

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1135	Reduced Interest Rate Documentation for Claims	<p><u>13.1.D</u> <u>Claim File Documentation</u></p> <p>Requires a lender to provide to the guarantor documentation supporting the granting of a reduced interest rate under the Servicemembers Civil Relief Act if, at the time the lender files a claim with the guarantor, the borrower is receiving this benefit. This documentation includes the borrower's written request for the reduced interest rate and the applicable military orders.</p>	Guarantor	Claims filed by the lender on or after January 1, 2010, unless implemented earlier by the lender.
1136	Ineligible Borrower and Identity Theft Claims	<p><u>2.3.C</u> <u>Common Forms</u> <u>13.1.D</u> <u>Claim File Documentation</u></p> <p>States that a lender must submit a completed FFELP Ineligible Borrower and Identity Theft Supplemental Form to accompany the FFELP Claim Form to support and provide additional information and documentation necessary to request claim reimbursement for false certification as a result of the crime of identity theft and ineligible borrower discharges.</p>	Federal	Claims filed by the lender on or after July 1, 2009, unless implemented earlier by the lender.
1137	Permitted Activities for Lenders	<p><u>3.4.C</u> <u>Permitted and Prohibited Activities</u></p> <p>Permits a lender to provide entrance counseling services. The school's staff must be in control of the counseling, whether in person or via electronic capabilities. The counseling must not promote the products and services of any specific lender.</p>	Federal	Entrance counseling provided by a lender to a school on or after August 14, 2008.
1138	Federal Veterans' Education Benefits and Estimated Financial Assistance	<p><u>6.7</u> <u>Determining the Amount of Estimated Financial Assistance</u></p> <p>Excludes all federal veterans' education benefits from EFA for determining eligibility for a Stafford or PLUS loan. Revised policy provides an updated list of federal veterans' education benefits that are excluded.</p>	Federal	July 1, 2009.
1139	Increased Unsubsidized Stafford Loan Limits for Health Profession Students	<p><u>6.11.D</u> <u>Increased Unsubsidized Stafford Loan Limits for Health Profession Students</u></p> <p>Deletes the reference to a student receiving a HEAL program loan for any portion of the same loan period as the increased unsubsidized Stafford loan limit</p>	Federal	October 1, 1998.

		available to a health profession student.		
1140	Reporting Social Security Number Changes or Corrections	<p><u>9.1</u> <u>Reporting Social Security Number, Date of Birth, First Name Changes or Corrections</u></p> <p>States that when the school becomes aware of a discrepancy with a student's or parent borrower's SSN, date of birth, or first name, the school must notify the guarantor. Revised policy also states that if the school is unable to obtain a copy of an acceptable source document to resolve the discrepancy of an SSN, it must notify both the lender and the guarantor. In addition, revised policy states that upon notification by the school of the discrepancy with a borrower's SSN, the lender may not disburse and the school may not deliver FFELP funds for the student until the school determines the correct SSN.</p>	Federal	Retroactive to the implementation of the <i>Common Manual</i> .
1141	Completing Loan Verification Certificates	<p><u>15.3.C</u> <u>Reviewing the Loan Verification Certificate</u></p> <p>States that a joint Consolidation loan cannot be reconsolidated in either the FFEL Program or the Direct Loan Program. Revised policy also specifies that an existing single FFEL Consolidation loan may be reconsolidated into the Direct Loan Program without adding other eligible loans under certain situations listed in Section 15.2.</p>	Federal	Loan verification certificates received by the lender on or after August 14, 2008.

Batch 160-trans

COMMON MANUAL - GUARANTOR POLICY PROPOSAL

Date: July 24, 2009

X	DRAFT	Comments Due	Aug 14
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Reduced Interest Rate Documentation for Claims

AFFECTED SECTIONS: 13.1.D Claim File Documentation

POLICY INFORMATION: 1135/Batch 160

EFFECTIVE DATE/TRIGGER EVENT: Claims filed by the lender on or after January 1, 2010, unless implemented earlier by the lender.

BASIS:
HEA §428(d); DCL GEN-08-12/FP-08-10.

CURRENT POLICY:

Current policy does not require a lender to provide to the guarantor documentation supporting the granting of a reduced interest rate under the Servicemembers Civil Relief Act if, at the time the lender files a claim with the guarantor, the borrower is receiving this benefit.

REVISED POLICY:

Revised policy requires a lender to provide to the guarantor documentation supporting the granting of a reduced interest rate under the Servicemembers Civil Relief Act if, at the time the lender files a claim with the guarantor, the borrower is receiving this benefit. This documentation includes the borrower's written request for the reduced interest rate and the applicable military orders.

REASON FOR CHANGE:

This change is being made to provide the guarantor with the documentation that it needs to continue the reduced interest rate applicable to some loans under the Servicemembers Civil Relief Act in cases where a borrower is receiving this benefit prior to claim filing.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 13.1.D of the July 2009 *Common Manual*, page 5, column 1, by adding a new paragraph 5, as follows:

6. Reduced Interest Rate Documentation

Documentation supporting the granting of a reduced interest rate under the Servicemembers Civil Relief Act if, at the time the lender files a claim with the guarantor, the borrower is receiving this benefit. This documentation must include the borrower's written request for the reduced interest rate and the applicable military orders.

PROPOSED LANGUAGE - COMMON BULLETIN:

Reduced Interest Rate Documentation for Claims

The July 2009 *Common Manual* has been revised to require a lender to provide documentation supporting the granting of a reduced interest rate under the Servicemembers Civil Relief Act if, at the time the lender files a claim with the guarantor, the borrower is receiving this benefit. This documentation must include the borrower's written request for the reduced interest rate and the applicable military orders.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower will continue to receive the benefit of a reduced interest rate under the Servicemembers Civil Relief Act after a claim has been submitted to the guarantor, if the borrower is receiving this benefit prior to claim filing.

School:
None.

Lender/Servicer:

A lender may need to amend claim filing procedures to include documentation supporting granting the borrower a reduced interest rate under the Servicemembers Civil Relief Act if, at the time the lender files a claim with the guarantor, the borrower is receiving this benefit.

Guarantor:

A guarantor will be able to continue granting a borrower a reduced interest rate under the Servicemembers Civil Relief Act if, the borrower was actively receiving this benefit prior to claim filing. The guarantor may need to establish new procedures to review for the borrower's request for the reduced interest rate and for applicable military orders.

U.S. Department of Education:
None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

Default Aversion and Claims Standardization Subcommittee

DATE SUBMITTED TO CM POLICY COMMITTEE:

July 17, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

ma/edited-chh

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: July 24, 2009

X	DRAFT	Comments Due	Aug 14
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Ineligible Borrower and Identity Theft Claims

AFFECTED SECTIONS: 2.3.C Common Forms
13.1.D Claim File Documentation

POLICY INFORMATION: 1136/Batch 160

EFFECTIVE DATE/TRIGGER EVENT: Claims filed by the lender on or after July 1, 2009, unless implemented earlier by the lender.

BASIS:
NSLDS Technical Update GA 2008-04.

CURRENT POLICY:
Current policy does not address the additional information and documentation that a lender must provide when filing a claim with the guarantor for false certification as a result of the crime of identity theft and ineligible borrower discharges.

REVISED POLICY:
Revised policy states that a lender must submit a completed FFELP Ineligible Borrower and Identity Theft Supplemental Form to accompany the FFELP Claim Form to support and provide additional information and documentation necessary to request claim reimbursement for false certification as a result of the crime of identity theft and ineligible borrower discharges.

REASON FOR CHANGE:
This change is being made to comply with the NSLDS Technical Update GA 2008-04.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Subsection 2.3.C of the July 2009 *Common Manual*, page 14, column 1, paragraph 3, as follows:

Claim Forms

- Claim Form
- ...
- ...
- ...
- FFELP Ineligible Borrower and Identity Theft Supplemental Form

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

General Documentation Requirements

...

Closed School Claims, False Certification Claims, and Unpaid Refund Discharges

Documentation requirements for closed school and false certification claims are outlined in Subsections 13.8.B, and 13.8.D, and 13.8.E, respectively. Documentation requirements for unpaid refund discharges are outlined in Subsection 13.8.H.

- For a false certification as a result of the crime of identity theft claim, the lender must also submit a completed FFELP Ineligible Borrower and Identity Theft Supplemental Form along with applicable documentation.

Ineligible Borrower Claims

For an ineligible borrower claim, the lender is required to submit only items 1 through 3 of the preceding list. The lender must also provide the month, day, and year the final demand letter was mailed and reasonable documentation supporting the borrower's ineligibility for the loan, such as an affidavit or letter from the school or a statement from the lender clearly stating the facts and allegations. Further, the lender is required to submit a completed FFELP Ineligible Borrower and Identity Theft Supplemental Form along with applicable documentation.

PROPOSED LANGUAGE - COMMON BULLETIN:

Identity Theft and Ineligible Borrower Claim Documentation

The July 2009 *Common Manual* has been revised to require a lender to submit a completed FFELP Ineligible Borrower and Identity Theft Supplemental Form along with a Claim Form when filing a claim with a guarantor for false certification as a result of the crime of identity theft and ineligible borrower discharges. This form is located in the NCHelp e-Library as well as on many guarantor web sites.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:

A lender may need to update claim filing procedures for filing false certification as a result of the crime of identity theft and ineligible borrower claims.

Guarantor:

A guarantor may need to update its claim review procedures to require and monitor to ensure receipt of the special claim-filing addendum and additional supporting documentation for false certification as a result of the crime of identity theft and ineligible borrower discharges.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

Default Aversion and Claims Standardization Subcommittee

DATE SUBMITTED TO CM POLICY COMMITTEE:

July 17, 2009

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: July 24, 2009

X	DRAFT	Comments Due	Aug 14
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Permitted Activities for Lenders

AFFECTED SECTIONS: 3.4.C Permitted and Prohibited Activities

POLICY INFORMATION: 1137/Batch 160

EFFECTIVE DATE/TRIGGER EVENT: Entrance counseling provided by a lender to a school on or after August 14, 2008.

BASIS:
H.R. 1777 (P.L. 111-39); §435(d)(5)(E) and (F).

CURRENT POLICY:

Current policy does not permit a lender to provide entrance counseling services to FFELP student borrowers on behalf of schools.

REVISED POLICY:

Revised policy permits a lender to provide entrance counseling services. The school's staff must be in control of the counseling, whether in person or via electronic capabilities. The counseling must not promote the products and services of any specific lender.

REASON FOR CHANGE:

This change is needed to align Manual text with the language of P.L. 111-39, which clarified that, in addition to exit counseling, a lender may also provide entrance counseling services—including, under certain conditions, in-person counseling—to assist a school in meeting its regulatory requirements.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 3.4.C of the July 2009 *Common Manual*, page 9, column 2, paragraph 3, as follows:

3.4.C Permitted and Prohibited Activities

Permitted Activities

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

- ...
- Entrance and exit counseling services, as long as the school's staff is in control of the counseling, whether in person or via electronic capabilities, and such counseling does not promote the products and services of any specific lender.
[HEA §435(d)(5)(~~G~~)(E) and (F)]
- ...

Revise Subsection 3.4.C of the *Common Manual*, page 11, column 2, paragraph 4, as follows:

- ...
- Performing for a school or paying, on behalf of a school, another person to perform any function that the school is required to perform under any Title IV program. A lender may participate in person in a school's required entrance or exit counseling as long as the school's staff is in control of the counseling, and such counseling does not promote the products or services of any specific lender.

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PROPOSED LANGUAGE - COMMON BULLETIN:

Permissible Activities for Lenders

The July 2009 *Common Manual* has been updated to incorporate a provision of H.R. 1777 (P.L. 111-39) that allows a lender to provide entrance counseling services. If a lender provides entrance counseling services, the school's staff must be in control of the counseling, whether it is conducted in person or via electronic capabilities, and the counseling must not promote the products and services of any specific lender.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower may benefit from the borrowing and debt management expertise provided by a lender representative during an in-person entrance counseling session.

School:

A school has additional resources upon which to draw to assist the school in fulfilling its requirements to provide loan counseling. A school must ensure, however, that its staff remains in control of entrance (and exit) counseling that a lender provides to its borrowers.

Lender/Service:

A lender is now specifically authorized by law to provide both in-person entrance as well as exit counseling, provided certain conditions are met.

Guarantor:

A guarantor may find it necessary to update its program review materials to acknowledge a lender's ability to provide in-person entrance counseling to FFELP borrowers, provided certain conditions are met.

U.S. Department of Education:

The Department may be required to modify its internal policies to reflect that lenders (and guarantors) are authorized in law to provide in-person entrance as well as exit counseling on a school's behalf, provided certain conditions are met.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

November 26, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee
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Interested Industry Groups and Others

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COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: July 24, 2009

X	DRAFT	Comments Due	Aug 14
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Federal Veterans' Education Benefits and Estimated Financial Assistance

AFFECTED SECTIONS: 6.7 Determining the Amount of Estimated Financial Assistance

POLICY INFORMATION: 1138/Batch 160

EFFECTIVE DATE/TRIGGER EVENT: July 1, 2009.

BASIS:

H.R. 1777 (P. L. 111-39); Higher Education Opportunity Act (HEOA) (P. L. 110-315); HEA §428(a)(2)(C)(ii); HEA §428H(b)(1); HEA §428B(b); HEA §480(c)(2); HEA §480(j)(1); Electronic Announcement dated July 2, 2009.

CURRENT POLICY:

Current policy states that estimated financial assistance (EFA) includes federal veterans' education benefits with the exception of benefits paid under Chapter 30 of Title 38 of the U.S. Code (Montgomery GI Bill–Active Duty), which are excluded from the EFA when determining eligibility for a subsidized Stafford loan.

REVISED POLICY:

Revised policy excludes all federal veterans' education benefits from EFA for determining eligibility for a Stafford or PLUS loan. Revised policy provides an updated list of federal veterans' education benefits that are excluded.

REASON FOR CHANGE:

This change is necessary to conform with the provisions of H.R. 1777, which established an effective date of July 1, 2009, for the exclusion from EFA of all federal veterans' education benefits.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 6.7 of the July 2009 *Common Manual*, page 19, column 2, paragraph 1, bullet 2, as follows:

6.7

Determining the Amount of Estimated Financial Assistance (EFA)

...

A student's EFA includes all aid the student—or a parent on behalf of a dependent student—will receive for the loan period from federal, state, institutional, or other sources. Examples of aid that must be included in the EFA are scholarships, grants, financial need-based employment income, and loans—including, but not limited to:

- ~~Veteran's educational benefits, including educational benefits paid under Chapters 30 (Montgomery GI Bill–Active Duty), 31 (Vocational Rehabilitation and Employment Program), 32 (Veterans' Educational Assistance Program), and 35 (Dependents' Educational Assistance Program) of Title 38 of the U.S. Code and educational benefits paid under Chapters 31 (National Call to Service), 1606 (Montgomery GI Bill–Selected Reserve) and 1607 (Reserve Educational Assistance Program) of Title 10 of the U.S. Code. When determining eligibility for a subsidized Stafford loan, benefits paid under Chapter 30 of Title 38 of the U.S. Code are excluded from the EFA, as noted later in the section.~~
~~§682.200(b)(1)(i) and (ii)~~
- ...
- ...

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

A student's EFA does not include:

- ...
- For a *subsidized* Stafford loan, ~~veterans' educational benefits paid under Chapter 30 of Title 38 of the U.S. Code (Montgomery GI Bill-Active Duty)~~ and national service ~~educational~~ education awards or postservice benefits paid under Title I of the National and Community Service Act of 1990 (AmeriCorps).
[§682.200(b)(2)(iii)]
- Any federal veterans' education benefits, including, but not limited to, those paid under any of the following provisions of federal law:
 - = Chapters 30 (Montgomery GI Bill-Active Duty), 31 (Training and Rehabilitation for Veterans with Service-Connected Disabilities), 32 (Post-Vietnam Era Veterans' Educational Assistance Program), 33 (Post-9/11 Educational Assistance) and 35 (Survivors' and Dependents' Educational Assistance Program) of Title 38 of the U.S. Code.
 - = Chapters 103 (Senior Reserve Officers' Training Corps), 106A (Educational Assistance for Persons Enlisting for Active Duty), 1606 (Selected Reserve Educational Assistance Program), and 1607 (Educational Assistance Program for Reserve Component Members Supporting Contingency Operations and Certain Other Operations) of Title 10 of the U.S. Code.
 - = Section 156(b) of the Joint Resolution making further continuing appropriations and providing for productive employment for the fiscal year 1983, and for other purposes (42 U.S.C. 402 note) (Restored Entitlement Program for Survivors, also known as Quayle benefits).
 - = Section 903 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141 note) (Educational Assistance Pilot Program).
 - = Chapter 3 of Title 37, U.S. Code, related to subsistence allowances for members of the Reserve Officers Training Corps.

The exclusion of federal veterans' education benefits from EFA applies regardless of whether the benefits are received by the veteran, the veteran's spouse, or the veteran's dependent.

[HEA §480(c)(2); HEA §480(j)(1); Electronic Announcement dated July 2, 2009]

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

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PROPOSED LANGUAGE - COMMON BULLETIN:

Federal Veterans' Education Benefits and Estimated Financial Assistance

The July 2009 *Common Manual* has been revised to incorporate a provision of H.R. 1777 (P. L. 111-39). Any federal veterans' education benefits are *excluded* from estimated financial assistance (EFA), including, but not limited to, benefits paid under the following provisions of federal law:

- Chapters 30 (Montgomery GI Bill-Active Duty), 31 (Training and Rehabilitation for Veterans with Service-Connected Disabilities), 32 (Post-Vietnam Era Veterans' Educational Assistance Program), 33 (Post-9/11 Educational Assistance) and 35 (Survivors' and Dependents' Educational Assistance Program) of Title 38 of the U.S. Code.
- Chapters 103 (Senior Reserve Officers' Training Corps), 106A (Educational Assistance for Persons Enlisting for Active Duty), 1606 (Selected Reserve Educational Assistance Program), and 1607 (Educational Assistance Program for Reserve Component Members Supporting Contingency Operations and Certain Other Operations) of Title 10 of the U.S. Code.
- Section 156(b) of the Joint Resolution making further continuing appropriations and providing for productive employment for the fiscal year 1983, and for other purposes (42 U.S.C. 402 note) (Restored Entitlement Program for Survivors, also known as Quayle benefits).
- Section 903 of the Department of Defense Authorization Act, 1981 (10 U.S. C. 2141 note) (Educational Assistance Pilot Program).
- Chapter 3 of Title 37, U.S. Code, related to subsistence allowances for members of the Reserve Officers Training Corps.

The exclusion of federal veterans' education benefits from EFA applies regardless of whether the benefit recipient is the veteran, the veteran's spouse, or the veteran's dependent.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower who is also a veterans' education benefit recipient may experience increased eligibility for certain Title IV aid, including increased eligibility for a Stafford or PLUS loan.

School:

A school may be required to revise its financial aid policies and procedures to ensure that a student's federal veterans' education benefits are not included in EFA used to determine the student's eligibility for Title IV aid, as applicable, including the student's eligibility for a Stafford or PLUS loan. A school that participates in the Chapter 33, Post 9/11 GI Bill Yellow Ribbon program must wait for guidance from the Department to determine whether the school's contribution to Yellow Ribbon benefits are included or excluded from EFA.

Lender/Servicer:

None.

Guarantor:

A guarantor may be required to update its informational resources for students and parent borrowers, and its informational resources, training, and program review materials for schools.

U.S. Department of Education:

The Department may be required to update its informational resources for students and parent borrowers, and its informational resources, training, and program review materials for schools. The Department must provide guidance to schools concerning whether the school's contribution to Chapter 33, Post 9/11 GI Bill Yellow Ribbon benefits are included or excluded from EFA.

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 - CORRECTION POLICY PROPOSAL

Date: July 24, 2009

X	DRAFT	Comments Due	Aug 14
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Increased Unsubsidized Stafford Loan Limits for Health Profession Students

AFFECTED SECTIONS: 6.11.D Increased Unsubsidized Stafford Loan Limits for Health Profession Students

POLICY INFORMATION: 1139/Batch 160

EFFECTIVE DATE/TRIGGER EVENT: October 1, 1998.

BASIS:

DCL GEN-98-18; U.S. Department of Health and Human Services Bureau of Health Professions *Student Financial Aid Guidelines, Health Professions Programs, Health Education Assistance Loan Program (HEAL)*, October 2000, Chapter 1, p. 6.

CURRENT POLICY:

Current policy states that a student must not receive a HEAL program loan for any portion of the same loan period as the increased unsubsidized Stafford loan limit available to a health profession student.

REVISED POLICY:

Revised policy deletes the reference to a student receiving a HEAL program loan for any portion of the same loan period as the increased unsubsidized Stafford loan limit available to a health profession student.

REASON FOR CHANGE:

This change is necessary to remove outdated information from the Manual. No new loans were made under the HEAL program beginning with federal fiscal year 1999 that started on October 1, 1998.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 6.11.D of the July 2009 *Common Manual*, page 36, column 1, paragraph 11, by striking bullet 3, as follows:

Student Eligibility

To be eligible for the increased unsubsidized Stafford loans exceeding standard annual loan limits, a health profession student must meet the following criteria:

- ...
- ...
- ~~The student must not receive a HEAL program loan for any portion of the same loan period as the increased unsubsidized Stafford loan limit.~~
- ...

PROPOSED LANGUAGE - COMMON BULLETIN:

Increased Unsubsidized Stafford Loan Limits for Health Profession Students

The July 2009 *Common Manual* has been updated to remove outdated information. Previously, the Manual stated that, to be eligible for the increased unsubsidized Stafford loan limit available to a health profession student, the student must not receive a Health Education Assistance Loan (HEAL) program loan for any portion of the same loan period as the increased unsubsidized Stafford loan limit. This text has been deleted, since no new HEAL program loans were made beginning with the federal fiscal year that started on October 1, 1998.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:

None.

Guarantor:

None.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

February 20, 2009

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: July 24, 2009

x	DRAFT	Comments Due	Aug 14
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Reporting Social Security Number Changes or Corrections

AFFECTED SECTIONS: 9.1 Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections

POLICY INFORMATION: 1140/Batch 160

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

BASIS:
§668.36(c).

CURRENT POLICY:

Current policy states that when a school becomes aware of a discrepancy with a student's or parent borrower's Social Security number (SSN), date of birth, or first name, the school must notify the guarantor of the discrepancy. Current policy also states that if the school is unable to obtain a copy of an acceptable source document to resolve the discrepancy, it must notify the guarantor.

REVISED POLICY:

Revised policy states that when the school becomes aware of a discrepancy with a student's or parent borrower's SSN, date of birth, or first name, the school must notify the guarantor. Revised policy also states that if the school is unable to obtain a copy of an acceptable source document to resolve the discrepancy of an SSN, it must notify both the lender and guarantor. In addition, revised policy states that upon notification by the school of the discrepancy with a borrower's SSN, the lender may not disburse and the school may not deliver FFELP funds for the student until the school determines the correct SSN.

REASON FOR CHANGE:

The change is necessary to clarify that the school must notify both the lender and guarantor of an SSN discrepancy, as well as to provide instruction that the lender must not disburse and the school must not deliver FFELP loan funds for the student until the school resolves the SSN discrepancy.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Section 9.1 of the July 2009 *Common Manual*, page 1, column 1, paragraph 2 and 3:

9.1

Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections

If a school becomes aware of any issues related to the accuracy of a student's or parent borrower's Social Security number (SSN), date of birth, or first name, the school is expected to confirm the accuracy of this information by obtaining a copy of an acceptable source document. The school must report changes to a student's or parent borrower's SSN, date of birth, or first name to the guarantor. The school must also notify the lender of any changes to an SSN. If the guarantor requires the supporting documentation, the school must provide it. If the guarantor has information that the identified SSN, date of birth, or first name change is incorrect, it will notify the school.
[February 1996 SSCR Users Guide, Chapter 7, p. 7-5]

If a school identifies a discrepancy, exhausts its efforts to verify the correct SSN, date of birth, or first name, and fails to obtain a copy of an acceptable source document, the school must notify the guarantor of the discrepancy. The school must also notify the lender of an SSN discrepancy. In such cases, the school should indicate the source of the discrepancy and provide its reason for reporting the change. Upon notification from the school of a discrepancy with a student's or parent borrower's SSN, the lender may not disburse and the school may not deliver funds for the student until the school determines the correct SSN. #

~~the guarantor has information suggesting that the identified SSN, date of birth, or first name change is incorrect, it will notify the school.~~
[§668.36(c)]

PROPOSED LANGUAGE - COMMON BULLETIN:

Reporting Social Security Number Changes or Corrections

The *Common Manual* has been revised to state that when a school becomes aware of a discrepancy with a student's or parent borrower's Social Security number (SSN), date of birth, or first name, it must notify the guarantor. In addition, if the school exhausts its efforts to verify the correct borrower SSN, the school should notify both the lender and guarantor. Lastly, the Manual is revised to state that when the lender is notified by the school that there is a discrepancy with a student's or parent borrower's SSN, the lender may not disburse and the school may not deliver any FFELP loan funds for the student until the school determines the correct SSN.

GUARANTOR COMMENTS:

IMPLICATIONS:

Borrower:

A borrower's funds may be delayed if the school discovers an SSN discrepancy.

School:

A school must notify both the lender and guarantor when it discovers a discrepancy with a student's or parent borrower's SSN. The school may not deliver additional FFELP loan funds to the student until it resolves the discrepancy. The school must also notify the guarantor of any changes to a student's or parent borrower's first name or date of birth.

Lender/Service:

A lender may need to develop a process to delay disbursement on loans where an SSN discrepancy exists.

Guarantor:

A guarantor may need to update its program review procedures.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

April 8, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

nm/edited-kk

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: July 24, 2009

X	DRAFT	Comments Due	Aug 14
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Completing Loan Verification Certificates

AFFECTED SECTIONS: 15.3.C Reviewing the Loan Verification Certificate

POLICY INFORMATION: 1141/Batch 160

EFFECTIVE DATE/TRIGGER EVENT: Loan verification certificates received by the lender on or after August 14, 2008.

BASIS:

Dear Colleague Letter FP-09-03.

CURRENT POLICY:

Current policy does not include a joint consolidation loan as one that cannot be reconsolidated in either the FFELP or DL program. Current policy also does not specify that a single FFELP consolidation loan can be reconsolidated into DL in certain situations.

REVISED POLICY:

Revised policy states that a joint Consolidation loan cannot be reconsolidated in either the FFEL Program or the Direct Loan Program. Revised policy also specifies that an existing single FFEL Consolidation loan may be reconsolidated into the Direct Loan Program without adding other eligible loans under certain situations listed in Section 15.2.

REASON FOR CHANGE:

These changes are necessary to incorporate guidance provided in DCL FP-09-03 that clarifies when a loan verification certificate can be denied.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 15.3.C of the July 2009 *Common Manual*, page 8, column 1, paragraph 3, as follows:

15.3.C
Reviewing the Loan Verification Certificate

Circumstances That May Prevent the Loan Holder from Certifying the LVC

...

If a loan holder receives an LVC that does not include the name and, in the case of a FFELP lender, the lender identification number (LID) of the eligible consolidating lender or trustee lender, it should not provide any information related to a borrower's loan. The loan holder should instead provide a written explanation to inform the requestor as to why it is not completing the LVC.

Other circumstances that may prevent a holder from completing the LVC include those in which:

- The loan holder never held the loan.
- The loan is not fully disbursed or the borrower is not in grace or repayment status.
- The loan has been sold.
- The loan is more than 270 days delinquent and a default claim has been submitted to the guarantor.

- The loan has been assigned to the guarantor.
- The loan is subject to collection by administrative wage garnishment.
- There is a judgment against the borrower on the loan for which the borrower has requested consolidation.
- The loan is a joint Consolidation loan. A joint Consolidation loan may not be included in a subsequent FFELP or Direct Consolidation loan under any circumstances.
[DCL FP-09-03]

If the loan holder is unable to certify the LVC due to one of these circumstances, the loan holder must provide a written explanation to the consolidating lender within 10 business days of the loan holder's receipt of the LVC.
[§682.209(j); DCL FP-04-02]

For each of the following additional circumstances, within 10 business days of the loan holder's receipt of the LVC, the loan holder must provide to the consolidating lender a written explanation as to why the LVC is not being completed with payoff information, and also must notify the Federal Student Aid Financial Partners staff of the holder's decision not to complete the LVC. These additional circumstances are:

- Within the last 90 days, the loan holder has completed an LVC on the loan for another lender, indicating that the borrower may have more than one Consolidation loan application outstanding.
- The borrower appears to have no eligible loans other than a single Consolidation loan that is held by the loan holder. If, the LVC that is received is for a Direct Consolidation loan and provided that the Consolidation loan is not a joint Consolidation loan made to two spouses as comakers, the lender must complete and return the LVC within the required timeframes.
[DCL FP-09-03]

For the two additional circumstances listed above, once the loan holder provides the consolidating lender with an explanation of why the LVC is not completed, if the consolidating lender provides additional information to the loan holder that supports the borrower's eligibility to consolidate the loans, the holder must complete the LVC within 10 business days of receipt of that information. Supporting information may include the following:

- For the first circumstance noted above, a written statement from the borrower stating that he or she has canceled any previous Consolidation loan applications.
- For the second circumstance, documentation from the consolidating lender showing that the borrower has one or more additional loans that will be consolidated with the Consolidation loan.
[DCL GEN-07-03/FP-07-07]

**PROPOSED LANGUAGE - COMMON BULLETIN:
Completing Loan Verification Certifications**

The July 2009 *Common Manual* has been updated to state that a joint Consolidation loan cannot be reconsolidated in either the FFEL or the Direct Loan Program. The *Manual* has also been updated to specify that the lender must complete a Direct Lending LVC even for a single FFEL Consolidation loan that otherwise appears ineligible for reconsolidation.

GUARANTOR COMMENTS:
None.

IMPLICATIONS:

Borrower:

A FFELP borrower may not include a joint Consolidation loan in a subsequent Consolidation loan in either the FFEL or the Direct Loan Program. FFELP borrowers may reconsolidate into Direct Lending for additional benefits.

School:
None.

Lender/Servicer:

A lender may need to amend its procedures for completing the LVC to allow for a FFELP borrower to reconsolidate into the Direct Loan program and to monitor LVC requests for joint Consolidation loans.

Guarantor:

A guarantor may need to amend its procedures for completing the LVC to allow a FFELP borrower to reconsolidate into the Direct Loan program and to monitor LVC requests for joint Consolidation loans. 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 a FFELP borrower to reconsolidate into the Direct Loan program and to monitor LVC requests for joint consolidation loans. 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:

April 13, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

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Interested Industry Groups and Others

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