single standard term.

[07-08 08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-84² and 3-83]

~~A student enrolled in a standard term-based credit-hour program enters a new academic year for annual loan limit purposes when the calendar time for the SAY or BBAY has elapsed, regardless of whether the student attends all of the terms or completes all of the credits in the academic year.~~ The annual loan limit applies to the BBAY. Once the calendar period associated with all of the terms in BBAY² has elapsed, a student regains eligibility for a new annual loan limit regardless of whether the student attends all of the terms or completes all of the credit hours or weeks of instructional time in the program's Title IV academic year. [\$682.603(g)(1); 08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-82 and 3-83]

Nonstandard Term-Based Programs with Substantially Equal Terms of at Least Nine Weeks of Instructional Time

~~For a program with nonstandard terms that are substantially equal, and no term in the loan~~

period is less than nine weeks of instructional time in length, the student enters a new academic year for annual loan limit purposes when the calendar time for the academic year has elapsed. Terms are considered substantially equal in length if no term in the loan period is more than two weeks of instructional time longer than any other term in that loan period. {§682.603(g)(1) and (4)}

Clock-Hour Programs, Non-Term-Based Credit-Hour Programs, and Nonstandard Term-Based Credit-Hour Programs with Terms That Are *Not* Substantially Equal or Not at Least Nine Weeks of Instructional Time SE9W: Using BBAY3

For clock-hour programs, non-term-based credit-hour programs, and nonstandard term-based programs with terms that are not substantially equal or are not at least nine weeks of instructional time in length, the BBAY begins when the student enrolls and does not end until the student completes both the required number of weeks and the required number of clock or credit hours in the academic year. A school must use BBAY3 for any of the following programs:

- A clock hour program.
- A non-term-based credit-hour program.
- A credit-hour program with nonstandard terms that are *not* SE9W, i.e., the terms are not substantially equal in length, or each term is not at least nine weeks of instructional time in length.
- A credit-hour program with standard terms and nonstandard terms that does not qualify to use an SAY.

BBAY3 begins when the student enrolls and does not end until the student successfully completes (i.e., passes) the number of credit or clock hours and completes the weeks of instructional time in the program's Title IV academic year. For a student enrolled in a nonstandard term-based program with terms that are not SE9W, the number of terms that have elapsed is irrelevant.

The annual loan limit applies to the BBAY. Once a student successfully completes (i.e., passes) the number of credit or clock hours and completes the weeks of instructional time in the program's Title IV academic year, a new BBAY begins and the student regains eligibility for a new annual loan limit. A student's enrollment status may affect how soon the student regains eligibility for a new annual loan limit. A student who does not attend on a full-time basis will take longer to complete the academic year than a full-time student.
[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-83]

These types of programs frequently allow a student to complete the program at his or her own pace. ~~As a result, one~~ A student who is enrolled in a program that is exactly one academic year in length, e.g., 900 clock hours and 26 weeks of instructional time, may successfully complete 900 clock hours in 22 weeks while another may successfully complete 900 clock hours in 32 30 weeks. If the average student successfully completes the program in 30 26 weeks, the school is not required to prorate the loan amount for the occasional student who successfully completes the program in less than 30 26 weeks (see Subsection 6.11.F). A student who is enrolled in a program that is more than one academic year in length cannot receive a subsequent loan for a new BBAY until the student has completed both the number of clock or credit hours and the weeks of instructional time in the initial BBAY. For example, a student is enrolled in a program of 1800 clock hours and 52 weeks of instructional time in which the Title IV academic year is defined as 900 clock hours and 26 weeks of instructional time. The student successfully completes 900 clock hours in 22 weeks of instructional time. However, the student must also complete the 26 weeks of instructional time in the program's academic year before the student gains eligibility to receive another loan for a new BBAY.
[07-08 08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-843 and 3-85]

~~A student enrolled in one of these types of programs enters a new academic year for annual loan limit purposes only after the student successfully completes both the weeks and the~~

clock or credit hours in the academic year.
[§682.603(g)(2) and (3)]

Revise Figure 6-2, page 6, as follows:

See attached chart.

Revise Appendix G, page 3, column 1, paragraph 2, as follows:

...

BBAY (and BBAY1, BBAY2, BBAY3): See Borrower-Based Academic Year.

Blanket Endorsement: ...

Borrower: ...

Borrower-Based Academic Year: (BBAY) An academic year that is individualized per borrower and generally “floats” with the borrower’s attendance and progress of a student, or a group of students, in a program of study for the purpose of determining Stafford annual loan limit frequency. ~~There are significant differences between a BBAY for a standard term-based credit-hour program, and a BBAY for a clock-hour, non-term-based credit-hour, or nonstandard term-based credit-hour program.~~ There are three different types of BBAY, as follows:

- BBAY1: BBAY1 may be used as an option to a scheduled academic year (SAY) for either of the following program types, provided the program is offered in a traditional academic year calendar, i.e., a fixed period of time that generally begins and ends at about the same time each calendar year:
 - A standard term-based credit-hour program.
 - A credit-hour program with nonstandard terms that are substantially equal and at least nine weeks of instructional time in length (SE9W). Nonstandard terms are considered substantially equal in length if no term in the loan period is more than two weeks of instructional time longer than any other term in the loan period.

BBAY1 must include the same number of consecutive terms as in the program’s SAY, excluding a summer term the school designates as a “header” or “trailer” to the SAY. A BBAY that is used as an alternative to a program with an SAY and that includes a summer term may include fewer than 30 weeks of instructional time or fewer credit hours than the minimum number required for an SAY.

- BBAY2: BBAY2 must be used for a standard term-based credit-hour program or a credit-hour program with nonstandard terms that are SE9W that is not offered in a traditional academic year calendar (i.e., one that corresponds to an SAY). BBAY2 must always include enough consecutive terms to meet the program’s Title IV academic year requirements for credit hours and weeks of instructional time.
- BBAY3: BBAY3 must be used for a clock-hour program, a non-term-based credit-hour program, and a credit-hour program with nonstandard terms that are *not* SE9W, (i.e., the terms are not substantially equal, or each term is not at least nine weeks of instructional time in length). BBAY3 must also be used for a credit-hour program with standard and nonstandard terms that does not qualify to use an SAY. BBAY3 begins when the student enrolls and does not end until the student successfully completes (i.e., passes) the clock or credit hours and completes the instructional weeks in the program’s Title IV academic year.

For additional information, see Subsection 6.1.B, Figure 6-2, and the ~~07-08~~ 08-09 FSA

handbook, Volume 3, Chapter 5, p. 3-78 to ~~3-84~~ 3-85 and p. ~~3-86~~ 3-94.

Borrower-Specific Deferment: . . .

. . .

Revise Appendix G, page 18, column 1, by adding a new paragraph 2, as follows:

Satisfactory Repayment Arrangement: . . .

SAY: See Scheduled Academic Year.

Scheduled Academic Year: (SAY) ~~The “fixed” academic~~ An academic year that corresponds to a traditional academic year calendar, i.e., a fixed period of time, as published in a school’s printed materials, that generally begins and ends at the same time each year according to an established schedule. The SAY is the academic period to which the statutory program’s definition of an Title IV academic year must be applied and must meet the minimum statutory requirements of an academic year for weeks of instructional time as defined by the Department. Schools may not use a SAY for borrowers enrolled in clock-hour and non-term-based credit-hour programs of study. A standard term-based credit-hour program or a credit-hour program with nonstandard terms that are substantially equal and at least nine weeks of instructional time in length (SE9W) may use an SAY if the program is offered in a traditional academic year calendar. The summer term may be treated as an add-on at the beginning (header) (header) or end (trailer) of the SAY. For additional information, see Section 6.1 and the 07-08 Subsection 6.1.B and the 08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-79 to 3-81, and p. 3-94.

School: . . .

School-Affiliated Organization:

School Lender:

SE9W: In a nonstandard term-based credit-hour program, the terms are referred to as “SE9W” if they are substantially equal in length and each term is at least nine weeks of instructional time in length. Nonstandard terms are considered substantially equal in length if no term in the loan period is more than two weeks of instructional time longer than any other term in the loan period. If a nonstandard term-based credit-hour program has terms that are not substantially equal in length, or if each term is not at least nine weeks of instructional time in length, the terms are not SE9W. For example, a nonstandard term-based, credit-hour program has terms that are 8 weeks of instructional time in length. While the nonstandard terms in this program are substantially equal in length (i.e., no term is more than 2 weeks longer than any other term), the terms are not at least 9 weeks of instructional time in length. Therefore, the nonstandard terms in this program are not SE9W.
[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-79]

Secondary Market:

. . .

PROPOSED LANGUAGE - COMMON BULLETIN:

SAY and BBAY

The *Common Manual* has been updated to include guidance from the FSA Handbook concerning the use of a scheduled academic year (SAY) and a borrower-based academic year (BBAY) for the purpose of determining annual loan limit frequency in all types of programs.

An SAY corresponds to a traditional academic year calendar. An SAY is a fixed period of time that generally begins and ends at about the same time each calendar year according to an established schedule that is published in a school's catalog or other materials. Summer terms are generally not considered to be part of the SAY, but for loan limit purposes they are treated as a “header” or “trailer” to the SAY, as explained below.

For a standard term-based credit-hour program, the traditional academic year includes, for example, fall and spring semesters, or fall, winter, and spring quarters. For a nonstandard term-based credit-hour program with substantially equal terms that are at least nine weeks of instructional time in length (SE9W), a traditional academic year includes 2 or more nonstandard terms in the fall through spring. Nonstandard terms are considered substantially equal in length if no term in the loan period is more than two weeks of instructional time longer than any other term in the loan period.

For standard term-based credit-hour programs that are offered in a traditional academic year calendar or credit-hour programs with nonstandard terms that are SE9W using a traditional academic year calendar, a school may use either an SAY or a BBAY (BBAY1). For such programs that are *not* offered in a traditional academic year calendar, a school must use a BBAY (BBAY2).

For clock-hour programs, non-term-based credit-hour programs, and credit-hour programs with nonstandard terms that are *not* SE9W, a school must use a BBAY (BBAY3).

There are significant differences in how a school determines that a student has completed a BBAY for a credit-hour program with standard terms or nonstandard terms that are SE9W versus a BBAY for a clock-hour program, a non-term-based credit-hour program, or a credit-hour program with nonstandard terms that are not SE9W.

Credit-Hour Programs with Standard Terms or Nonstandard Terms That Are SE9W Offered in a Traditional Academic Year Calendar: Using an SAY

For a credit-hour program with standard terms or nonstandard terms that are SE9W using an SAY that corresponds to a traditional academic year calendar, the school must designate the summer term as either a "header" (precedes the academic year) or a "trailer" (follows the academic year). A school may consistently designate the summer term as either a header or trailer with no exceptions. Provided there is no overlap in academic years, a school may also choose to consistently designate the summer term as either a header or trailer with some exceptions (e.g., for different programs or for individual students), or make all decisions regarding the use of the summer term as a header or trailer on a case-by-case basis.

The annual loan limit applies to the SAY, plus the summer trailer or header. Once the calendar period associated with all of the terms in the SAY has elapsed, a student regains eligibility for a new annual loan limit regardless of whether the student attends all of the terms or completes all of the credit hours or weeks of instructional time in the program's Title IV academic year.

Credit-Hour Programs with Standard Terms or Nonstandard Terms That Are SE9W Offered in a Traditional Academic Year Calendar: Using BBAY1

If a program is offered in an SAY, the school may use BBAY1 as an alternative to the SAY for monitoring annual loan limit progression. If BBAY1 is used, the school must include the same number of consecutive terms in the BBAY as it includes in the program's SAY, excluding a summer term designated as a "header" or "trailer" to the SAY. For example, if the SAY includes three quarter terms (fall, winter, and spring), a BBAY would consist of any three consecutive terms. A BBAY that is used as an alternative to a program with an SAY and that includes a summer term may include fewer than 30 weeks of instructional time or fewer credit hours than the minimum number required for an SAY. The BBAY may include a term(s) in which the student does not enroll if the student could have enrolled at least half time in that term(s), but the BBAY must begin with a term in which the student is actually enrolled. A student may be enrolled less than half-time for the first term in the BBAY, although the student is ineligible to receive, or receive the benefit of, a loan for that initial term. Mini-sessions (summer or otherwise) that are offered consecutively within a term must be combined and treated as a single term.

A school may use BBAY1 for all students, for students enrolled in certain programs, or on a student-by-student basis. For example, a school may use BBAY1 for a student who is enrolled in a program that begins in a term other than the first term of the SAY. The school may also alternate between BBAY1 and an SAY for the same student, allowing a student to receive another annual loan limit sooner than would be permitted under the SAY. However the school must ensure that it does not establish overlapping academic years for a student.

The annual loan limit applies to the BBAY. Once the calendar period associated with all of the terms in BBAY1 has elapsed, a student regains eligibility for a new annual loan limit regardless of whether the student attends all of the terms or completes the credit hours or weeks of instructional time in the program's Title IV

academic year.

Credit-Hour Programs with Standard Terms or Nonstandard Terms That Are SE9W Not Offered in a Traditional Academic Year Calendar: Using BBAY2

If a school has a program that is not offered in a traditional academic year calendar (i.e., one that corresponds to an SAY), the school must use BBAY2. The BBAY for programs that are not offered in an SAY must always include enough consecutive terms to meet the program's Title IV academic year requirements in weeks of instructional time. If the program uses semester or trimester terms, a BBAY consists of at least two consecutive terms. If the program uses quarter terms, a BBAY consists of at least three consecutive terms. If the program uses nonstandard terms that are SE9W, a BBAY consists of the number of consecutive terms that coincide with the weeks of instructional time in the program's academic year. The BBAY may include a term(s) in which the student does not enroll if the student could have enrolled at least half time in that term(s), but the BBAY must begin with a term in which the student is actually enrolled. A student may be enrolled less than half-time for the first term in the BBAY, although the student is ineligible to receive, or receive the benefit of, a loan for that initial term. Mini-sessions (summer or otherwise) must be combined and treated as a single standard term.

The annual loan limit applies to the BBAY. Once the calendar period associated with all of the terms in BBAY2 has elapsed, a student regains eligibility for a new annual loan limit regardless of whether the student attends all of the terms or completes all of the credit hours or weeks of instructional time in the program's Title IV academic year.

Clock-Hour Programs, Non-Term-Based Credit-Hour Programs, and Nonstandard Term-Based Credit-Hour Programs with Terms That Are Not SE9W: Using BBAY3

For a clock-hour program, a non-term-based credit-hour program, and a nonstandard term-based program with terms that are *not* SE9W (i.e., the terms are not substantially equal in length, or each term is not at least nine weeks of instructional time in length), a school must use BBAY3. A school must also use BBAY3 for a credit-hour program with standard terms and nonstandard terms that does not qualify to use an SAY.

BBAY3 begins when the student enrolls and does not end until the student successfully completes (i.e., passes) the number of credit or clock hours and completes the weeks of instructional time in the program's Title IV academic year. For a student enrolled in a nonstandard term-based program with terms that are not SE9W, the number of terms that have elapsed is irrelevant.

The annual loan limit applies to the BBAY. Once a student successfully completes (i.e., passes) the number of credit or clock hours and completes the weeks of instructional time in the program's Title IV academic year, a new BBAY begins and the student regains eligibility for a new annual loan limit. A student's enrollment status may affect how soon the student regains eligibility for a new annual loan limit. A student who does not attend on a full-time basis will take longer to complete the academic year than a full-time student.

These types of programs frequently allow a student to complete the program at his or her own pace. A student who is enrolled in a program that is exactly one academic year in length, e.g., 900 clock hours and 26 weeks of instructional time, may successfully complete 900 clock hours in 22 weeks while another may successfully complete 900 clock hours in 30 weeks. If the average student successfully completes the program in 26 weeks, the school is not required to prorate the loan amount for the occasional student who successfully completes the program in less than 26 weeks. A student who is enrolled in a program that is more than one academic year in length cannot receive a subsequent loan for a new BBAY until the student has successfully completed (i.e., passed) the number of clock or credit hours and completed the weeks of instructional time in the initial BBAY. For example, a student is enrolled in a program of 1800 clock hours and 52 weeks of instructional time in which the Title IV academic year is defined as 900 clock hours and 26 weeks of instructional time. The student successfully completes 900 clock hours in 22 weeks of instructional time. However, the student must complete the 26 weeks of instructional time in the program's academic year before a the student gains eligibility to receive another loan for a new BBAY.

Figure 6-2, "Frequency of Stafford Annual Loan Limits," has been updated with corresponding changes.

Appendix G includes new a new definition of "SE9W." In a nonstandard term-based credit-hour program, the terms are referred to as "SE9W" if they are substantially equal in length and each term is at least nine weeks of instructional time in length. Nonstandard terms are considered substantially equal in length if no term in the

loan period is more than two weeks of instructional time longer than any other term in the loan period. If a nonstandard term-based credit-hour program has terms that are not substantially equal in length, or if each term is not at least nine weeks of instructional time in length, the terms are *not* SE9W. For example, a nonstandard term-based, credit-hour program has terms that are 8 weeks of instructional time in length. While the nonstandard terms in this program are substantially equal in length (i.e., no term is more than 2 weeks longer than any other term), the terms are not at least 9 weeks of instructional time in length. Therefore, the nonstandard terms in this program are *not* SE9W.

The existing glossary definition of the acronym "BBAY" has been expanded to include references to "BBAY1," "BBAY2," and "BBAY3," all of which are cross-referenced to the glossary definition of "Borrower-Based Academic Year." The glossary definition of "Borrower-Based Academic Year" has been expanded to include separate, high-level definitions of BBAY1, BBAY2, and BBAY3, with a cross-reference for additional information to Subsection 6.1.B and the 08-09 FSA Handbook, Volume 3, Chapter 5.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A Stafford borrower enrolled in a credit-hour program with nonstandard terms that are SE9W offered in a traditional academic year calendar may have additional options for accessing annual loan limits.

School:

A school with nonstandard terms that are SE9W offered in a traditional academic year calendar will have additional options for determining Stafford annual loan limit frequency. A school may be required to update its financial aid policies and procedures to clarify the use, as appropriate, of an SAY and/or BBAY for the types of programs the school offers.

Lender/Servicer:

None.

Guarantor:

A guarantor may be required to provide additional training on the use of, as appropriate, SAY and BBAY1, BBAY2, and BBAY3 and modify its program review parameters for credit-hour programs with nonstandard terms that are SE9W.

U.S. Department of Education:

The Department may be required to modify its program review parameters for credit-hour programs with nonstandard terms that are SE9W.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

October 21, 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

Scheduled Academic Year		Borrower-Based Academic Year (BBAY)	Credit-Hour Programs with Nonstandard Terms That Are Not SE9W, Non-Term-Based Credit-Hour and Clock-Hour Programs (Includes Programs that Mix Nonstandard and Standard Terms With No SAY)
Credit-Hour Programs with Standard Terms or Nonstandard Terms That Are Substantially Equal and At Least Nine Weeks of Instructional Time (SE9W) Offered in a Scheduled Academic Year (SAY) (Including Such Programs Using Modules)		Credit-hour Programs with Standard Terms or Nonstandard Terms That Are SE9W Not Offered in an SAY (Including Such Programs Using Modules)	
May Use SAY	May Use BBAY1	Must Use BBAY2	Must Use BBAY3
<p>Standard Term-Based Credit-Hour Programs (including such programs offered in modules)</p> <p>SAY consists of a traditional academic year calendar that begins and ends at approximately the same time each calendar year</p> <p>SAY includes at least two semesters or trimesters or three quarters in fall through spring, or a comparable academic calendar with nonstandard terms that are SE9W</p> <p>SAY must at least meet the program's Title IV academic year requirements in credit hours and weeks of instructional time</p> <p>Student does not have to be enrolled in the first term of the SAY</p> <p>All Stafford loans borrowed during a SAY (including summer header/trailer) must not exceed the annual loan limit for student's grade level</p> <p>Student regains eligibility for new annual loan limit after SAY calendar period elapses</p> <p>After original loan, additional loans during the same SAY are permissible if any of the following occur:</p> <ul style="list-style-type: none"> Student has remaining eligibility Student progresses to a grade level with a higher annual loan limit Student changes from dependent to independent <p>Summer term may be "header" or "trailer" to the SAY, per</p> <ul style="list-style-type: none"> Strict policy By program Case by case <p>Summer mini-sessions may be combined and treated as a single header/trailer or individual mini-sessions may be assigned to different SAYs</p>	<p>Consists of a traditional academic year calendar that begins and ends at approximately the same time each calendar year and includes at least two semesters or trimesters, or at least three quarters</p> <p>School must use a SAY that meets the minimum statutory requirements of an academic year</p> <p>BBAY floats with a student's, or a group of students', enrollment</p> <p>BBAY must equal the number of terms in the program's SAY, excluding a summer header/trailer</p> <p>BBAY need not meet minimum statutory requirements of an academic year if the BBAY includes a summer term</p> <p>School may use BBAY1 for</p> <ul style="list-style-type: none"> All students Certain students Certain programs <p>School may alternate SAY and BBAY1 for a student provided academic years do not overlap</p> <p>Student must be enrolled in the first term of the BBAY. Student may enroll less than half time for the initial term of the BBAY but the student is not eligible to receive, or receive the benefit of, a loan for that initial term</p> <p>BBAY may include terms that the student does not attend if the student could have enrolled at least half-time</p> <p>All Stafford loans borrowed during a SAY BBAY (including summer header/trailer) must not exceed the annual loan limit for student's grade level</p> <p>Borrower regains eligibility for new annual loan limit after SAY BBAY calendar period elapses</p> <p>After original loan, additional loans during the same SAY BBAY are permissible if any of the following occur:</p> <ul style="list-style-type: none"> Student has remaining eligibility Student progresses to a grade level with a higher annual loan limit Student changes from dependent to independent <p>Loan period may not always include all terms in SAY</p> <p>Summer term may be "header" or "trailer" to the SAY, per</p> <ul style="list-style-type: none"> Strict policy 	<p>All standard term-based, credit-hour programs:</p> <p>BBAY Academic year floats with a student's, or a group of students', enrollment</p> <p>BBAY consists of at least two consecutive semesters or trimesters, three consecutive quarters, or at least the number of consecutive nonstandard terms that are SE9W covered by the program's academic year</p> <p>BBAY must meet at least the program's Title IV academic year requirements in credit hours and weeks of instructional time</p> <p>Student must enroll in the first term of the BBAY. Student may enroll less than half time for the initial term in the BBAY but the student is not eligible to receive, or receive the benefit of, a loan for that initial term</p> <p>BBAY may include terms that the student does not attend if the student could have enrolled at least half-time</p> <p>All Stafford loans borrowed during BBAY must not exceed the annual loan limit for student's grade level</p> <p>Borrower regains eligibility for new annual loan limit after BBAY calendar period elapses</p> <p>After original loan, additional loans during the same BBAY are permissible if any of the following occurs:</p> <ul style="list-style-type: none"> Student has remaining eligibility Student progresses to a grade level with a higher annual loan limit Student changes from dependent to independent BBAY begins with term in which student actually enrolls BBAY may include terms student does not attend, if student could have enrolled at least half-time <p>Mini-sessions (summer or otherwise) must be combined with each other or with other terms and treated as a single standard or nonstandard term. Student need not enroll in each mini-session but must have been able to enroll at least half-time in the combined term</p> <p>Programs offered in a traditional</p>	<p>BBAY floats with a student's, or a group of students', enrollment</p> <p>BBAY must meet at least the program's Title IV academic year requirements in credit/clock hours and weeks of instructional time</p> <p>BBAY begins with student's enrollment on at least a half-time basis</p> <p>All Stafford loans borrowed during BBAY must not exceed the annual loan limit for student's grade level</p> <p>Borrower gains eligibility for a new annual loan limit after successfully completing the credit/clock hours and weeks of instructional time in the BBAY</p> <p>Student may not borrow additional loan for progress to next grade level until the student successfully completes both the credit/clock hours and weeks of instructional time in the BBAY</p> <p>After original loan, additional loans during the same BBAY are permissible if the student has remaining eligibility, or the student changes from dependent to independent</p>

	<ul style="list-style-type: none"> • By program • Case by case <p>Summer <u>Mini-sessions (summer or otherwise) may must be combined with each other or with other terms and treated as a single header/trailer or individual mini-sessions may be assigned to different SAYs standard or nonstandard term. Student need not enroll in each mini-session but must have been able to enroll at least half time in the combined term</u></p>	<p>academic year calendar (i.e., one that corresponds to a SAY):</p> <p>Length of BBAY must equal number of terms in SAY, excluding summer header or trailer</p> <p>Number of hours/instructional weeks in BBAY need not meet minimum statutory requirements of an academic year if BBAY includes a shorter summer term</p> <p>School may use BBAY for</p> <ul style="list-style-type: none"> • All students • Certain programs • Certain students <p>May alternate SAY and BBAY for a student if no overlap of academic years</p> <p>Programs not offered in a traditional academic year calendar:</p> <p>Must use BBAY that consists of at least two semesters or trimesters, or at least three quarters</p> <p>BBAY must meet minimum statutory requirements of an academic year in instructional weeks</p> <p>BBAY must meet the minimum statutory requirements or equivalent</p> <p>Student enters a new academic year for annual loan limit purposes when the calendar time of the BBAY has elapsed</p> <p>BBAY must meet the minimum statutory requirements or equivalent</p> <p>Student may not borrow additional loan for progress to next grade level until the student completes both the minimum number of weeks and credit/clock hours in an academic year</p>	
Nonstandard Term-Based Credit-Hour Programs with Substantially Equal Terms of at Least Nine Weeks of Instructional Time	*		
Clock-Hour Programs, Non-Term-Based Credit-Hour Programs, and Nonstandard Term-Based Credit-Hour Programs with Terms that Are Not Substantially Equal or Not at Least Nine Weeks of Instructional Time	Not applicable		

*The use of the SAY in a nonstandard term-based program with substantially equal terms not less than nine weeks long has not been defined. This figure will be updated when further guidance is received.

[07-08 08-09 FSA Handbook, Volume 3, Chapter 5, pp. 3-79—3-84 3-85 and 3-86 3-94]

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: January 9, 2009

X	DRAFT	Comments Due	Jan 30
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Grade Level Changes and Increases in the Stafford Annual Loan Limit

AFFECTED SECTIONS: 6.10 Determining the Student's Grade Level
6.11.A Stafford Annual Loan Limits
Appendix G

POLICY INFORMATION: 1093/Batch 157

EFFECTIVE DATE/TRIGGER EVENT: Publication date of Volume 3 of the 08-09 FSA Handbook.

BASIS:

08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-96 and 3-97.

CURRENT POLICY:

Current policy states that only a student enrolled in a standard term-based program who experiences a grade level change within the academic year becomes eligible for the Stafford annual loan limits that are applicable to the new grade level. Current policy does not include a school's options for providing an increased Stafford loan amount to a student who gains eligibility for a higher Stafford annual loan limit due to a grade level change.

Current policy does not include reference to a credit-hour program with nonstandard terms that are not substantially equal *and* at least nine weeks of instructional time in length (SE9W) when explaining that for certain programs, a school may not certify the higher loan limit associated with the next grade level until the student completes both the minimum number of weeks and the minimum number of credit or clock hours in the program's defined academic year.

REVISED POLICY:

Revised policy states that in a credit-hour program that uses standard terms or nonstandard terms that are SE9W, a student who experiences a grade level change within the academic year becomes eligible for the Stafford annual loan limits that are applicable to the new grade level. To provide an increased Stafford loan amount to a student who gains eligibility for a higher Stafford annual loan limit due to a grade level change, a school may request an increase in the amount of the current Stafford loan. Alternately, a school may certify a new loan for a loan period that includes only the term(s) during which the student qualifies for the higher loan limit. The new Stafford loan amount must not exceed the higher grade level annual loan limit, minus the amount of the first Stafford loan. A school may also choose to cancel an undelivered Stafford loan disbursement(s) from the first loan that is intended for a term(s) in which the student qualifies for a higher Stafford annual loan limit. In that case, the new Stafford loan amount must not exceed the amount of the canceled disbursement(s) plus the additional amount for which the student is eligible due to the grade level change.

Revised policy adds reference to a credit-hour program with nonstandard terms that are not SE9W when explaining that a school may not certify the higher loan limit associated with the next grade level until the student completes both the minimum number of weeks and the minimum number of credit or clock hours in the program's defined academic year.

The glossary definition of "Grade Level" has been revised to clarify that a school must provide the appropriate grade level code (e.g., 01 through 05) on the Federal Stafford Loan School Certification.

Revised policy also makes non-substantive changes to provide consistency throughout the Manual's text.

REASON FOR CHANGE:

These changes are necessary to align the Manual's text with guidance provided by the Department in the FSA Handbook.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 6.10, page 22, column 2, paragraph 1, as follows:

6.10

Determining the Student's Grade Level

A school is required to publish the academic standards and grade level advancement requirements for each of its programs of study. Because ~~maximum FLEP~~ Stafford annual loan amounts limits have been established for each grade level (e.g., first year/freshman, second year/sophomore, etc.), a student's grade level is an intrinsic part of determining the loan amount for which the student is eligible and thus, the amount of the loan the school may certify. See Figure 6-2 for more information about the Stafford annual loan limits that apply to a student's grade level.

Undergraduate Students

The school may advance an undergraduate student's grade level once the student completes the number of credit or clock hours specified by the school as the amount necessary for the student to advance in academic standing within the student's program of study (for example, from first year/freshman to second year/sophomore). At a minimum, the school's standards must require the student to complete at least 24 semester or trimester hours, 36 quarter hours, or 900 clock hours to advance the student to the next grade level.

[§668.3(a)(2)]

Note: If a school's published academic standing requirements exceed the school-defined academic year for a program, the school is required to use the published academic standing requirements to certify a student's grade level for loan purposes. For example, a school defines its academic year for a program as the completion of 24 credits in 30 weeks of instructional time, but requires the successful completion of 30 credits for a student to advance from first year/freshman to second year/sophomore standing. In this case, if a student completes ~~less~~ fewer than 30 credits during his or her first academic year, the student remains eligible for first-year undergraduate loan limits at the beginning of his or her second academic year. The school may not certify a second-year undergraduate loan until the student successfully completes 30 credits, as required by the school to advance from ~~freshman~~ first-year to sophomore second-year standing.

Revise Subsection 6.11.A, page 23, column 1, paragraph 3, as follows:

6.11.A

Stafford Annual Loan Limits

The amount of Stafford loan funds that a student may borrow for each academic year—the annual loan limit—is based on whether the student is enrolled in an undergraduate, graduate, or professional program of study. For an undergraduate student, the annual loan limit varies according to several factors:

- The student's dependency status, as defined in Section 6.8.
- The student's grade level, i.e., the year of study in which the student is enrolled (first, second, third, fourth, or subsequent year), according to the school's academic standards and grade level advancement policies (see Section 6.10).
- The length of the undergraduate program of study, regardless of how long it takes the student to complete the program.
- The length of the student's program or final period of enrollment, expressed as a proportion of the ~~school's~~ program's academic year definition.
[§682.204(i)]

...

Revise Subsection 6.11.A, page 24, column 1, bullet 2, as follows:

In determining the appropriate Stafford annual loan limit for an undergraduate student, including a transfer student or a student who has completed a program of study at the same school or a different school, schools and lenders must adhere to the following additional parameters:

- ...

- ~~In a standard term-based credit-hour program, a student who experiences a grade level change within the academic year becomes eligible for the Stafford annual loan limits that are applicable to the new grade level, minus any loan funds already received for that academic year. In a nonstandard term-based or a non-term-based credit-hour program, or clock-hour program, the school may not certify the higher loan limit associated with the next grade level until the student completes both the minimum number of weeks and the minimum number of credit or clock hours in the program's defined academic year.~~

- ...

Revise Subsection 6.11.A, page 25, column 1, by adding new paragraphs 4 and 5, as follows:

Grade Level Increases Within the Same Academic Year

In a credit-hour program that uses standard terms or nonstandard terms that are substantially equal and at least nine weeks of instructional time in length (SE9W), a student who experiences a grade level change within the academic year becomes eligible for the Stafford annual loan limits that are applicable to the new grade level. To provide an increased Stafford loan amount to a student who becomes eligible for a higher Stafford annual loan limit due to a grade level change, a school may request an increase in the amount of the current Stafford loan (see Section 6.20). Alternately, a school may certify a new loan for a loan period that includes only the term(s) during which the student qualifies for the higher loan limit. The new Stafford loan amount must not exceed the higher grade level annual loan limit, minus the amount of the first Stafford loan. A school may choose also to cancel an undelivered Stafford loan disbursement(s) from the first loan that is intended for a term(s) in which the student qualifies for a higher Stafford annual loan limit. In that case, the new Stafford loan amount must not exceed the amount of the canceled disbursement(s) plus the additional amount for which the student is eligible due to the grade level change.

In a clock-hour program, a non-term-based credit-hour program, or a credit-hour program that uses nonstandard terms that are not SE9W (i.e., the terms are not substantially equal, or each term is not at least nine weeks of instructional time in length), the school may not certify the higher loan limit associated with the next grade level until the student completes both the minimum number of weeks and the minimum number of credit or clock hours in the program's defined academic year.

Revise Appendix G, page 10, column 1, paragraph 4, as follows:

Grade Level: A student's academic class level, as certified by a school official. Undergraduate students are 01 (~~freshman~~/first year/freshman) through 05 (fifth year/other undergraduate); graduate and professional students are A (first year) through D (fourth year and beyond). A school must provide the appropriate grade level code (e.g., 01 through 05) on the Federal Stafford Loan School Certification.

PROPOSED LANGUAGE - COMMON BULLETIN:

Grade Level Changes and Increases in the Stafford Annual Loan Limit

The *Common Manual* has been updated to include clarification found in the 08-09 FSA Handbook concerning increases in the Stafford annual loan limit for students who have experienced a grade level change during an

academic year. In a credit-hour program that uses standard terms or nonstandard terms that are substantially equal *and* at least nine weeks of instructional time in length (SE9W), a student who experiences a grade level change within the academic year becomes eligible for the Stafford annual loan limits that are applicable to the new grade level. To provide an increased Stafford loan amount to a student who gains eligibility for a higher Stafford annual loan limit due to a grade level change, a school may request an increase in the amount of the current Stafford loan (see Section 6.20). Alternately, a school may certify a new loan for a loan period that includes only the term(s) during which the student qualifies for the higher loan limit. The new Stafford loan amount must not exceed the higher grade level annual loan limit, minus the amount of the first Stafford loan. A school may also choose to cancel an undelivered Stafford loan disbursement(s) from the first loan that is intended for a term(s) in which the student qualifies for a higher Stafford annual loan limit. In that case, the new Stafford loan amount must not exceed the amount of the canceled disbursement(s) plus the additional amount for which the student is eligible due to the grade level change.

In a clock-hour program, a non-term based credit-hour program, or a credit-hour program using nonstandard terms that are *not* SE9W (i.e., the terms are not substantially equal, or each term is not at least nine weeks of instructional time in length), the school may not certify the higher loan limit associated with the next grade level until the student completes both the minimum number of weeks and the minimum number of credit or clock hours in the program's defined academic year.

The glossary definition of "Grade Level" has been revised to clarify that a school must provide the appropriate grade level code (e.g., 01 through 05) on the Federal Stafford Loan School Certification.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower who is enrolled in a credit-hour program with nonstandard terms that are SE9W will have prompt access to higher annual loan limits applicable to a grade level change that occurs during an academic year. Conversely, a borrower who is enrolled in a credit-hour program with nonstandard terms that are *not* SE9W must wait until he or she has successfully completed the hours in the program's academic year definition before gaining eligibility for the next higher Stafford annual loan limit, even though the student may have attained the next higher grade level during the academic year according to the school's academic policies.

School:

A school may have several options for providing increased Stafford loan amounts to students who qualify for a higher Stafford annual loan limit due to a grade level change within an academic year. A school may be required to modify its internal financial aid policies and procedures to permit mid-year grade level increases in the Stafford annual loan limit for students enrolled in the school's credit-hour programs with nonstandard terms that are SE9W.

Lender/Servicer:

None.

Guarantor:

A guarantor may be required to modify its program review procedures for a school with a credit-hour program that uses nonstandard terms that are SE9W.

U.S. Department of Education:

The Department may be required to modify its program review procedures for a school with a credit-hour program that uses nonstandard terms that are SE9W.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

December 23, 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

K084

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: January 9, 2009

X	DRAFT	Comments Due	Jan 30
	FINAL	Consider at GB Meeting	
	APPROVED	With Changes / No Changes	

SUBJECT: Increased Loan Limits and Overawards

AFFECTED SECTIONS: 6.11.E Exceeding Loan Limits

POLICY INFORMATION: 1094/Batch 157

EFFECTIVE DATE/TRIGGER EVENT: Inadvertent overawards resulting from Stafford loans first disbursed before July 1, 2008.

BASIS:
§668.35(d); private guidance from Pam Moran of the Department to NCHELP dated June 26, 2008

CURRENT POLICY:
Current policy does not detail how a borrower that was inadvertently overawarded is affected by an increase in loan limits.

REVISED POLICY:
Revised policy clarifies that a borrower must resolve any inadvertent overawards before new funds can be awarded including when loan limits are increased.

REASON FOR CHANGE:
This change is required to provide lenders with more detailed information about resolving inadvertent overawards that existed when loan limits increased due to the enactment of the Ensuring Continued Access to Student Loans Act (ECASLA).

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 6.11.E, page 30, column 1

...

A borrower is subject to the annual and aggregate loan limits that exist in the law at the time the borrower received the inadvertent overaward. If a Stafford borrower inadvertently exceeds an annual or aggregate loan limit under a Title IV program, the borrower will not be eligible for any additional Title IV funds until one of the following occurs:

- ...
- ...
- ...

PROPOSED LANGUAGE - COMMON BULLETIN:

Increased Loan Limits and Overawards

The *Common Manual* has been updated to clarify that a borrower must resolve an inadvertent overaward before the borrower can be awarded additional Title IV funds when loan limits increase.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower will need to resolve any inadvertent overaward of Stafford loan funds prior to being awarded

additional Title IV funds.

School:

A school will need to ensure that any inadvertent overaward of Stafford loan funds are resolved before additional Title IV funds are awarded.

Lender/Servicer:

A lender may be required to respond to borrower requests to resolve inadvertent overawards that occur before a change in the law that increases Stafford loan limits.

Guarantor:

A guarantor may be required to revise program review criteria for resolving the inadvertent overaward of Stafford loan funds.

U.S. Department of Education:

The Department may be required to revise program review criteria for resolving the inadvertent overawards of Stafford loan funds.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

June 26, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee
CM Guarantor Designee
Interested Industry Groups and Others

bmf/edited-rrl

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: January 9, 2009

X	DRAFT	Comments Due	Jan 30
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Proration of Stafford Annual Loan Limits

AFFECTED SECTIONS: 6.11.F Prorated Loan Limits

POLICY INFORMATION: 1095/Batch 157

EFFECTIVE DATE/TRIGGER EVENT: Publication date of Volume 3 of the 08-09 FSA Handbook for the following in a credit-hour program that uses nonstandard terms that are substantially equal *and* at least nine instructional weeks in length (SE9W):

- Determining the final period of study for an undergraduate borrower
- Exempting from proration an undergraduate borrower who is enrolled less than half time for a term(s) during a final period of study that contains the number of terms in the program's academic year.

Publication date of Volume 3 of the 07-08 FSA Handbook for exempting from proration an undergraduate borrower who is enrolled in a standard term-based credit-hour program and enrolled less than half time for a term(s) during a final period of study that contains the number of terms in the program's academic year.

Publication date of Volume 3 of the 05-06 FSA Handbook for the following:

- Clarifying that a school must prorate the Stafford annual loan limit when the school knows in advance that an undergraduate student will be enrolled for a period of less than an academic year.
- Exempting from proration an undergraduate borrower who is enrolled at least half time but less than full time or enrolled for a period of less than a full academic year that is not a final period of study.

Publication date of Volume 3 of the 04-05 FSA Handbook for using the school's academic year definition for the program to determine whether a final period of study is shorter than an academic year.

BASIS:

08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-100; 07-08 FSA Handbook, Volume 3, Chapter 5, p. 3-95; 05-06 FSA Handbook, Volume 3, Chapter 4, p 3-80; 04-05 FSA Handbook, Volume 3, Chapter 4, p. 3-67.

CURRENT POLICY:

Current policy does not address several clarifications relative to when proration of the Stafford annual loan limit is or is not required.

REVISED POLICY:

Revised policy clarifies that a school must calculate a prorated, i.e., reduced, Stafford annual loan limit when the school knows *in advance* that an undergraduate Stafford loan borrower will be enrolled in a program of study that is shorter than the statutory minimum for an academic year or, for a program that is longer than the statutory academic year minimum, when the borrower is completing a final period of study that is shorter than an academic year. Revised policy incorporates the following concepts that apply when determining whether a final period of study is shorter than an academic year:

- In a credit-hour program that uses standard terms or nonstandard terms that are SE9W, a final period of study is considered shorter than an academic year if it contains fewer terms than the number of terms covered by the program's academic year. For a program that uses a scheduled academic year (SAY), the number of terms covered in the school's academic year does not include a summer term that is

designated as a header or trailer.

- In a clock-hour program, a non-term-based credit-hour program, or a credit-hour program that uses nonstandard terms that are *not* SE9W, a final period of study is shorter than an academic year if it consists of fewer clock hours or credit hours than in the program's academic year.
- In any program, a school may establish an academic year that is greater than the statutory minimum in clock or credit hours or instructional weeks (see Section 6.1). For such a program, the school uses its academic year definition for the program—not the statutory minimum for an academic year—to determine whether a final period of study is shorter than an academic year.

A borrower enrolled in a self-paced clock-hour program, non-term-based credit-hour program, or credit-hour program that uses nonstandard terms that are *not* SE9W may complete more than the number of clock or credit hours in the program's academic year upon completion of weeks of instructional time in the academic year. If the program is more than an academic year in length and the subsequent Stafford loan period will be an undergraduate borrower's final period of study, the school must prorate the Stafford annual loan limit. For example, a borrower is enrolled in a program of 1800 clock hours and 52 weeks of instructional time in which the academic year is defined as 900 clock hours and 26 weeks of instructional time. The borrower completes the 900 clock hours in the program's academic year upon completion of 22 weeks of instructional time. The borrower must complete an additional four weeks of instructional time for a total of 26 instructional weeks before he or she may receive another Stafford loan for the final period of study. (For more information about the frequency of Stafford annual loan limits, see Subsection 6.1.B.) Upon completion of 26 weeks of instructional time, the borrower has successfully completed 1040 clock hours. Since the final period of study consists of fewer clock hours (760) than in the program's academic year (900), the school must prorate the borrower's Stafford annual loan limit.

Revised policy includes a new subheading *When Stafford Loan Proration is Not Applicable*, followed by consolidated information about cases when a school is not required, or not permitted, to prorate, as follows:

- A school is not permitted to prorate the Stafford annual loan limit for a graduate or professional Stafford loan borrower.
- A school is permitted, but not required, to retroactively prorate the Stafford annual loan limit for an undergraduate borrower who originally enrolls for a final period of study that is a full academic year in length and who completes the program early in less than a full academic year.
- A school is not permitted to prorate the Stafford annual loan limit for any undergraduate Stafford loan borrower who enrolls:
 - In coursework necessary for a professional credential or certification from a state if that credential or certification is required for employment as a teacher in an elementary or secondary school.
 - In preparatory coursework necessary for admission into either an undergraduate or a graduate program of study.
 - At least half time but less than full time.
 - For a period of less than a full academic year that is not a final period of study.
 - In an undergraduate credit-hour program that uses standard terms or nonstandard terms that are SE9W during a final period of study that contains the number of terms in the program's academic year and includes a term(s) in which the borrower is enrolled less than half time. For example, an undergraduate borrower is enrolled in a quarter term-based, credit-hour program that uses an SAY of three quarter terms—fall, winter, and spring. For the final period of study, the borrower enrolls full time for fall, less than half-time for winter, and full-time for spring. The school is not required to prorate the borrower's Stafford annual loan limit because this final period of study equals the number of terms in the program's academic year. However, the borrower is ineligible to receive, or receive the benefit of, a loan for the term in which he or she is enrolled less than half time.

A borrower enrolled in a self-paced clock-hour program, non-term-based credit-hour program, or credit-hour program that uses nonstandard terms that are *not* SE9W may complete more than the number of clock or

credit hours in the program's academic year upon completion of weeks of instructional time in the academic year. In such an undergraduate program that is *exactly* one academic year in length, a school is not required to prorate the Stafford annual loan limit for the occasional student who successfully completes the program in fewer weeks of instructional time than the average student. For example, a borrower enrolls in a program that is exactly one academic year in length, e.g., 900 clock hours and 26 weeks of instructional time. However, the borrower successfully completes the program's 900 clock hours in 22 weeks of instructional time. If the average student enrolled in such a program successfully completes the program in 26 weeks, the school is not required to prorate the Stafford annual loan limit for the occasional borrower who successfully completes the program in less than 26 weeks.

REASON FOR CHANGE:

This change is required to incorporate Departmental guidance published in the FSA Handbook and to align Subsection 6.11.F with policy guidance concerning proration for an undergraduate student attending a self-paced program that is already found in Subsection 6.11.A.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 6.11.F, page 30, column 2, paragraph 3, as follows:

6.11.F Prorated Loan Limits

~~A school also is responsible for determining whether prorated the limits are applicable and how annual loan limits must be prorated. An undergraduate Stafford loan borrower is subject to certain prorated loan limits if he or she is~~ A school must calculate a prorated, i.e., reduced, Stafford annual loan limit when the school knows in advance that an undergraduate Stafford loan borrower will be enrolled in a program of study that meets either of the following criteria:

- The program's duration is shorter than the statutory minimum for an academic year (see Section 6.1 for information about defining an academic year). (See Figure 6-4 for information about the proration calculation for a program of study of less than a full academic year.)
- The program's duration is equal to or longer than the statutory minimum for an academic year, but the borrower is completing a final period of study, i.e., the remainder of the program, in a period of enrollment that is shorter than an academic year. (See Figure 6-4 for information about the proration calculation for a final period of study that is shorter than an academic year.) The following concepts apply when determining whether a final period of study is shorter than an academic year:
 - In a credit-hour program that uses standard terms or nonstandard terms that are substantially equal and at least nine weeks of instructional time in length (SE9W), a final period of study is shorter than an academic year if it contains fewer terms than the number of terms covered by the program's academic year. For a program that uses a scheduled academic year (SAY), the number of terms covered in the school's academic year does not include a summer term that is designated as a header or trailer (see Subsection 6.1.B).
 - In a clock-hour program, a non-term-based credit-hour program, or a credit-hour program that uses nonstandard terms that are not SE9W (i.e., the terms are not substantially equal, or each term is not at least nine weeks of instructional time in length), a final period of study is shorter than an academic year if it consists of fewer clock or credit hours than in the program's academic year.
 - In any program, a school may establish an academic year that is greater than the statutory minimum in clock or credit hours or instructional weeks (see Section 6.1). For such a program, the school must use its academic year definition for the program—not the statutory minimum for an academic year—to determine whether a final period of study is shorter than an academic year.

[§682.204(a) and (d); 08-09 FSA Handbook, Volume 3, Chapter 5, pp. 3-100 and 3-101]

~~Loan proration is not required for a student completing coursework necessary for a professional credential or certification from a state if that credential or certification is required for employment as a teacher in an elementary or secondary school, or for a student completing preparatory coursework necessary for admission into either an undergraduate or a graduate program of study. (For information on Stafford annual loan limits for these categories of students, see Subsection 6.11.A.)~~

If a ~~student~~ borrower who received a prorated loan amount because the remainder of his or her program of study was less than a full academic year changes the number of hours for which the ~~student~~ borrower is enrolled, the school need not recalculate the amount of the loan. However, the following principles apply:

- If the ~~student~~ borrower drops hours after the loan has been certified, the ~~student~~ borrower must continue to be enrolled at least half time to be eligible for the loan.
- If the ~~student~~ borrower increases hours after the loan has been certified so that the ~~student~~ borrower is attending the full academic year, ~~the student~~ he or she may be eligible for additional loan funds. If the ~~student~~ borrower requests and is eligible for an increased loan amount, the school may certify the increased loan amount ~~without requiring the student to complete a new Federal Stafford Loan Master Promissory Note (Stafford MPN).~~ For more information on increased loan amounts, see Section 6.20.

[§682.603(g)(4); DCL GEN-98-25; DCL GEN-99-9]

A borrower enrolled in a self-paced clock-hour program, non-term-based credit-hour program, or credit-hour program that uses nonstandard terms that are *not* SE9W may complete more than the number of clock or credit hours in the program's academic year upon completion of weeks of instructional time in the academic year. If such a program is more than an academic year in length and the subsequent Stafford loan period will be an undergraduate borrower's final period of study, the school must prorate the Stafford annual loan limit. For example, a borrower is enrolled in a program of 1800 clock hours and 52 weeks of instructional time in which the academic year is defined as 900 clock hours and 26 weeks of instructional time. The borrower completes the 900 clock hours in the program's academic year upon completion of 22 weeks of instructional time. The borrower must complete an additional four weeks of instructional time for a total of 26 instructional weeks before he or she may receive another Stafford loan for the final period of study. (For more information about the frequency of Stafford annual loan limits, see Subsection 6.1.B.) Upon completion of 26 weeks of instructional time, the borrower has successfully completed 1040 clock hours. Since the final period of study consists of fewer clock hours (760) than in the program's academic year (900), the school must prorate the borrower's Stafford annual loan limit.

[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-103]

When Stafford Loan Proration is Not Applicable

A school is not required to prorate the Stafford annual loan limit in some instances, and in some instances, the school is not permitted to prorate the Stafford annual loan limit, as follows:

- A school is not permitted to prorate the Stafford annual loan limit for a graduate or professional Stafford loan borrower.
[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-99]
- A school is permitted, but not required, to retroactively prorate the Stafford annual loan limit for an undergraduate borrower who originally enrolls for a final period of study that is a full academic year in length and who completes the program early in less than a full academic year.
[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-100]
- A school is not permitted to prorate the Stafford annual loan limit for any

undergraduate Stafford loan borrower who enrolls:

- In coursework necessary for a professional credential or certification from a state if that credential or certification is required for employment as a teacher in an elementary or secondary school (see Subsection 6.11.A). [08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-99]
- In preparatory coursework necessary for admission into either an undergraduate or a graduate program of study (see Subsection 6.11.A). [08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-99]
- At least half time but less than full time. [08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-99]
- For a period of less than a full academic year that is not a final period of study. [08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-99]
- In an undergraduate credit-hour program that uses standard terms or nonstandard terms that are SE9W during a final period of study that contains the number of terms in the program's academic year and includes a term(s) in which the borrower is enrolled less than half time. For example, an undergraduate borrower is enrolled in a quarter term-based, credit-hour program that uses an SAY of three quarter terms—fall, winter, and spring. For the final period of study, the borrower enrolls full time for fall, less than half time for winter, and full time for spring. The school does not prorate the borrower's Stafford annual loan limit because this final period of study equals the number of terms in the program's academic year. However, the borrower is ineligible to receive, or receive the benefit of, a loan for the term in which he or she is enrolled less than half time. [08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-103]

A borrower enrolled in a self-paced clock-hour program, non-term-based credit-hour program, or credit-hour program that uses nonstandard terms that are *not* SE9W may complete more than the number of clock or credit hours in the program's academic year upon completion of weeks of instructional time in the academic year. In such an undergraduate program that is *exactly* one academic year in length, a school is not required to prorate the Stafford annual loan limit for the occasional borrower who successfully completes the program in fewer weeks of instructional time than the average student. For example, a borrower enrolls in a program that is exactly one academic year in length, e.g., 900 clock hours and 26 weeks of instructional time. However, the borrower successfully completes the program's 900 clock hours in 22 weeks of instructional time. If the average student enrolled in such a program successfully completes the program in 26 weeks, the school is not required to prorate the Stafford annual loan limit for the occasional borrower who successfully completes the program in less than 26 weeks.

[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-83]

PROPOSED LANGUAGE - COMMON BULLETIN:

Proration of the Stafford Annual Loan Limit

The *Common Manual* has been updated with several new and existing clarifications found in the FSA Handbook concerning prorating the Stafford annual loan limit.

A school must calculate a prorated, i.e., reduced, Stafford annual loan limit when the school knows *in advance* that an undergraduate borrower will be enrolled in a program of study that is shorter than the statutory minimum for an academic year, or, for a program that is longer than the statutory minimum for an academic year, the borrower is completing a final period of study that is shorter than an academic year. The following concepts apply when determining whether a final period of study is shorter than an academic year:

- In a credit-hour program that uses standard terms or nonstandard terms that are substantially equal (i.e., no term in the loan period is more than two weeks of instructional time longer than any other term) *and* at least nine weeks of instructional time in length (SE9W), a final period of study is shorter than an academic

year if it contains fewer terms than the number of terms covered by the program's academic year. For a program that uses a scheduled academic year (SAY), the number of terms covered in the school's academic year does not include a summer term that is designated as a header or trailer.

- In a clock-hour program, a non-term-based credit-hour program, or a credit-hour program that uses nonstandard terms that are *not* SE9W (i.e., the terms are not substantially equal, or each term is not at least nine weeks of instructional time in length), a final period of study is shorter than an academic year if it consists of fewer clock hours or credit hours than in the program's academic year.
- In any program, a school may establish an academic year for a program that is longer than the statutory minimum in credit or clock hours, or weeks of instructional time (see Section 6.1). For such a program, the school uses its academic year definition for the program—not the statutory minimum for an academic year—to determine whether a final period of study is shorter than an academic year.

A borrower enrolled in a self-paced clock-hour program, non-term-based credit-hour program, or credit-hour program that uses nonstandard terms that are *not* SE9W may complete more than the number of clock or credit hours in the program's academic year upon completion of weeks of instructional time in the academic year. If the program is more than an academic year in length and the subsequent Stafford loan period will be an undergraduate borrower's final period of study, the school must prorate the Stafford annual loan limit. For example, a borrower is enrolled in a program of 1800 clock hours and 52 weeks of instructional time in which the academic year is defined as 900 clock hours and 26 weeks of instructional time. The borrower completes the 900 clock hours in the program's academic year upon completion of 22 weeks of instructional time. The borrower must complete an additional four weeks of instructional time for a total of 26 instructional weeks before he or she may receive another Stafford loan for the final period of study. (For more information about the frequency of Stafford annual loan limits, see Subsection 6.1.B). Upon completion of 26 weeks of instructional time, the borrower has successfully completed 1040 clock hours. Since the final period of study consists of fewer clock hours (760) than in the program's academic year (900), the school must prorate the borrower's Stafford annual loan limit.

When Stafford Loan Proration is Not Applicable

A school is not required to prorate the Stafford annual loan limit and in some instances, the school is not permitted to prorate the Stafford annual loan limit, as follows:

- A school is not permitted to prorate the Stafford annual loan limit for a graduate or professional Stafford loan borrower.
- A school is permitted, but not required, to retroactively prorate the Stafford annual loan limit for an undergraduate borrower who originally enrolls for a final period of study that is a full academic year in length and who completes the program early in less than a full academic year.
- A school is not permitted to prorate the Stafford annual loan limit for any undergraduate Stafford loan borrower who enrolls:
 - In coursework necessary for a professional credential or certification from a state if that credential or certification is required for employment as a teacher in an elementary or secondary school (see Subsection 6.11.A).
 - In preparatory coursework necessary for admission into either an undergraduate or a graduate program of study (see Subsection 6.11.A).
 - At least half time but less than full time.
 - For a period of less than a full academic year that is not a final period of study.
 - In an undergraduate credit-hour program that uses standard terms or nonstandard terms that are SE9W during a final period of study that contains the number of terms in the program's academic year and includes a term(s) in which the borrower is enrolled less than half time. For example, an undergraduate borrower is enrolled in a quarter term-based, credit-hour program that uses an SAY of three quarter terms—fall, winter, and spring. For the final period of study, the borrower enrolls full time for fall, less than half time for winter, and full time for spring. The school does not prorate the borrower's Stafford annual loan limit because this final period of study equals the number of terms in

the program's academic year. However, the borrower is ineligible to receive, or receive the benefit of, a loan for the term in which he or she is enrolled less than half time.

A borrower enrolled in a self-paced clock-hour program, non-term-based credit-hour program, or credit-hour program that uses nonstandard terms that are *not* SE9W may complete more than the number of clock or credit hours in the program's academic year upon completion of weeks of instructional time in the academic year. In such an undergraduate program that is *exactly* one academic year in length, a school is not required to prorate the Stafford annual loan limit for the occasional borrower who successfully completes the program in fewer weeks of instructional time than the average student. For example, a borrower enrolls in a program that is exactly one academic year in length, e.g., 900 clock hours and 26 weeks of instructional time. However, the borrower successfully completes the program's 900 clock hours in 22 weeks of instructional time. If the average student enrolled in such a program successfully completes the program in 26 weeks, the school is not required to prorate the Stafford annual loan limit for the occasional borrower who successfully completes the program in less than 26 weeks.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower will experience more consistent treatment of Stafford annual loan limits.

School:

A school will better understand when proration of the Stafford annual loan limit is applicable. A school may be required to amend procedures and/or systems to ensure that it accurately prorates the Stafford annual loan limit for an undergraduate student.

Lender/Service:

None.

Guarantor:

A guarantor may be required to revise its program review parameters regarding the proration of the Stafford annual loan limit for a student attending a credit-hour program with nonstandard terms that are SE9W.

U.S. Department of Education:

The Department may be required to revise its program review parameters regarding proration of the Stafford annual loan limit for a student attending a credit-hour program with nonstandard terms that are SE9W.

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 Designees

Interested Industry Groups and Others

jcs/edited-aes

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: January 9, 2009

X	DRAFT	Comments Due	Jan 30
	FINAL	Consider at GB Meeting	
	APPROVED	With Changes / No Changes	

SUBJECT: **Reduced Interest Rate for Military Servicemembers**

AFFECTED SECTIONS:

- 7.4** **Establishing Stafford Loan Interest Rates**
- 7.4.B** **Reduced Stafford Interest Rates**
- 7.5** **Establishing PLUS Loan and SLS Loan Interest Rates**
- 7.5.B** **Reduced PLUS Interest Rates**
- 10.9.B** **Reduced Interest Rates**
- 15.3.D** **Calculating the Interest Rate**

POLICY INFORMATION: **1096/Batch 157**

EFFECTIVE DATE/TRIGGER EVENT: Loans for which the lender receives a servicemember's written request for the reduced interest rate that is effective on or after August 14, 2008, for periods of military service ending on or after that date.

Special allowance billings for loans that are first disbursed on or after July 1, 2008, if the lender receives a servicemember's request for the reduced interest rate on or after August 14, 2008.

BASIS:

HEA §428(d), as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315; HEA 438(g).

CURRENT POLICY:

Current policy does not require FFELP lenders to comply with the Servicemembers Civil Relief Act (SCRA) with respect to charging reduced interest on FFELP loans.

REVISED POLICY:

Revised policy requires FFELP lenders to comply with the provisions of the SCRA with respect to charging reduced interest on a FFELP loan, upon receipt of the borrower's request and substantiating documentation of the borrower's eligibility. If the borrower is covered under section 207 of the Servicemembers Civil Relief Act (SCRA), revised policy requires the lender to charge the borrower an interest rate that does not exceed 6% for the period of the borrower's qualifying military service on or after August 14, 2008. A borrower may qualify for the 6% rate if all of the following criteria are met:

- The borrower has an outstanding Stafford, PLUS or Consolidation loan that was made prior to the servicemember's military service start date.
- The borrower is the only borrower or is a comaker on the loan, or an endorser on an outstanding PLUS loan.
- The borrower, comaker, or endorser must request the reduced rate in writing and provide to the lender a copy of his or her initial military orders and any orders that extend military service.
- The borrower must provide the request and documentation not later than 180 days following the last date of the borrower's military service.

The reduced interest rate applies to an endorser if the endorser is an eligible servicemember and the lender is actively collecting the loan from the endorser.

If the lender charges the reduced interest rate based on SCRA provisions, and the loan was first disbursed on or after July 1, 2008, revised policy permits the lender to determine the applicable special allowance payment based on the loan's actual 6% interest rate. However, if the loan was disbursed prior to July 1, 2008, then the

lender must continue to determine the special allowance payment based on the applicable (maximum) interest rate permitted in statute.

REASON FOR CHANGE:

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

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 7.4, page 4, column 2, paragraph 1, as follows:

7.4

Establishing Stafford Loan Interest Rates

~~The formula for calculating the Stafford loan interest rate varies, based on the date the loan was first disbursed. In addition, Stafford loans made to borrowers who subsequently join the military may be eligible for a reduced interest rate. See Subsections 7.4.B and 10.9.B for more information.~~

Revise Subsection 7.4.B, page 5, column 1, by inserting a new first paragraph in this subsection, as follows:

Reduced Stafford Interest Rates

Effective August 14, 2008, statute is revised to extend the provisions of the Servicemembers Civil Relief Act (P.L. 108-189) to loans made under the FFELP. If a qualified borrower's maximum permissible interest rate under the Higher Education Act, as amended, is greater than 6% on a Stafford loan made before the borrower entered military service, a lender is required to charge the borrower an interest rate that does not exceed 6% for the period of the borrower's military service, as applicable, under the provisions of section 207 of the Servicemembers Civil Relief Act (SCRA). The borrower must request the reduced rate in writing and provide to the lender a copy of initial military orders and any orders that extend his or her military service. The borrower must provide the request and documentation not later than 180 days following the last date of the borrower's military service.

If the lender charges the reduced interest rate based on SCRA provisions, and the loan was first disbursed on or after July 1, 2008, then the lender may determine the applicable special allowance payment based on the loan's actual 6% interest rate. However, if the loan was disbursed prior to July 1, 2008, then the lender must continue to determine the special allowance payment based on the applicable (maximum) interest rate permitted in statute. See Subsection 10.9.B for more details regarding the parameters for granting the reduced interest rate.

A Also, a lender may choose to charge a borrower an interest rate that is lower than the maximum interest rate permitted by statute (the statutory rate). If the lender charges the a lower rate is charged, the lender must ensure . . .

Revise Section 7.5, page 8, column 1, paragraph 1, as follows:

7.5

Establishing PLUS Loan and SLS Loan Interest Rates

Previous interest rates applicable to SLS loans are included in this section for lenders that are still servicing these loans.

~~The formula for calculating the PLUS or SLS loan interest rate varies, based on the date the loan was first disbursed. In addition, PLUS and SLS loans made to borrowers who subsequently join the military may be eligible for a reduced interest rate. See Subsection 7.5.B for more information.~~

Revise Subsection 7.5.B, page 8, column 2, by inserting a new first paragraph in this subsection, as follows:

Reduced PLUS Interest Rates

Effective August 14, 2008, statute is revised to extend the provisions of the Servicemembers Civil Relief Act (P.L. 108-189) to loans made under the FFELP. If the PLUS loan borrower is covered under section 207 of the Servicemembers Civil Relief Act (SCRA), the lender is required to charge the borrower an interest rate that does not exceed 6% for the period of the borrower's military service. The 6%-rate applies to a PLUS loan on which the servicemember is the only borrower or on any joint obligation of the servicemember and his or her spouse (comade PLUS Loan). The borrower must request the reduced rate in writing and provide to the lender a copy of initial military orders and any orders that extend his or her military service. The borrower must provide the request and documentation not later than 180 days following the last date of the borrower's military service. The reduced interest rate may also apply to an endorser if the endorser is an eligible servicemember and the lender is actively collecting the loan from the endorser.

If the lender charges the reduced interest rate based on SCRA provisions, and the loan was first disbursed on or after July 1, 2008, then the lender may determine the applicable special allowance payment based on the loan's actual 6% interest rate. However, if the loan was disbursed prior to July 1, 2008, then the lender must continue to determine the special allowance payment based on the applicable (maximum) interest rate permitted in statute. See Subsection 10.9.B for more details regarding the parameters for granting the reduced interest rate.

✱ Also, a lender may choose to charge a borrower an interest rate that is lower than the maximum interest rate permitted by statute (the statutory rate). If the lender charges the a lower rate is charged, the lender must ensure . . .

Revise Subsection 10.9.B, page 16, column 2, by inserting a new paragraph before paragraph 6, as follows:

Reduced Interest Rates

If the borrower is covered under section 207 of the Servicemembers Civil Relief Act (SCRA) and requests a rate reduction in writing, the lender is required to charge the borrower an interest rate that does not exceed 6% for the period of the borrower's qualifying military service on or after August 14, 2008. A borrower may qualify for the 6% rate if all of the following criteria are met:

- The borrower has an outstanding Stafford, PLUS, or Consolidation loan that was made prior to the servicemember's qualifying active-duty military service start date.
- The borrower is the only borrower or is a comaker on the loan, or an endorser on an outstanding PLUS loan.
- The borrower, comaker, or endorser requests the reduced rate in writing and provides to the lender a copy of his or her initial military orders and any orders that extend military service.
- The borrower provides the written request and documentation not later than 180 days following the last date of the borrower's qualifying military service.

The reduced interest rate applies to an endorser if the endorser is an eligible servicemember and the lender is actively collecting the loan from the endorser.

If the lender charges the reduced interest rate based on SCRA provisions, and the loan was first disbursed on or after July 1, 2008, then the lender may determine the applicable special allowance payment based on the loan's actual 6% interest rate. However, if the loan was disbursed prior to July 1, 2008, then the lender must continue to determine the special allowance payment based on the applicable (maximum) interest rate permitted in statute.

✱ Also, a lender may choose to charge a borrower an interest rate that is lower than the maximum interest rate permitted by statute (the statutory rate). If the lender charges the a

lower rate ~~is charged~~, the lender must ensure . . .

Revise Subsection 15.3.D, page 8, column 2, paragraph 1, as follows:

15.3.D

Calculating the Interest Rate

Interest rates applicable to Consolidation loans are listed in the table on the following page. In addition, some Consolidation loans made to borrowers who subsequently join the military may be eligible for a reduced interest rate.

Revised Subsection 15.3.D, page 10, column 1, by inserting a new paragraph prior to paragraph 3, as follows:

If the Consolidation loan's maximum statutory rate exceeds 6% and the borrower is covered under section 207 of the Servicemembers Civil Relief Act (SCRA), the lender is required to charge the borrower an interest rate that does not exceed 6% for the period of the borrower's military service. The 6%-rate applies to any Consolidation loan on which the servicemember is the only borrower or on any joint obligation of the servicemember and his or her spouse (spousal Consolidation loan). The borrower must request the reduced rate in writing and provide to the lender a copy of initial military orders and any orders that extend his or her military service. The borrower must provide the request and documentation not later than 180 days following the last date of the borrower's military service. See Subsection 10.9.B for more details regarding the parameters for granting the reduced interest rate.

If the lender charges the reduced interest rate based on SCRA provisions, and the borrower's loan was first disbursed on or after July 1, 2008, then the lender may determine the applicable special allowance payment based on the loan's actual 6% interest rate. However, if the borrower's loan was disbursed prior to July 1, 2008, then the lender must continue to determine the special allowance payment based on the applicable (maximum) interest rate permitted in statute.

~~Also, a~~ Also, a lender may choose to charge a borrower an interest rate that is lower than the maximum interest rate permitted by statute (the statutory rate). If the lender charges the a ~~lower rate is charged~~, the lender must ensure . . .

PROPOSED LANGUAGE - COMMON BULLETIN:

Special Interest Rate for Military Servicemembers

The *Common Manual* has been revised to require the lender to provide a reduced interest rate to some military servicemembers. If the borrower is covered under section 207 of the Servicemembers Civil Relief Act (SCRA), the lender is required to charge the borrower an interest rate that does not exceed 6% for the period of the borrower's qualifying military service on or after August 14, 2008. A borrower may qualify for the 6% rate if all of the following criteria are met:

- The borrower has an outstanding Stafford, PLUS or Consolidation loan that was made prior to the servicemember's qualifying active-duty military service start date.
- The borrower is the only borrower or is a comaker on the loan, or an endorser on an outstanding PLUS loan.
- The borrower, comaker, or endorser requests the reduced rate in writing and provides to the lender a copy of his or her initial military orders and any orders that extend military service.
- The borrower provides the request and documentation not later than 180 days following the last date of the borrower's military service.

The reduced interest rate applies to an endorser if the endorser is an eligible servicemember and the lender is actively collecting the loan from the endorser.

If the lender charges the reduced interest rate based on SCRA provisions, and the loan was first disbursed on or after July 1, 2008, then the lender may determine the applicable special allowance payment based on the loan's actual 6% interest rate. However, if the loan was disbursed prior to July 1, 2008, then the lender must

continue to determine the special allowance payment based on the applicable (maximum) interest rate permitted in statute.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower who is a military servicemember may qualify for a reduced interest rate on his or her FFELP loan obligations for a period of service on or after August 14, 2008.

School:

None.

Lender/Service:

A lender/servicer must establish procedures and systems to support the reduced interest rates applicable to some loans made to military servicemembers, and to accommodate accurate special allowance billing on those loans.

Guarantor:

A guarantor may be required to establish procedures and systems to support the reduced interest rates if the loan is purchased as a claim with the rate established by the SCRA. The guarantor also may be required to revise program review procedures.

U.S. Department of Education:

The Department may be required to establish procedures and systems to support the reduced interest rates for FFELP loans that it services. The Department also may be required to revise program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

October 17, 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-ch

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: January 9, 2009

X	DRAFT	Comments Due	Jan 30
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Timing of Lender Disclosures Before Repayment

AFFECTED SECTIONS: 10.7.A Time Frame for Disclosure

POLICY INFORMATION: 1097/Batch 157

EFFECTIVE DATE/TRIGGER EVENT: Effective for loans first disbursed on or after 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.

BASIS:

HEA §433(b) as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315.

CURRENT POLICY:

Current policy states that a lender must provide the repayment disclosure to a Stafford borrower no less than 30 days, and no more than 240 days, before the first payment due date. For a PLUS loan borrower, the lender must disclose the repayment terms at or before the beginning of the repayment period, defined as the date of the last disbursement.

REVISED POLICY:

Revised policy states that the lender must provide the repayment disclosure to a Stafford borrower no less than 30 days, and no more than 150 days, before the first payment due date. The lender must provide the repayment disclosure to a PLUS borrower at or before the beginning of the repayment period, defined as the date on which the loan is fully disbursed or the date on which an in-school or post-enrollment deferment period is scheduled to end. The lender must notify a PLUS loan borrower of repayment terms no less than 30 days, and no more than 150 days, before the first payment due date.

REASON FOR CHANGE:

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

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 10.7.A, page 13, column 2, paragraph 6, as follows:

**10.7.A
Time Frame for Disclosure**

A lender must provide repayment disclosure to a borrower within a time frame applicable to the borrower's loan type.

Stafford Loans

The lender must notify a Stafford loan borrower of repayment terms no less than 30 days, and no more than ~~240~~ 150 days, before the first payment due date. Guarantors recommend that the lender send a repayment reminder letter to the borrower at least 90 days before the grace period expiration date. Establishing solid contact with the borrower before repayment starts is critical to default prevention. Notifying the borrower during this 90-day time frame also gives the borrower the opportunity to do one of the following:

- ...
- ...

Sending the repayment reminder letter may assist the lender in default prevention and reduce the administrative burden caused by prematurely converting the borrower's loan to repayment and then returning it to an in-school or grace status.

PLUS Loans

For a PLUS loan, the lender must disclose the repayment terms at or before the beginning of the repayment period, defined as the date on which the loan is fully disbursed or the date on which an in-school or post-enrollment deferment period is scheduled to end. The lender must notify a PLUS loan borrower of repayment terms no less than 30 days, and no more than 150 days, before the first payment due date. The disclosure must be sent to the borrower—even if the loan will be placed into immediate deferment. The repayment disclosure may be sent with the initial disclosure outlined in Subsection 7.6.A. The lender does not satisfy this disclosure requirement by merely stating that payments will be deferred while the borrower or dependent student, as applicable, is in school—or by providing a repayment schedule that covers only interest payments to be made while the borrower's loan is deferred. See Section 10.7 for repayment disclosure requirements.

~~The lender should indicate to the borrower that the repayment information provided is based on the loan amount when fully disbursed and, if the loan enters an immediate deferment status, the deferment end date (such as the anticipated graduation date), the amount of interest to be capitalized between the first and final disbursement and the first payment due date. The lender is not required to redisclose this information if changes occur in the future disbursement dates or amounts or in the borrower's repayment or deferment status. A lender is encouraged to advise the borrower of any substantive changes made in the borrower's repayment obligation.~~

PROPOSED LANGUAGE - COMMON BULLETIN:

Timing of Lender Disclosures before Repayment

The *Common Manual* has been revised with regard to the time frames in which a lender discloses repayment terms to a borrower prior to the start of the repayment period. For Stafford borrowers, the lender must disclose repayment terms no less than 30 days, and no more than 150 days, before the first payment due date. For PLUS borrowers, the lender must disclose repayment terms at or before the beginning of the repayment period, defined as the date on which the loan is fully disbursed or the date on which an in-school or post-enrollment deferment period is scheduled to end. The lender must notify a PLUS loan borrower of repayment terms no less than 30 days, and no more than 150 days, before the first payment due date.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower of a Stafford loan must receive the repayment disclosures no earlier than 5 months prior to the first payment due date, as opposed to 8 months as previously required. A borrower of a PLUS loan will receive the repayment disclosures between 30 and 150 days before the first payment due date following either the date on which the loan is fully disbursed or, if the borrower is on an in-school or post-enrollment deferment, the end of the applicable deferment period.

School:

A school may experience a reduction in defaults as a result of the changed time period for a Stafford borrower to receive the repayment disclosure.

Lender/Servicer:

A lender may need to revise its systems and procedures to comply with the time periods for repayment disclosures.

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.

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: January 9, 2009

X	DRAFT	Comments Due	Jan 30
	FINAL	Consider at GB Meeting	
	APPROVED	With Changes / No Changes	

SUBJECT: Economic Hardship Deferment

AFFECTED SECTIONS: 11.4 Economic Hardship Deferment
11.4.A Eligibility Criteria—Economic Hardship
11.4.B Deferment Documentation—Economic Hardship

POLICY INFORMATION: 1098/Batch 157

EFFECTIVE DATE/TRIGGER EVENT: Economic hardship deferments granted on or after July 1, 2009.

BASIS:
§682.210(s)(6)(iii)(b) and (s)(6)(ix).

CURRENT POLICY:
Current policy for the economic hardship deferment does not define family size as it pertains to the deferment. Current policy includes two eligibility criterion based on a federally defined debt-to-income ratio.

REVISED POLICY:
Revised policy adds a definition for family size as it pertains to the economic hardship deferment. Revised policy deletes the two eligibility criterion based on a federal income-to-debt ratio.

REASON FOR CHANGE:
These changes are necessary to incorporate provisions of the *Federal Register* Vol. 73, No. 206, dated October 23, 2008.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 11.4., column 2, paragraph 1, as follows:

11.4 Economic Hardship Deferment

An economic hardship deferment is available to a borrower who earns less than minimum wage ~~or exceeds a federally defined debt-to-income ratio~~ or an amount equal to 150% of the poverty guideline applicable to the borrower's family size.

11.4.A Eligibility Criteria—Economic Hardship

This deferment is available only if the borrower had no outstanding balance on a FFELP loan as of the date he or she obtained a loan on or after July 1, 1993.

To qualify for this deferment, a borrower must request it and provide the lender with documentation that he or she meets at least one of the following eligibility criteria:

1. . . .
2. . . .
3. The borrower is working full time and has a monthly income that does not exceed the greater of (a) the Labor Standards Act of 1938 or (b) an amount equal to 150% of the poverty guideline applicable to the borrower's family size, as determined in accordance with section 673(2) of the Community Service Block Grant Act (see Note 1 below).

For the purpose of this deferment, family size means the number that is determined by counting the borrower, the borrower's spouse, and the borrower's children (including unborn children who will be born during the period covered by the deferment) if the children receive more than half their support from the borrower. A borrower's family size also includes other individuals if, at the time the borrower requests the economic hardship deferment, the other individuals:

- Live with the borrower; and
- Receive more than half of their support from the borrower and will continue to receive this support from the borrower for the year the borrower certifies family size.

Support includes money, gifts, loans, housing, food, clothes, car, medical and dental care, and payment of college costs.

[\$682.210(s)(6)(ix)]

- ~~4. The borrower is working full time and has a federal education debt burden that equals or exceeds 20% of the borrower's monthly income. The borrower's income minus such burden must be less than 220% of the amount described under item 3 above (see Notes 1 and 2 below).~~
- ~~5. The borrower is not working full time and has a monthly income that does not exceed twice the amount described under item 3 above and, after deducting an amount equal to the borrower's federal education debt burden, the remaining amount of that income does not exceed the amount specified in item 3 above (see Notes 1 and 2 below).~~
64. The borrower is or will be serving as a Peace Corps volunteer.

...

Note 1:

A borrower is considered to be working full time if he or she is expected to be employed for at least three consecutive months at 30 or more hours per week. For a period of deferment granted under items 3 ~~through 5~~ above, the lender must require the borrower to submit evidence showing the amount of the borrower's monthly income. A borrower's monthly gross income is . . .

Note 2:

~~To determine a borrower's federal education debt burden for purposes of an economic hardship deferment under items 4 and 5 above, the lender must count:~~

- ~~• The actual monthly payment amounts that are owed on federal postsecondary education loans, if the loans are scheduled to be repaid in 10 years or less.~~
- ~~• The monthly payment amounts that would have been owed on federal postsecondary education loans based on a 10-year repayment schedule, if the loans are scheduled to be repaid in more than 10 years.~~

~~Lenders must count a proportional share of any payments due or that would have been due less frequently than monthly. Lenders also must include payments due on a defaulted loan if the borrower has made repayment arrangements satisfactory to the holder of the defaulted loan. the lender must document the amount of the monthly payments that would have been owed on all federal postsecondary education loans during the deferment period based on repayment agreements in place at the time the deferment is being granted.~~

~~[\$682.2.10(s)(6)]~~

11.4.B

Deferment Documentation—Economic Hardship

If a borrower requests an economic hardship deferment, the lender should forward to the

borrower the following common deferment form:

HRD

Economic Hardship Deferment Request

Documentation should include pay stubs, a copy of the borrower's most recently filed federal tax return, or other official documents noting the borrower's income and, if applicable, copies of repayment schedules or notices on educational loans. A borrower who qualifies for deferment based on his or her Peace Corps service is not required to submit income documentation, but must submit documentation from the Peace Corps showing that he or she is or will be serving as a volunteer.

[DCL GEN-98-16]

...

PROPOSED LANGUAGE - COMMON BULLETIN:

Economic Hardship Deferment

The *Common Manual* has been revised to add a definition of family size as it pertains to the economic hardship deferment. The Manual has also been revised to delete the two eligibility criterion based on a federal income-to-debt ratio.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower will have a better understanding of what constitutes his or her family size for the purpose of the economic hardship deferment. A borrower will no longer be eligible for this deferment based on the federal income-to-debt ratio qualifications.

School:

A school may need to update its counseling materials.

Lender/Service:

A lender may need to revise its procedures for processing economic hardship deferments.

Guarantor:

A guarantor may need to revise its default aversion counseling materials and program review materials.

U.S. Department of Education:

The Department may need to revise its program review materials.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

October 31, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

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Interested Industry Groups and Others

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COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: January 9, 2009

X	DRAFT	Comments Due	Jan 30
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Post-Active Duty Student Deferment

AFFECTED SECTIONS:

11.8	Military Active Duty Student Deferment
11.9	Military Service Deferment
11.10	National Oceanic and Atmospheric Administration Corps Deferment
11.11	Parental Leave Deferment
11.12	Peace Corps Deferment
Figure 11-1	Deferment Eligibility Chart

POLICY INFORMATION: 1099/Batch 157

EFFECTIVE DATE/TRIGGER EVENT: Post-active student deferment requests received on or after July 1, 2009, unless implemented earlier by the lender on after October 23, 2008.

BASIS:
§682.210(u).

CURRENT POLICY:

Current policy identifies the post-active duty student deferment as a military active duty student deferment. Also, current policy does not specify that to qualify the borrower's eligible military service must begin on or after October 1, 2007, or include that date.

REVISED POLICY:

Revised policy identifies the military active duty student deferment as a post-active duty student deferment and moves the text so that the information related to the post-active duty student deferment appears alphabetically within the deferment chapter. In addition, revised policy specifies that to qualify for the post-active duty student deferment, a borrower's eligible military service must begin on or after October 1, 2007, or include that date.

Revised policy also updates Figure 11-1, "Deferment Eligibility Chart," to incorporate these changes and to also clarify that there is no limit to the number of post-active duty student deferments an eligible borrower may receive, however, each individual deferment is limited to 13 months.

REASON FOR CHANGE:

This change is necessary to incorporate provisions of the *Federal Register* Vol. 73, No. 206, dated October 23, 2008.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 11.8, page 15, columns 1 & 2, as follows:

~~11.8~~ ~~Military Active Duty Student Deferment~~

~~A military active duty student deferment is available to a borrower who is a member of the National Guard or Armed Forces Reserve (including a member in a retired status), and is called or ordered to active duty service (eligible national or state duty) while enrolled at least half-time in an eligible school at the time of, or within 6 months prior to, his or her activation.~~
~~{§682.210(u)(1); DCL FP-08-10}~~

~~11.8.A Eligibility Criteria—Military Active Duty Student~~

~~This deferment is available to a borrower who is called or ordered to active duty and:~~

- Is a member of the National Guard or Armed Forces Reserve, including a member who was in a retired status when activated.
 - Was enrolled on at least a half-time basis in a program of study at an eligible school at the time of, or within 6 months prior to, being called or ordered to active duty.
- {§682.210(u)(1); DCL FP-08-01}

Definitions Applicable to Military Active Duty Student Deferment

In the context of the military active duty student deferment, the following definitions apply:

- *Active duty* means serving in full-time duty in the active military service of the U.S. for at least 30 consecutive days, including active state duty for members of the National Guard, for either of the following:
 - Activities authorized by the governor, and approved by the President or Secretary of Defense, that are supported by federal funds.
 - Activities authorized by the governor based on state statute or policy that are supported by state funds.

Active duty does not include:

- Training or attendance at a service school.
- Employment in a full-time, permanent position in the National Guard unless that position is reassigned as part of a Title 32 call to state active duty service.

{§682.210(u)(2); DCL FP-08-01}

11.8.B Deferment Documentation—Military Active Duty Student

A borrower must request the deferment and provide the lender with documentation of his or her duty status. The documentation must show that the borrower was a member of the National Guard or Reserves (including a member in a retired status), and establish an end-of-military service date and the borrower's enrollment status at an eligible school at the time of, or within six months prior to, military activation.

{§682.210(u)(1)(ii)}

If the borrower has already received a military service deferment (see Section 11.9), a lender may grant a military active duty student deferment without an additional request from the borrower if the lender has all the required documentation of eligibility. If a deferment is granted in this manner, the lender must notify the borrower of the deferment and provide the borrower the opportunity to decline the deferment.

{§682.210(u)(4); DCL FP-08-01}

The lender may also grant a borrower a deferment using the simplified deferment processing outlined in Subsection 11.8.D.

11.8.C Length of Deferment—Military Active Duty Student

A borrower who meets the eligibility criteria outlined in 11.8.A may receive a deferment for up to 13 months following the completion of active duty military service. The deferment ends on the earlier of the date of the borrower's re-enrollment in school on at least a half-time basis, or the date the 13-month period ends.

A borrower who is eligible for both the military active duty student deferment and the military service deferment outlined in 11.9 that provides for a 180-day extended deferment period, can only receive these benefits concurrently and not consecutively (i.e., the maximum benefit is limited to 13 months).

{§682.210(u)(1); DCL FP-08-01}

11.8.D Simplified Deferment Processing

A lender may grant an eligible borrower a military active duty student deferment based on

information that the borrower has been granted a military active duty student deferment by another FFELP loan holder or the Department (for a Direct loan) for the same time period. The borrower, or the borrower's representative, must request the deferment either verbally or in writing, but does not have to provide a completed military active duty deferment request form.

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

If the lender grants the military active duty student deferment using this simplified process, the lender must notify the borrower that the deferment has been granted and that the borrower has the option to pay the interest that accrues on an unsubsidized FFELP loan or to cancel the deferment and continue to make payments on the loan.
{§682.210(s)(iii)–(v); §682.210(t)(7)}

Revise Section 11.9, page 16, columns 1 & 2, as follows:

Note: See policy proposal 1100 in this batch for additional revisions to subsection 11.9.C.

11.98
Military Service Deferment

...

11.98.A
Eligibility Criteria—Military Service

...

11.98.B
Deferment Documentation—Military Service

...

11.98.C
Length of Deferment—Military Service

...

11.98.D
Simplified Deferment Processing

...

Revise Section 11.10, page 18, columns 1 & 2, as follows:

11.109
National Oceanic and Atmospheric Administration Corps Deferment

...

11.109.A
Eligibility Criteria—NOAA

...

11.409.B
Deferment Documentation—NOAA

...

11.409.C
Length of Deferment—NOAA

...

Revise Section 11.11, page 18, column 2, as follows:

11.4410
Parental Leave Deferment

...

11.4410.A
Eligibility Criteria—Parental Leave

...

Revise Section 11.11, page 19, column 1, as follows:

11.4410.B
Deferment Documentation

...

Revise Section 11.12, page 19, columns 1 & 2, as follows:

11.4211
Peace Corps Deferment

...

11.4211.A
Eligibility Criteria—Peace Corps

...

11.4211.B
Deferment Documentation—Peace Corps

...

11.4211.C
Length of Deferment—Peace Corps

...

Add new Section 11.12, page 20, column 1, as follows:

11.12
Post- Active Duty Student Deferment

A post-active duty student deferment is available to a borrower who is a member of the National Guard or Armed Forces Reserve (including a member in a retired status), and is called or ordered to active duty service (eligible national or state duty) while enrolled at least half-time in an eligible school at the time of, or within 6 months prior to, his or her activation.

[§682.210(u)(1); DCL FP-08-10]

Prior to receiving a post-active duty student deferment, a borrower may be eligible to receive a military service deferment (see Subsection 11.8) or mandatory forbearance (see Subsection 11.24.C), depending upon the type of military service being performed.

11.12.A Eligibility Criteria—Post-Active Duty Student

This deferment is available to a Stafford, PLUS and Consolidation loan borrower who is called or ordered to active duty on or after October 1, 2007, or for a period of service that includes that date, and who satisfies both of the following criteria:

- Is a member of the National Guard or Armed Forces Reserve, including a member who was in a retired status when activated.
- Was enrolled on at least a half-time basis in a program of study at an eligible school at the time of, or within 6 months prior to, being called or ordered to active duty.

[§682.210(u)(1); DCL FP-08-01]

Definitions Applicable to Post-Active Duty Student Deferment

In the context of the post-active duty student deferment, the following definitions apply:

- Active duty means serving in full-time duty in the active military service of the U.S. for at least 30 consecutive days, including active state duty for members of the National Guard, for either of the following:
 - Activities authorized by the governor, and approved by the President or Secretary of Defense, that are supported by federal funds.
 - Activities authorized by the governor based on state statute or policy that are supported by state funds.

Active duty does not include:

- Training or attendance at a service school.
- Employment in a full-time, permanent position in the National Guard unless that position is reassigned as part of a Title 32 call to state active duty service.

[§682.210(u)(2); DCL FP-08-01]

11.12.B Deferment Documentation—Post-Active Duty Student

A borrower must request the deferment and provide the lender with documentation of his or her duty status. The documentation must show that the borrower was a member of the National Guard or Reserves (including a member in a retired status), and establish an end-of-military service date and the borrower's enrollment status at an eligible school at the time of, or within six months prior to, military activation.

[§682.210(u)(1)(ii); DCL FP-08-01]

If the borrower has already received a military service deferment (see Section 11.8), a lender may grant a post-active duty student deferment without an additional request from the borrower if the lender has all the required eligibility documentation. If a deferment is granted in this manner, the lender must notify the borrower of the deferment and provide the borrower the opportunity to decline the deferment.

[§682.210(u)(4); DCL FP-08-01]

The lender may also grant a borrower a deferment using the simplified deferment processing outlined in Subsection 11.12.D.

11.12.C Length of Deferment—Post-Active Duty Student

A borrower who meets the eligibility criteria outlined in Subsection 11.12.A may receive a deferment for up to 13 months following the completion of a period of active duty military service if that service began on or after October 1, 2007, or includes that date. The deferment ends on the earlier of the date of the borrower's re-enrollment in school on at least a half-time basis, or the date the 13-month period ends.

A borrower who is eligible for both the post-active duty student deferment and the military service deferment outlined in Section 11.8 that provides for a 180-day extended deferment period, can only receive these benefits concurrently and not consecutively (i.e., the maximum benefit is limited to 13 months).

[\$682.210(u)(1); DCL FP-08-01]

11.12.D Simplified Deferment Processing

A lender may grant an eligible borrower a post-active duty student deferment based on information that the borrower has been granted a post-active duty student deferment by another FFELP loan holder or the Department (for a Direct loan) for the same time period. The borrower, or the borrower's representative, must request the deferment either verbally or in writing, but does not have to provide a completed military active duty deferment request form.

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

If the lender grants the post-active duty student deferment using this simplified process, the lender must notify the borrower that the deferment has been granted and that the borrower has the option to pay the interest that accrues on an unsubsidized FFELP loan or to cancel the deferment and continue to make payments on the loan.

[\$682.210(s)(iii) - (v); §682.210(t)(7)]

Revise Figure 11-1, page 6, as follows:

See attached chart.

PROPOSED LANGUAGE - COMMON BULLETIN:

Post-Active Duty Student Deferment

The *Common Manual* has been revised to incorporate regulatory changes to the military active duty student deferment that were part of the Final Rule dated October 23, 2008. These changes include revising the name of the deferment to "post-active duty student deferment" and clarifying that a borrower's eligible military service must begin on or after October 1, 2007, or include that date. Figure 11-1, "Deferment Eligibility Chart," is also revised to reflect these changes and to clarify that there is no limit to the number of post-active duty student deferments an eligible borrower may receive, however, each individual deferment is limited to 13 months.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

Based on the name change of the deferment, a borrower will more clearly understand that the deferment is for the period of time after the conclusion of military service. Also, a borrower will understand that the deferment is limited to borrowers whose eligible military service must begin on or after October 1, 2007, or include that date.

School:

A school will more fully understand the deferment eligibility criteria for counseling borrowers and may need to update counseling materials.

Lender/Service:

A lender may need to revise procedures to incorporate the name change for the deferment, as well as the clarification related to the time frame of the eligible service.

Guarantor:

A guarantor may need to revise program review procedures.

U.S. Department of Education:

The Department may need to revise program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

October 31, 2008

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PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

nm/edited-rrl

Deferment Eligibility Chart

Figure 11-1

See Section H.4 for information about a statutory or regulatory waiver authorized by the HEROES Act that may impact these requirements.

Form	Deferment Type	Time Limit	Stafford and SLS Loans			PLUS Loans				Consolidation Loans	
			Pre 7/1/87 Borrower	New ¹ Borrower 7/1/87 to 6/30/93	New ² Borrower 7/1/93	Loans Before 8/15/83	Pre 7/1/87 Borrower	New ¹ Borrower 7/1/87 to 6/30/93	New ² Borrower 7/1/93	Pre 7/1/93 Borrower ⁸	New Borrower 7/1/93 ⁹
SCH	In-School: Full Time	None	•	•	•	•	•	•	•	•	•
	In-School: Half Time ⁷	None		•	•			•	•	•	•
EDU Graduate	Fellowship	None	•	•	•	•	•	•	•	•	•
	Rehabilitation Training	None	•	•	•	•	•	•	•	•	•
Inte	Teacher Shortage	3 Years		•							
	rnship/Residency Training	2 Years	•	•		•					
TDIS Temporary	Total Disability ³	3 Years	•	•		•	•	•		•	
PUB	Armed Forces or Public Health Services ⁴	3 Years	•	•		•					
	National Oceanic and Atmospheric Administration Corps ⁴	3 Years		•							
	Peace Corp. ACTION Program and Tax-Exempt Organization Volunteer	3 Years	•	•		•					
UNEM Unemploy	ment	2 Years	•	•		•	•	•		•	
Unemploy	ment	3 Years			•				•		•
PLWM Parental	Leave ⁵ 6	Months	•	•							
Mother	Entering/Reentering Workforce	1 Year		•							
HRD	Economic Hardship	3 Years			•				•		•
PLUS ⁶	In School: Full Time	None						•			
	In School: Half Time	None						•			
Rehabilita	tion Training	None				•	•	•			
MIL Military	Service ¹⁰	None	•	•	•	•	•	•	•	•	•
	Military Post- Active Duty Student ¹¹	None 13 months ¹²	•	•	•	•	•	•	•	•	•

¹ "New Borrower" 7/1/87 to 6/30/93: A borrower whose first FFELP loan was made on or after July 1, 1987, and before July 1, 1993, or who had an outstanding balance on a loan obtained on or after July 1, 1987, and before July 1, 1993, when he or she obtained a loan on or after July 1, 1993, or who had no outstanding balance on a Federal Consolidation loan made before July 1, 1993, that repaid a loan first disbursed before July 1, 1987.

² "New borrower" 7/1/93: A borrower whose outstanding FFELP loans were all made on or after July 1, 1993, and when he 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.

³ A deferment may be granted during periods when the borrower is temporarily totally disabled or during which the borrower is unable to secure employment because the borrower is caring for a dependent (including the borrower's spouse) who is temporarily totally disabled.

⁴ Borrowers are eligible for a combined maximum of three years of deferment for service in NOAA, PHS, and Armed Forces.

⁵ A parental leave deferment may be granted to a borrower in periods of no more than 6 months each time the borrower qualifies.

⁶ Deferment for parent borrower during which the dependent student for whom the parent obtained a PLUS loan meets the deferment eligibility requirements.

⁷ A borrower who received a Federal Consolidation loan before July 1, 1993, that repaid a loan made before July 1, 1987, or who had an outstanding balance on a FFELP loan obtained prior to July 1, 1987, when the Federal Consolidation loan was obtained, is eligible for in-school deferment only if the borrower attends schools full-time.

⁸ A borrower with a Federal Consolidation loan made before July 1, 1993, or a borrower who receives a Consolidation loan on or after July 1, 1993, who has any outstanding FFELP loan(s) at the time of consolidation that was first disbursed before July 1, 1993.

⁹ A borrower who receives a Federal Consolidation loan made on or after July 1, 1993, who has no outstanding FFELP loans at the time of consolidation that were made on or before July 1, 1993.

¹⁰ A deferment may be granted to a borrower who is serving on active duty during a war or other military operation or national emergency (including qualifying National Guard duty).

¹¹ A deferment may be granted to a borrower called to active National or State duty who is a member of the National Guard or Reserves (including retired members) and who was enrolled at least half time at an eligible school at the time of, or within 6 months prior to, being activated.

¹² [A post-active duty student deferment may be granted to a borrower in periods of no more than 13 months each time the borrower qualifies. There is no limit to how many deferments of this type a borrower may receive.](#)

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: January 9, 2009

X	DRAFT	Comments Due	Jan 30
	FINAL	Consider at GB Meeting	
	APPROVED	With Changes / No Changes	

SUBJECT: Military Service Deferment

AFFECTED SECTIONS: 11.9.C Length of Deferment—Military Service

POLICY INFORMATION: 1100/Batch 157

EFFECTIVE DATE/TRIGGER EVENT: Military Service Deferment requests received by the lender on or after July 1, 2009, unless implemented by the lender on or after October 23, 2008.

BASIS:
§682.210(t)(9).

CURRENT POLICY:

Current policy states that a military service deferment begins on the date the condition entitling the borrower to the deferment first existed, as determined by the lender. The deferment ends on the date on which the borrower's qualifying service is certified to end or actually ends.

REVISED POLICY:

Revised policy adds to current policy by stating that without supporting documentation, a military service deferment may be granted to an otherwise eligible borrower for a period not to exceed the initial 12 months from the date the qualifying eligible service began based on a request from the borrower or the borrower's representative.

REASON FOR CHANGE:

This change is necessary to incorporate provisions of the *Federal Register* Vol. 73, No. 206, dated October 23, 2008.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 11.9.C, page 17, column 1, paragraph 2, as follows:

11.9.C
Length of Deferment—Military Service

The deferment begins on the date the condition entitling the borrower to the deferment first existed, as determined by the lender. The deferment ends on the date on which the borrower's qualifying service is certified to end or actually ends.

[HEA §428(b)(1)(M); §682.210(t); DCL GEN-06-02]

Without supporting documentation, a military service deferment may be granted to an otherwise eligible borrower for a period not to exceed the initial 12 months from the date the qualifying eligible service began based on a request from the borrower or the borrower's representative.

[§682.210(t)(9)]

PROPOSED LANGUAGE - COMMON BULLETIN:

Military Service Deferment

The *Common Manual* currently states that a military service deferment begins on the date the condition entitling the borrower to the deferment first existed, as determined by the lender. The deferment ends on the date on which the borrower's qualifying service is certified to end or actually ends. The Manual is revised to add that without supporting documentation, a military service deferment may be granted to an otherwise eligible borrower for a period not to exceed the initial 12 months from the date the qualifying eligible service began based on a request from the borrower or the borrower's representative.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower, if otherwise eligible, may receive a military service deferment for 12 months from the date the qualifying eligible service began based on a request from the borrower or the borrower's representative without having to provide the lender with supporting documentation.

School:

None.

Lender/Service:

A lender may need to update procedures for processing a military service deferment request.

Guarantor:

A guarantor may need to update its default aversion and program review materials.

U.S. Department of Education:

The Department may need to update its program review materials.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

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CM Guarantor Designee

Interested Industry Groups and Others

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COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: January 9, 2009

X	DRAFT	Comments Due	Jan 30
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: **Mandatory Forbearance for Post-Active Duty Student Deferment**

AFFECTED SECTIONS: **11.24 Mandatory Forbearance**
Figure 11-2 Forbearance Eligibility Chart

POLICY INFORMATION: **1101/Batch 157**

EFFECTIVE DATE/TRIGGER EVENT: Requests received by a lender on or after July 1, 2009, unless implemented earlier by the lender on or after October 23, 2008.

BASIS:
§682.211(h)(2)(iii).

CURRENT POLICY:

Current policy does not include the mandatory forbearance that must be granted to a borrower who is a member of the National Guard if the borrower is serving on active military state duty and qualifies for the post-active duty student deferment, but does not qualify for the military service deferment.

REVISED POLICY:

Revised policy incorporates the mandatory forbearance that must be granted to a borrower who is a member of the National Guard if the borrower is serving on active military state duty and qualifies for the post-active duty student deferment, but does not qualify for the military service deferment or other deferment. This type of forbearance is granted in yearly increments (or for a lesser period of time that is equal to the period for which the borrower is eligible) while the eligible borrower is engaged in active state duty (as outlined in Subsection 11.12.A) for a period of more than 30 consecutive days. The forbearance begins on the day after the grace period expires for a Stafford loan that has not entered repayment or on the day after the borrower ceases at least half-time enrollment, for a FFELP loan in repayment.

Revised policy also makes changes to Figure 11-2, "Forbearance Eligibility Chart," to incorporate this forbearance type.

REASON FOR CHANGE:

This change is necessary to incorporate provisions of the *Federal Register* Vol. 73, No. 206, dated October 23, 2008.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 11.24.C, page 41, column 1, as follows:

11.24.C

National Service, Loan Forgiveness, or Department of Defense Repayment, or Active Military State Duty

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:

- . . .
- . . .
- . . .
- . . .

- Serves on active military state duty as a member of the National Guard (including a member in retired status) during a time when the governor activates National Guard personnel for active state duty a for period of more than 30 consecutive days, and the Guard's activities are paid with state or federal funds. The forbearance is for borrowers who qualify for a post-active duty student deferment, but who do not qualify for a military service deferment or other deferment while engaged in active military state duty (see Section 11.12 for more information on the post-active duty student deferment). The forbearance begins on the day after the end of the grace period for a Stafford loan that has not entered repayment, or on the day after the borrower ceases at least half-time enrollment for a FFELP loan in repayment.

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

See attached chart.

PROPOSED LANGUAGE - COMMON BULLETIN:

Mandatory Forbearance for Post-Active Duty Student Deferment

The *Common Manual* has been revised to incorporate the mandatory forbearance that must be granted to a borrower who is a member of the National Guard and is serving on active military state duty and qualifies for the post-active duty student deferment, but who does not qualify for the military service deferment or other deferment. This type of forbearance is granted in yearly increments (or for a lesser period of time that is equal to the period for which the borrower is eligible) while the eligible borrower is engaged in active military state duty for a period of more than 30 consecutive days. The forbearance begins on the day after the grace period expires for a Stafford loan that has not entered repayment, or on the day after the borrower ceases at least half-time enrollment for a FFELP loan in repayment.

For purposes of this deferment, *active duty* means serving in full-time duty in the active military service of the U.S. for at least 30 consecutive days, including active state duty for members of the National Guard, for either of the following:

- Activities authorized by the governor, and approved by the President or Secretary of Defense, that are supported by federal funds.
- Activities authorized by the governor based on state statute or policy that are supported by state funds.

Active duty does not include:

- Training or attendance at a service school.
- Employment in a full-time, permanent position in the National Guard unless that position is reassigned as part of a Title 32 call to state active duty service.

Figure 11-2, "Forbearance Eligibility Chart," is also being revised to incorporate this forbearance type.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower who is eligible for the post-active duty student deferment, but does not qualify for the military service deferment or other deferment will be able to postpone payments through forbearance while engaged in active military state duty.

School:

A school may need to update counseling materials for borrowers who are activated for military duty at the state level but do not qualify for the military service deferment or other deferment.

Lender/Servicer:

A lender will need to revise procedures to incorporate the mandatory forbearance available to borrowers who are eligible for the post-active duty student deferment but do not qualify for the military service deferment or

other deferment.

Guarantor:

A guarantor may need to revise its program review materials.

U.S. Department of Education:

The Department may need to revise its program review materials.

To be completed by the Policy Committee

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Interested Industry Groups and Others

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Forbearance Eligibility Chart**Figure 11-2**

TYPE	LENGTH
Discretionary	
Financial difficulties due to personal problems when the borrower is unable to make regularly scheduled payments ¹	The period established in the terms of the forbearance agreement (not to exceed 12- month increments); no maximum
Reduced-Payment Forbearance ¹	
Mandatory	
Medical or Dental Internship/Residency ^{2, 3}	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 ³	
National Service ^{2, 3}	
Active Military State Duty ^{2, 3}	
Child Care Provider Loan Forgiveness ^{2, 9} — <i>Note: Contingent upon funding by Congress.</i>	Period while borrower maintains forgiveness eligibility. 12-month increments
Debt Exceeds Monthly Income ^{4, 5}	12-month increments; 3 years maximum
Teacher Loan Forgiveness ^{2, 3}	Period while borrower maintains forgiveness eligibility. 12-month increments
Mandatory Administrative	
Local or National Emergency ⁷	Period specified by the Department or guarantor plus 30 days following the period
Military Mobilization ⁸	
Designated Disaster Area ⁷	
Repayment Accommodation	3-year maximum for variable interest rate; 5-year maximum for income-sensitive repayment
Death	Date lender receives reliable notification of death to date lender receives death certificate or other acceptable documentation, not to exceed 60 days
Teacher Loan Forgiveness ^{2, 6}	The period while the lender is awaiting a completed loan forgiveness application, not to exceed 60 days
	Date lender receives a completed loan forgiveness application to date lender receives either a denial or the loan forgiveness amount from the guarantor
Administrative	
Borrower Ineligible for Deferment ⁶	Beginning date to ending date of the ineligible deferment
Delinquency before a Deferment or Certain Forbearances ⁶	First date of overdue payment to the day before the beginning date of deferment or other forbearance type
Late Notification of Out-of-School Dates ⁶	Date borrower should have entered repayment to date first or next payment was established
Bankruptcy Filing ⁶	The earlier of the first date of overdue payment or receipt of reliable information that the borrower has filed bankruptcy to date of discharge determination or repurchase
Total and Permanent Disability ⁶	Date lender receives physician's written request for additional time to date lender receives a complete, certified loan discharge application or other form(s) approved by the Department, if the borrower submits the certification to the lender within 90 days of the date the physician certified the application, not to exceed 60 days
	For a non-disabled comaker, the earlier of the date that the lender receives the loan discharge application or the date the lender receives notice from the guarantor that one comaker is totally and permanently disabled, to the date that the lender receives notice of the final discharge determination.

TYPE	LENGTH
Spouses and Parents of September 11, 2001, Victims ⁶	60 days from date application sent to borrower if application is not received by lender, and from date guarantor receives documentation to date of determination
Repurchase of a Non-Bankruptcy Claim ⁶	The period that the loan was held by the guarantor due to a claim purchase
Death	Date after mandatory administrative forbearance due to reliable notification of death ends to date lender receives death certificate or other acceptable documentation, not to exceed 60 days
Closed School	Period of unofficial closure notice as specified by guarantor
Closed School or False Certification ⁶	60 days from date application sent to borrower if application is not received by lender, and from date guarantor receives documentation to date of determination
False Certification—Identity Theft ⁶	Date eligibility requirements sent to individual to date request and documentation returned, not to exceed 60 days; and from date guarantor receives documentation to date of determination
Delinquency after Deferment or Mandatory Forbearance ⁶	Deferment or mandatory forbearance end date to establishment of next payment due date
Documentation Collection and Processing ⁶	Date borrower requests deferment, forbearance, change in repayment plan, or loan consolidation to date supporting documentation is processed by lender, not to exceed 60 days
Unpaid Refund Discharge	60 days from date application sent to borrower if application is not received by lender, and from date guarantor receives documentation to date of determination The period during guarantor review and ending on the date lender receives the guarantor's determination for a borrower who requests a review of a denial determination
Unpaid Refund ⁶	End date of initial 60-day mandatory administrative forbearance to receipt of completed discharge request, and during period of determination of discharge eligibility
New Out-of-School Dates after Conversion ⁶	Original repayment start date to adjusted start date
Loan Sale or Transfer ⁶	First date of delinquency to date loan is sold or transferred, if the loan is less than 60 days delinquent
Ineligible Summer Bridge Extension ⁶	Day after expiration of borrower's last in-school deferment to the 30th day after fall classes begin
Cure ⁶	Date of earliest unexcused violation to date lender receives a full payment or new signed repayment agreement
Natural Disasters, Local or National Emergency, Military Mobilization ⁶	From date borrower affected, not to exceed 3 months for each occurrence
Repayment Alignment-SLS/Stafford ⁴	First payment due date to last day of the longest applicable Stafford loan grace period

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

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

² For borrowers only.

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

⁴ A request is required.

⁵ 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.

⁶ 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.

⁷ Notice from the Department or guarantor is required.

⁸ Documentation showing borrower is subject to a military mobilization is required.

⁹ A request and a completed FFELP Child Care Provider Loan Forgiveness Forbearance Form are required.

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: January 9, 2009

X	DRAFT	Comments Due	Jan 30
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Additional Documentation Requirements for Subrogated Loans

AFFECTED SECTIONS: 13.1.D Claim File Documentation
13.1.G Additional Documentation as Requested by the Guarantor

POLICY INFORMATION: 1102/Batch 157

EFFECTIVE DATE/TRIGGER EVENT: Requests for loan disbursement information and electronic signature documents received from the guarantor on or after July 1, 2008.

BASIS:
§682.409(c)(4)(vii) & (viii).

CURRENT POLICY:

Current policy only states that a lender may need to provide additional information or documentation to a guarantor if a borrower disputes the loan or if a school disputes its cohort default rate.

REVISED POLICY:

Revised policy adds that a lender will need to provide additional loan disbursement information or electronic signature documentation to a guarantor, upon request, for a loan that may be selected for subrogation to the Department. Revised policy also creates a new subsection regarding additional documentation as requested by the guarantor.

REASON FOR CHANGE:

This change is based on regulatory changes made in the *Federal Register* dated November 1, 2007, Vol. 72, No. 211, page 62006.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 13.1.D., page 5, column 1, paragraph 5, as follows:

~~Guarantors may require lenders to provide additional information or documentation, for example if the borrower disputes the loan amount or a school disputes its cohort default rate.~~

Add a new Subsection 13.1.G., page 6, column 2, as follows:

13.1.G Additional Documentation as Requested by the Guarantor

There may be several reasons for guarantors to require lenders to provide additional information or documentation, such as:

- If the guarantor requests additional information due to the subrogation of the loan.
- If the borrower disputes the loan amount.
- If a school disputes its cohort default rate.

For a loan that may be selected for subrogation to the Department, a lender must provide the following within the required time frame as requested by the guarantor:

- A record of the lender's disbursement of loan proceeds to the school for delivery to the borrower.
- The name and location of the entity in possession of the original electronically signed

Master Promissory Note (MPN) or the electronically signed promissory note in the case of a Consolidation loan.

[\$682.409(c)(4)(vii) & (viii)]

▲ Lenders may contact individual guarantors for more information on when the additional documentation is required.

PROPOSED LANGUAGE - COMMON BULLETIN:

Additional Documentation Requirements for Subrogated Loans

The *Common Manual* has been updated with information and documentation requirements a lender may need to provide to a guarantor when requested for a loan that may be subrogated to the Department. This information includes a record of the lender's disbursement of loan proceeds to the school for delivery to the borrower and the name and location of the entity in possession of the original electronically signed Master Promissory Note (MPN) or the electronically signed promissory note in the case of a Consolidation loan. Revised policy also creates a new subsection to specifically address additional documentation requirements as requested by a guarantor.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:

A lender may need to provide a guarantor with additional information on a defaulted loan as requested by the guarantor. This information will need to be provided to the guarantor within the requested time frame of the guarantor.

Guarantor:

A guarantor, upon subrogation of a loan, may need to request additional information from a lender to provide to the Department. A guarantor will need to provide a lender with a time frame in which to provide the documents that enables the guarantor to respond to the Departments' request for more information within 10 business days.

U.S. Department of Education:

The Department may request additional information from a guarantor for subrogated loans.

To be completed by the Policy Committee

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CM Policy Committee

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Interested Industry Groups and Others

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SUBJECT: Repayment Options on Rehabilitated Loans

AFFECTED SECTIONS: 13.7 Rehabilitation of Defaulted FFELP Loans

POLICY INFORMATION: 1103/Batch 157

EFFECTIVE DATE/TRIGGER EVENT: Rehabilitated FFELP loans purchased by a lender on or after July 1, 2009.

BASIS:
§682.405(b)(4).

CURRENT POLICY:

Current policy only specifies that a lender who repurchases a rehabilitated loan must establish a repayment schedule based on the same requirements applicable to other FFELP loans of the same loan type of the rehabilitated loan, and must include initial payments that are equal to or greater than the payments that the borrower made during the rehabilitation period.

REVISED POLICY:

Revised policy adds that a lender also must allow a borrower to choose any repayment plan that is available for the loan type. The rehabilitation lender is no longer required to ensure that the repayment schedule on the rehabilitated loan has initial payments that are equal to or greater than the nine monthly payments that the borrower made to the guarantor during the rehabilitation period.

REASON FOR CHANGE:

This change is based on regulatory changes made in the *Federal Register* dated October 23, 2008, Vol. 73, No. 206, page 63254.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 13.7, page 15, column 2, paragraph 2, as follows:

A lender that purchases a rehabilitated loan must immediately establish a repayment schedule with the borrower that meets the requirements applicable to other FFELP loans of the same type as the rehabilitated loan and must allow the borrower to choose any repayment plan that is available for that loan type. The schedule must be sent to the borrower no more than 60 days, and the first payment due date must be no more than 75 days after the lender considers the repurchase to be complete (e.g., the date the repurchase check is sent to the guarantor, the date the lender receives the loan file from the guarantor, or the date the lender receives collateral from the guarantor). The lender must consider the first payment made under the nine monthly payments required for rehabilitation as the first payment under the applicable maximum repayment period for the loan type. ~~(For example, a Stafford borrower with a normal 10-year repayment maximum would have a maximum repayment period of 9 years and 3 months remaining on a loan with a 10-year repayment period, and a A Consolidation loan borrower with a balance greater than \$60,000 would have a maximum repayment period of 29 years and 3 months, because the nine monthly payments are considered the first 9 months of a repayment term).~~ When establishing the maximum repayment period on a rehabilitated Consolidation loan, the lender must use the loan's balance at the time the loan is rehabilitated (i.e., the amount paid to the guarantor to purchase the loan). ~~The initial repayment schedule for each rehabilitated loan must provide for monthly payments that are greater than or equal to the average of the nine monthly payments received by the guarantor.~~
[§682.405(b)(4)]

PROPOSED LANGUAGE - COMMON BULLETIN:

Repayment Options on Rehabilitated Loans

The *Common Manual* has been updated to include that upon purchase of a rehabilitated loan, a lender must immediately establish a repayment schedule with the borrower that meets the requirements applicable to other FFELP loans of the same type as the rehabilitated loan and must allow the borrower to choose any repayment plan that is available for that specific loan type. The rehabilitation lender is no longer required to ensure that the repayment schedule on the rehabilitated loan has initial payments that are equal to or greater than the nine monthly payments that the borrower made to the guarantor during the rehabilitation period.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower will be given the option to choose a repayment plan that is available for that loan type upon rehabilitation of the loan. A borrower's initial payments with the lender may be less than the payments received by the guarantor.

School:

None.

Lender/Servicer:

A lender will need to update its procedures for rehabilitating loans to provide the rehabilitated borrower every repayment option that is available for the loan type that was rehabilitated. A lender may also need to update procedures to eliminate any requirements that the borrower's repayment schedule have payments that equal or exceed the payments that were required by the guarantor during the rehabilitation process.

Guarantor:

A guarantor may need to update its policies and procedures for compliance reviews to include verifying whether a borrower was given sufficient choice of repayment plans upon successful completion of rehabilitation.

U.S. Department of Education:

The Department may need to update its policies and procedures for compliance reviews to include verifying whether a borrower was given a choice of repayment plan upon successful completion of rehabilitation.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

October 31, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

sm/edited-chh

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: January 9, 2009

X	DRAFT	Comments Due	Jan 30
	FINAL	Consider at GB Meeting	
	APPROVED	With Changes / No Changes	

SUBJECT: Consolidation Eligibility

AFFECTED SECTIONS: 15.2 Borrower Eligibility and Underlying Loan Holder Requirements
Appendix G

POLICY INFORMATION: 1104/Batch 157

EFFECTIVE DATE/TRIGGER EVENT: Direct Consolidation Loans disbursed on and after October 1, 2008, for benefits of the no accrual of interest for active duty service members benefit.

Direct Consolidation Loans disbursed on and after July 1, 2009, for using the Public Service Loan Forgiveness Program.

BASIS:

HEA §428C(a)(3)(B)(i)(V)(bb) and (cc) and §455(o) as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315; §682.201(e)(5).

CURRENT POLICY:

Current policy does not address a FFELP borrower's ability to consolidate into the Direct Loan program for purposes of using the Public Service Loan Forgiveness Program and no accrual of interest for active duty service members benefits of the Direct Loan program.

REVISED POLICY:

Revised policy states that a FFELP borrower may consolidate into the Direct Loan program for the purposes of using the Public Service Loan Forgiveness Program and the no accrual of interest for active duty service members benefits of the Direct Loan program.

REASON FOR CHANGE:

These changes are necessary to incorporate provisions of the HEOA and *Federal Register* Vol. 73, No. 206 dated October 23, 2008.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 15.2, page 4, column 1, by adding a new subheading after paragraph 3, as follows:

Consolidating to Obtain Direct Loan Benefits

A borrower who has a FFELP loan(s) may obtain a Direct Consolidation loan for the purpose of obtaining certain Direct Loan program benefits. These benefits include the following:

- Using the Public Service Loan Forgiveness Program.
[HEA §428C(a)(3)(B)(i)(V)(bb); §682.201(e)(5)]
- Using the no accrual of interest for active duty service members benefit.
[HEA §428C(a)(3)(B)(i)(V)(cc); §455(o)]

Obtaining a Subsequent Consolidation Loan

A borrower who currently has either a Federal or a Direct Consolidation loan is not eligible for a subsequent Federal or Direct Consolidation loan unless the borrower meets one of the following conditions:

- . . .
- . . .

A borrower who currently has a Federal Consolidation loan and does not meet one of the above conditions is not eligible for a subsequent Federal consolidation loan, but may be eligible for a subsequent Direct Consolidation loan if the borrower meets one of the following conditions:

- The borrower's Consolidation loan holder has requested default aversion assistance from the guarantor, and the borrower is seeking an income-contingent repayment schedule.
- The borrower has filed an adversary complaint in a bankruptcy proceeding and is seeking an income-contingent repayment schedule.
[HEA §428C(a)(3)(B)(1); DCL GEN-06-20/FP-06-16]
- The borrower wants to use the Direct Loan Public Service Loan Forgiveness Program.
[HEA §428C(a)(3)(B)(i)(V)(bb); §682.201(e)(5)]
- The borrower wants to use the no accrual of interest for active duty service members benefit.
[HEA §428C(a)(3)(B)(i)(V)(cc); §455(o)]

Revise Appendix G, page 16, column 1, by adding a new definition after paragraph 6, as follows:

Public Service Loan Forgiveness Program: A program intended to encourage individuals to enter and continue in full-time public service employment by forgiving the remaining balance of their Direct loan(s) after they satisfy the public service and loan payment requirements of the program.

PROPOSED LANGUAGE - COMMON BULLETIN:

Consolidating to Obtain Direct Loan Benefits

The *Common Manual* has been updated to reflect that a FFELP borrower may consolidate into the Direct Loan program for the purposes of using the Public Service Loan Forgiveness Program and the no accrual of interest for active duty service members benefits of the Direct Loan program.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A FFELP borrower may receive benefits of the Direct Loan program's Public Service Loan Forgiveness Program and the no accrual of interest for active duty service members by consolidating their FFELP loans into Direct Lending.

School:

None.

Lender/Servicer:

A lender may need to amend its consolidation procedures to allow for a FFELP borrower to reconsolidate into the Direct Loan program.

Guarantor:

A guarantor may need to amend consolidation procedures to allow for a FFELP borrower to reconsolidate into the Direct Loan program. A guarantor may also need to amend its program review materials.

U.S. Department of Education:

The Department may need to amend consolidation procedures to allow for a FFELP borrower to reconsolidate into the Direct Loan program. The Department may also need to amend its program review materials.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

October 31, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designee

Interested Industry Groups and Others

ma/edited-chh