

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1142	Total and Permanent Disability Claims	<p><u>2.3.C</u> <u>Claim Forms</u> <u>13.1.D</u> <u>Claim File</u> <u>Documentation</u></p> <p>States that a lender must provide certain electronic signature and disbursement information when filing a total and permanent disability claim with the guarantor that is not based on a determination by the VA. The required information must be submitted via the FFELP Assignment Support Supplemental Form (TPD-Specific worksheet).</p>	Guarantor	Total and permanent disability claims not based on a determination by the Department of Veterans Affairs filed by the lender on or after January 1, 2010, unless implemented earlier by the guarantor.
1143	Income Documentation for Income-Based Repayment	<p><u>10.8.D</u> <u>Income-Based</u> <u>Repayment Schedule</u></p> <p>States that for purposes of determining whether a borrower has a partial financial hardship (PFH) under IBR, the borrower may provide the lender with either a signed copy (including both sides) of the borrower's most recent federal income tax return or the tax transcript information, which can be obtained by the borrower submitting a written consent form (IRS Form 4506-T) for the disclosure of the applicable AGI and other tax return information from the IRS.</p>	Federal	Income-based repayment (IBR) plan requests received by the lender on or after July 1, 2009.
1144	Credit Standards and Adverse Credit	<p><u>2.1.B</u> <u>Types of Loans</u> <u>Available</u> <u>2.2.A</u> <u>Origination</u> <u>6.16</u> <u>Applying for Federal</u> <u>Stafford and PLUS</u> <u>Loans</u> <u>7.1.A</u> <u>General Determinations</u> <u>7.1.B</u> <u>Creditworthiness</u> <u>7.1.C</u> <u>Effect of Bankruptcy on</u> <u>Creditworthiness</u> <u>7.2.A</u> <u>Lender Responsibilities</u> <u>under a Master</u> <u>Promissory Note</u> <u>Appendix G</u> <u>Appendix H</u></p> <p>Removes the terms "creditworthy" and "creditworthiness" and replaces them with terminology related to not having adverse credit in the context of an applicant's or endorser's eligibility for a PLUS loan. Also removes the term "creditworthiness" and replaces it with "credit standards" in the context of a lender's independent credit criteria for a Stafford or PLUS applicant. In addition, the text describing existing policy that any debt discharged in</p>	Correction	Retroactive to the implementation of the <i>Common Manual</i> .

		bankruptcy during the 5-year period before the date of the credit report must be considered in determining a PLUS applicant's adverse credit was added to Subsection 7.1.C.		
1145	Increased Unsubsidized Stafford Loan Limits for Health Profession Students	<p><u>6.11.A.</u> <u>Stafford Annual Loan Limits</u></p> <p><u>6.11.D.</u> <u>Increased Unsubsidized Stafford Loan Limits for Health Profession Students</u></p> <p>Deletes reference to the bachelor of pharmacology and graduate of allied health programs as those for which an enrolled student may receive increased unsubsidized Stafford loan limits available to health profession students.</p>	Correction	<p>For deletion of the bachelor of pharmacology program, publication date of the 07-08 FSA Handbook.</p> <p>For deletion of the graduate of allied health program, publication date of the 00-01 FSA Handbook.</p>
1146	Deferring Defaulted Loans	<p><u>11.1.G</u> <u>Deferment of Loans in Default</u></p> <p>Deletes an administrative forbearance, applied in conjunction with a deferment, as an acceptable payment arrangement under which a lender may grant a deferment to a borrower whose loan is in default, when the lender receives the necessary documentation indicating that the borrower's deferment eligibility begins <i>after</i> the date of default.</p>	Correction	Effective for deferment requests granted by the lender on defaulted loans on or after July 1, 1996.
1147	Additional Unsubsidized Stafford Loans	<p><u>Appendix G</u></p> <p>Aligns the definition of "Additional Unsubsidized Stafford Loan" with the loan limits in Subsection 6.11.A and Figure 6-4.</p>	Correction	Stafford loans first disbursed on or after July 1, 2008, for loan periods that include or begin on or after July 1, 2008.

COMMON MANUAL - GUARANTOR POLICY PROPOSAL

Date: August 14, 2009

X	DRAFT	Comments Due	Sep 4
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Total and Permanent Disability Claims

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

POLICY INFORMATION: 1142/Batch 161

EFFECTIVE DATE/TRIGGER EVENT: Total and permanent disability claims not based on a determination by the Department of Veterans Affairs filed by the lender on or after January 1, 2010, unless implemented earlier by the guarantor.

BASIS:
Mandatory assignment guidance from Adele Gabrielli, U.S. Department of Education, dated July 2, 2009.

CURRENT POLICY:
Current policy does not include the requirement for a lender to provide certain electronic signature and disbursement information when filing a total and permanent disability claim with the guarantor that is not based on a determination by the Department of Veterans Affairs (VA).

REVISED POLICY:
Revised policy states that a lender must provide certain electronic signature and disbursement information when filing a total and permanent disability claim with the guarantor that is not based on a determination by the VA. The required information must be submitted via the FFELP Assignment Support Supplemental Form (TPD-Specific worksheet).

REASON FOR CHANGE:
This change is being made to comply with the Department's mandatory assignment process which includes loans assigned to the Department's Conditional Disability Discharge Unit.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 2.3.C, page 14, column 1, paragraph 3, as follows:
Note: This Subsection has been updated in proposal 1136 of Batch 160.

Claim Forms

- Claim Form
- ...
- ...
- ...
- ...
- FFELP Assignment Support Supplemental Form

Revise Subsection 13.1.D, page 5, column 2, paragraph 4, as follows:

Total and Permanent Disability Claims

For a total and permanent disability claim, the lender must submit ~~in addition to the~~

preceding items 1 through 5, and each of the following:—

- ~~a~~A completed Discharge Application: Total and Permanent Disability or other form(s) approved by the Department.
- ~~The lender must also submit a~~A record of any payments received after the date the physician completed and certified the discharge application.
- A FFELP Assignment Support Supplemental Form (TPD-Specific worksheet) when filing a total and permanent disability claim that is not based on a determination by the VA. This form requires the lender to provide certain electronic signature and disbursement information.

[§682.402(c)(5)(vii); §682.402(g)(1)(iv); The Department's Mandatory Assignment Guidance dated July 2, 2009]

PROPOSED LANGUAGE - COMMON BULLETIN:

Total and Permanent Disability Claims

The *Common Manual* has been updated to incorporate a provision that requires a lender to provide certain electronic signature and disbursement information to the guarantor when filing a total and permanent disability claim that is not based on a determination by the Department of Veterans Affairs. The required information must be submitted via the FFELP Assignment Support Supplemental Form (TPD-Specific worksheet).

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:

A lender may need to amend claim filing procedures to complete and include the FFELP Assignment Support Supplemental Form (TPD-Specific worksheet) to provide certain electronic signature and disbursement information to the guarantor at the time the lender files a total and permanent disability discharge claim that is not based on a determination by the VA.

Guarantor:

A guarantor may need to amend its claim review procedures to assure that it has a completed FFELP Assignment Support Supplemental Form (TPD-Specific worksheet) in each applicable claim package. A guarantor may also need to update its procedures for providing electronic signature and disbursement information for total and permanent disability discharge claims that are assigned to the Department's Conditional Disability Discharge Unit.

U.S. Department of Education:

The Department may need to amend its procedures for processing a total and permanent disability discharge claim that is not based on a determination by the VA.

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:

Batch 161/August 14, 2009

Page 2

Out for Comment 1142-K103 161

PROPOSAL DISTRIBUTED TO:
CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others

ma/edited-chh

COMMON MANUAL – FEDERAL POLICY PROPOSAL

Date: August 14, 2009

X	DRAFT	Comments Due	Sep 4
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Income Documentation for Income-Based Repayment

AFFECTED SECTIONS: 10.8.D Income-Based Repayment Schedule

POLICY INFORMATION: 1143/Batch 161

EFFECTIVE DATE/TRIGGER EVENT: Income-based repayment (IBR) plan requests received by the lender on or after July 1, 2009.

BASIS:

§682.215(e)(1)(i)(B); Electronic Announcement dated June 12, 2009; private letter guidance from Jeff Baker, U.S. Department of Education, dated June 29, 2009.

CURRENT POLICY:

Current policy states that a borrower must provide the lender with written consent for the disclosure of the applicable adjusted gross income (AGI) and other tax return information from the Internal Revenue Service (IRS) for the purpose of determining whether a borrower has a partial financial hardship (PFH) under the income-based repayment (IBR) plan.

REVISED POLICY:

Revised policy states that for purposes of determining whether a borrower has a PFH under IBR, the borrower may provide the lender with either a signed copy (including both sides) of the borrower's most recent federal income tax return or the tax transcript information, which can be obtained by the borrower submitting a written consent form (IRS Form 4506-T) for the disclosure of the applicable AGI and other tax return information from the IRS.

REASON FOR CHANGE:

This change is necessary to incorporate into the Manual interim guidance provided by the Department. This guidance responds to concerns expressed by the IRS that implementation of paper-based consent requests (IRS Form 4506-T) could overwhelm the IRS's current paper process, resulting in significant delays in responding to those consent requests. Until the IRS can provide a Web-based income tax return consent request process, the Department has provided lenders with interim guidance regarding acceptable tax return information for determining whether a borrower has a PFH under IBR.

PROPOSED LANGUAGE - COMMON MANUAL:

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

10.8.D
Income-Based Repayment Schedule

...

...

To enable the lender to make this determination, the lender must collect
either—borrower must provide the lender with

- A signed copy (including both sides) of the borrower's most recent federal tax return. If the borrower provides a copy of his or her most recent federal tax return, the borrower is not required to provide copies of any other tax return forms, schedules, attachments, or worksheets, including W-2 Forms. Unless the lender has reason to believe that the tax return or the information on the tax return is not accurate, it may rely upon the AGI amount reported on the tax return for purposes of the PFH

determination. If the lender questions the accuracy of the signed copy of the tax return submitted by the borrower, it must require the borrower to provide the lender with the written consent form (IRS Form 4506-T).

- ~~The tax transcript information from the Internal Revenue Service (IRS), which is obtained by the borrower submitting a signed written consent form (IRS Form 4506-T) for the disclosure of the applicable adjusted gross income- AGI and other tax return information from the Internal Revenue Service (IRS). The borrower provides this consent by signing a consent form and returning the form to the lender.~~

~~For a married borrower filing jointly, adjusted gross income includes both the borrower's and the spouse's income. For a married borrower filing separately, adjusted gross income includes only the borrower's income.~~

However, if the borrower's ~~adjusted gross income~~ AGI is not available or if the lender believes that the borrower's adjusted gross income does not reflect the borrower's current income, the lender may use other documentation, provided by the borrower, to verify income.

For a married borrower filing jointly, AGI includes both the borrower's and spouse's income. For a married borrower filing separately, AGI includes only the borrower's income.

Revise Section 10.8.D, page 18, column 1, paragraph 3, bullet 2 as follows:

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

- ...
- The borrower fails to provide a signed copy of his or her most recent federal tax return, or fails to renew or withdraws consent for income verification from the Internal Revenue Service-IRS (via IRS Form 4506-T).

PROPOSED LANGUAGE - COMMON BULLETIN:

Income Documentation for Income-Based Repayment

The *Common Manual* has been revised to state that the lender may accept a signed copy (including both sides) of the borrower's most recent federal income tax return for the purpose of documenting the borrower's adjusted gross income (AGI) to determine whether a borrower has a partial financial hardship under an income-based repayment (IBR) plan. The lender may also accept tax transcript information from the IRS, which can be obtained by the borrower providing a written consent form (IRS Form 4506-T) for the disclosure request of applicable AGI and other federal tax return information from the IRS.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower may submit to the lender a signed copy of his or her most recent federal tax return or tax transcript information, which is obtained by the borrower submitting a written consent form (IRS Form 4506-T) for the disclosure request of applicable AGI and other tax return information from the IRS.

School:

None.

Lender/Servicer:

A lender may accept a signed copy of the borrower's most recent federal tax return or tax transcript information, which can be obtained by the borrower providing a written consent form (IRS Form 4506-T) for the disclosure request of applicable AGI and other tax return information from the IRS.

Guarantor:

A guarantor may need to update its program review procedures.

U.S. Department of Education:

The Department may need to update its program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

June 16, 2009

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 - CORRECTION POLICY PROPOSAL

Date: August 14, 2009

X	DRAFT	Comments Due	Sep 4
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT:

Credit Standards and Adverse Credit

AFFECTED SECTIONS:

2.1.B Types of Loans Available
2.2.A Origination
6.16 Applying for Federal Stafford and PLUS Loans
7.1.A. General Determinations
7.1.B Creditworthiness
7.1.C Effect of Bankruptcy on Creditworthiness
7.2.A Lender Responsibilities under a Master Promissory Note
Appendix G
Appendix H

POLICY INFORMATION:

1144/Batch 161

EFFECTIVE DATE/TRIGGER EVENT:

Retroactive to the implementation of the *Common Manual*.

BASIS:

§682.201(b)(4); §682.201(c)(1)(vii); §682.201(c)(2).

CURRENT POLICY:

Current policy uses the terms “creditworthy” and “creditworthiness” in the context of an applicant's or endorser's eligibility for a PLUS loan. Current policy also uses the terms “credit standards” and “creditworthiness” in the content of a lender's independent credit criteria for a Stafford or PLUS applicant.

REVISED POLICY:

Revised policy removes the terms “creditworthy” and “creditworthiness” and replaces them with terminology related to not having adverse credit in the context of an applicant's or endorser's eligibility for a PLUS loan. Revised policy removes the term “creditworthiness” and replaces it with “credit standards” in the context of a lender's independent credit criteria for a Stafford or PLUS applicant. In addition, the text describing existing policy that any debt discharged in bankruptcy during the 5-year period before the date of the credit report must be considered in determining a PLUS applicant's adverse credit was added to Subsection 7.1.C.

REASON FOR CHANGE:

This change was initiated by a commenter to proposal 1021 in Batch 148 who noted that “creditworthy” is not equivalent to “not having adverse credit”. For example, a borrower could have no credit history and as a result, may be considered not creditworthy but would not be considered to have adverse credit.

Federal regulations do not use the terms “creditworthy” or “creditworthiness” in the context of an applicant's or endorser's eligibility for a PLUS loan. The regulations instead state that in order for an otherwise eligible applicant (or endorser, as applicable) to receive a PLUS loan, the lender must obtain a credit report from at least one national credit bureau and determine, based on that report, that the applicant (or endorser, as applicable) does not have an adverse credit history, as defined in the regulations. This change, which would align Manual language more consistently with regulatory language, was expanded to replace the term “creditworthiness” with “credit standards” when used in the context of a lender's independent credit criteria for a Stafford or PLUS applicant.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 2.1.B, page 2, column 1, bullet 1, as follows:

- A **Federal PLUS loan** is available to an eligible parent of a dependent undergraduate student attending a participating postsecondary school and to an eligible graduate or professional student enrolled in an eligible graduate or professional program at a participating school. A PLUS loan borrower must not have adverse credit or must obtain an creditworthy endorser without adverse credit to be eligible for the loan. The borrower is responsible for paying to the lender the interest that accrues on the loan from the time the loan is disbursed until it is paid in full. Repayment of a

PLUS loan is scheduled over a maximum period of 10 years. However, the repayment period on a Grad PLUS loan may be longer than 10 years under an income-based repayment plan. For a borrower eligible for an extended repayment schedule, the maximum repayment period is 25 years. (See Section 10.8).

Revise Subsection 2.2.A, page 7, column 1, paragraph 2, as follows:

In determining borrower eligibility, the lender generally relies in good faith on information provided by the school, the applicant, and, for PLUS loans, the student. For a PLUS loan, the lender must also determine whether the applicant ~~is creditworthy~~ has adverse credit by obtaining and reviewing a credit report. If the lender determines that the loan information is complete and that the applicant is eligible for a loan, the loan information is submitted to the guarantor for guarantee.

Revise Section 6.16, page 48, column 1, paragraph 3, bullet 9, as follows:

In addition, a new MPN is required if any of the following conditions applies:

- The lender's ability to make additional loans under the borrower's MPN has been revoked.
- The school or lender requires a new MPN.
- The borrower requests a new MPN.
- The guarantor requires a new MPN in the event of an invalid lender code.
- The prior MPN has expired.
- The borrower changes to a different lender.
- A third party with power of attorney signed the MPN on behalf of the borrower.
- The parent PLUS loan borrower is requesting funds for a different dependent student.
- The PLUS borrower is required to obtain an ~~creditworthy~~ endorser without adverse credit.
- The PLUS borrower requests an increased loan amount on a loan for which he or she was required to obtain an ~~creditworthy~~ endorser.

Revise Subsection 7.1.A, page 1, column 1, paragraph 3, bullet 2, as follows:

7.1.A

General Determinations

A lender's general responsibilities in reviewing a borrower's request for a Stafford or PLUS loan include all of the following:

- ...
- Determining whether the borrower meets the lenders' criteria. Each lender is responsible for developing and applying its own lending criteria, which may include restrictions on items such as area of service, types of loans, minimum loan amounts, or credit standards. A lender may not refuse to make a loan because of the applicant's race, national origin, religion, sex, marital status, age, disability, or solely on the basis of a prior bankruptcy. For more information on ~~creditworthiness~~ credit standards, see Subsection 7.1.B; and for more information on bankruptcies, see Subsection 7.1.C.

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

7.1.B

~~Creditworthiness~~ Credit Standards and Determining Adverse Credit

A lender is not prohibited from imposing creditworthiness standards on a Stafford loan applicant. See Subsection 7.1.C for additional information regarding Stafford borrower ~~creditworthiness-credit standards~~ when the borrower has received a bankruptcy discharge.

An ~~borrower-applicant~~ is not eligible for a PLUS loan if he or she is determined by a lender to have an adverse credit ~~history~~ according to criteria in federal regulations. At the lender's option, a prospective PLUS loan borrower, with adverse credit, may obtain an creditworthy endorser without adverse credit ~~if the borrower is otherwise unable to establish creditworthiness~~. If a parent PLUS loan applicant is required to obtain an endorser in order to be eligible for the PLUS loan, the student for whom the parent PLUS loan is being obtained ~~can~~ may not serve as the endorser.

...

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

See Subsection 7.1.C for additional information regarding the effect of bankruptcy on a PLUS borrower's adverse credit and creditworthiness-credit standard ~~when the borrower has filed a bankruptcy action~~.

Revise Subsection 7.1.C, page 2, column 2, paragraph 3, as follows:

7.1.C

Effect of Bankruptcy on Adverse Credit and on Creditworthiness-Credit Standards

A lender may not deny a Stafford loan to an applicant solely on the basis of a bankruptcy discharge.

In the PLUS loan process, the lender must consider any debt discharged in bankruptcy during the 5-year period before the date of the credit report to be adverse credit. However, if the lender has information on a previous or pending bankruptcy filing by a PLUS loan applicant, the lender may not deny the loan solely based on that filing. See Subsection 7.1.B for more information regarding creditworthiness-credit standards and determining adverse credit.
[§682.201(c)(2)(ii)(B); DCL GEN-95-40]

Revise Subsection 7.2.A, page 4, column 1, paragraph 1, bullet 1, as follows:

The lender must ensure that a separate, valid PLUS MPN is in place in the following circumstances:

- The parent borrower is requesting PLUS loan funds for a different dependent student.
- The PLUS loan ~~borrower-applicant~~ is required to obtain an creditworthy endorser without adverse credit. If the lender determines that the ~~borrower-applicant~~ has an adverse credit history and permits the use of an endorser, a separate Endorser Addendum must be completed for each PLUS loan. When an endorser is required, a new PLUS MPN is required for each loan. Any increase in the requested loan amount by the borrower must be approved by the endorser and requires a new PLUS MPN and Endorser Addendum.

Revise Appendix G, page 8, column 1, paragraph 5, as follows:

Endorser: A signer of a promissory note who is secondarily liable for a loan obligation, i.e., who agrees to pay if the borrower does not. A lender may require a PLUS ~~borrower-applicant~~ with adverse credit to obtain an creditworthy endorser without adverse credit in order to receive the loan.

Revise Appendix H, page 14, column 2, paragraph 3, as follows:

July 1, 1995

...

PLUS credit check: A PLUS loan applicant with an adverse credit history may obtain an creditworthy endorser without adverse credit to receive a PLUS loan. A PLUS loan applicant is considered to have

adverse credit if, among other conditions, the applicant had any debt discharged in bankruptcy during the 5-year period before the date of the applicant's credit report.

PROPOSED LANGUAGE - COMMON BULLETIN:

Credit Standards and Adverse Credit

The *Common Manual* has been revised by replacing the terms "creditworthy" and "creditworthiness" with terminology related to not having an adverse credit history when used in the context of an applicant's or endorser's eligibility for a PLUS loan. This change would align Manual language more consistently with regulatory language, since the federal regulations do not use the terms "creditworthy" or "creditworthiness" in the context of an applicant's or endorser's eligibility for a PLUS loan. The regulations instead state that in order for an otherwise eligible applicant (or endorser, as applicable) to receive a PLUS loan, the lender must obtain a credit report from at least one national credit bureau and determine, based on that report, that the applicant (or endorser, as applicable) does not have an adverse credit history, as defined in regulations.

In addition, the text in the Manual was revised by replacing the term "creditworthiness" with the term "credit standards" when used in the context of a lender's independent credit criteria for a Stafford or PLUS applicant.

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:

March 18, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

ce/edited- kk

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: August 14, 2009

X	DRAFT	Comments Due	Sept 4
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Increased Unsubsidized Stafford Loan Limits for Health Profession Students

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

POLICY INFORMATION: 1145/Batch 161

EFFECTIVE DATE/TRIGGER EVENT: For deletion of the bachelor of pharmacology program, publication date of the 07-08 FSA Handbook.

For deletion of the graduate of allied health program, publication date of the 00-01 FSA Handbook.

BASIS:

00-01 FSA Handbook, Volume 8, p. 8-26; 07-08 FSA Handbook, Volume 3, Chapter 5, pp. 3-102 to 3-104.

CURRENT POLICY:

Current policy states that the 5-year bachelor of pharmacology program is the only program in which an undergraduate student is eligible for increased unsubsidized Stafford loan limits available to health profession students. Current policy also states that students enrolled in a graduate of allied health program are eligible for increased unsubsidized Stafford loan limits.

REVISED POLICY:

Revised policy deletes reference to the bachelor of pharmacology and graduate of allied health programs as those for which an enrolled student may receive increased unsubsidized Stafford loan limits available to health profession students.

REASON FOR CHANGE:

A health profession student enrolled in a course of study that was originally eligible under the Health Education Assistance Loan (HEAL) program and that is accredited by an approved accrediting agency may receive increased annual and aggregate Stafford loan limits. However, because of the potential for subsequent changes in the accredited status of those programs, FFELP participants should no longer rely upon the list of HEAL-eligible programs that existed when new loans under the HEAL program were discontinued (1998). The Department annually publishes a list of health profession programs that remain eligible for the increased Stafford annual loan limits in the FSA Handbook. These changes are required to align the Manual's text with those FSA Handbook updates.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 6.11.A, page 25, column 1, paragraph 5, as follows:

Undergraduate Students

...

If a student is ineligible for subsidized Stafford loan funds, the student may borrow the entire Stafford annual and aggregate undergraduate loan limits in unsubsidized Stafford loan funds.

~~Exception: Increased annual and aggregate unsubsidized Stafford loan limits are authorized for some students in 5-year Bachelor of Pharmacology Programs (see Subsection 6.11.D).~~

Revise Subsection 6.11.D, page 36, column 2, paragraph 1, as follows:

...

The 5-year Bachelor of Pharmacology Program is the only program in which an undergraduate student is eligible for increased unsubsidized Stafford loan limits under these provisions. In addition to being required to meet all of the other eligibility criteria outlined in this subsection, a student enrolled in this program must meet the following criteria to be eligible for the increased unsubsidized Stafford loan limits:

- The student must be enrolled in the fourth or fifth year of the program.
- The student must be independent, or be a dependent student whose parent is unable to borrow a PLUS loan.
[DCL GEN-98-18]

Special Annual Unsubsidized Stafford Loan Limits

The increased annual unsubsidized Stafford loan limits for an eligible health profession students supplement the regular Stafford loan limits the student would be eligible to receive in the same loan period, and cannot exceed the lesser of the following:

- The student's cost of attendance (COA) less other financial aid.
- The student's regular unsubsidized Stafford loan limit (see Subsection 6.11.A) plus the student's applicable HEAL loan maximum.
[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-110]

HEAL program and discipline loan maximums are specified in section 104.3.2 of the *Department of Health and Human Services, Student Financial Aid Guidelines*. In general, the additional maximums are as follows:

- \$12,500 for a 9-month academic year, not to exceed \$16,667 for a 12-month academic year, for students enrolled in ~~a graduate of public health, graduate in allied health, doctor of chiropractic, doctoral degree in clinical psychology, masters or doctoral degree in health administration, or bachelor or master of science in pharmacology or equivalent degree. In the case of a pharmacology student, the doctor of pharmacy degree is considered to be an equivalent degree if it is taken at a school that does not require the bachelor or master of science in pharmacy as a prerequisite for the doctor of pharmacy degree~~ the following programs:
 - Graduate in Public Health
 - Master's or Doctoral Degree in Health Administration
 - Doctor of Pharmacy
 - Doctor of Chiropractic
 - Doctoral Degree in Clinical Psychology
- \$20,000 for a 9-month academic year, not to exceed \$26,667 for a 12-month academic year, for a students enrolled in the following ~~doctoral~~ programs in ~~allopathic medicine, osteopathic medicine, dentistry, veterinary medicine, optometry, pediatric medicine, and naturopathic medicine~~:
 - Doctor of Allopathic Medicine
 - Doctor of Osteopathic Medicine
 - Doctor of Dentistry

- Doctor of Veterinary Medicine
- Doctor of Optometry
- Doctor of Podiatric Medicine
- Doctor of Naturopathic Medicine
- Doctor of Naturopathy

[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-104]

...

Revise Subsection 6.11.D, page 37, column 1, paragraph 2, as follows:

Special Stafford Aggregate Loan Limits

...

Graduate and professional health profession students who are eligible for increased unsubsidized Stafford loans are eligible to borrow a combined subsidized and unsubsidized Stafford aggregate loan amount of up to \$224,000 (including all SLS and Direct Stafford loans received or any portion of an outstanding Consolidation loan that fully repaid such loans). Subsidized Stafford loans may comprise no more than \$65,500 of this amount. If a student is ineligible for subsidized Stafford loan funds, the student may borrow the \$224,000 aggregate loan limit in unsubsidized Stafford loan funds.

[DCL GEN-99-21; GEN-99-7; GEN-98-18; GEN-97-14; GEN-97-4; GEN-96-14]

~~Undergraduate 5-year Bachelor of Pharmacology students may receive an aggregate amount of \$70,625 (including all SLS and Direct Stafford loans received or any portion of an outstanding Consolidation loan that fully repaid such loans). Subsidized Stafford loans may comprise no more than \$23,000 of this amount. If a student is ineligible for subsidized Stafford loan funds, the student may borrow the entire \$70,625 aggregate loan limit in unsubsidized Stafford loan funds.~~

~~[DCL GEN-99-21; GEN-99-7; GEN-98-18; GEN-97-14; GEN-97-4; GEN-96-14]~~

PROPOSED LANGUAGE - COMMON BULLETIN:

Increased Unsubsidized Stafford Loan Limits for Health Profession Students

A health profession student enrolled in a course of study that was originally eligible under the Health Education Assistance Loan (HEAL) program and that is accredited by an approved accrediting agency may receive increased annual and aggregate Stafford loan limits. The *Common Manual* has been updated to align with the FSA Handbook concerning health profession programs that are eligible for the increased unsubsidized Stafford annual and aggregate loan limits, by deleting the 5-year bachelor of pharmacology and graduate of allied health programs from the eligible program list.

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:
July 28, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:
CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others

jcs/edited-kk

COMMON MANUAL – CORRECTION POLICY PROPOSAL

Date: August 14, 2009

X	DRAFT	Comments Due	Sep 4
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT:

Deferring Defaulted Loans

AFFECTED SECTIONS:

11.1.G Deferment of Loans in Default

POLICY INFORMATION:

1146/Batch 161

EFFECTIVE DATE/TRIGGER EVENT:

Effective for deferment requests granted by the lender on defaulted loans on or after July 1, 1996.

BASIS:

§682.211(d); *Federal Register* Vol. 60, No. 231, dated December 1, 1995, p. 61754.

CURRENT POLICY:

Current policy states that a lender may grant a deferment to a borrower whose loan is in default, if the lender receives the necessary documentation indicating that the borrower's deferment eligibility begins after the date of default *and* the borrower makes payment arrangements acceptable to the lender. A payment arrangement that a lender may consider acceptable is an administrative forbearance applied in conjunction with a deferment. This policy statement conflicts with policy in Subsection 11.20.H.

REVISED POLICY:

Revised policy deletes an administrative forbearance, applied in conjunction with a deferment, as an acceptable payment arrangement under which a lender may grant a deferment to a borrower whose loan is in default, when the lender receives the necessary documentation indicating that the borrower's deferment eligibility begins *after* the date of default.

REASON FOR CHANGE:

The purpose for the change is to provide consistency with federal regulations and Subsection 11.20.H which state that a lender is not required to obtain a new signed agreement to repay a defaulted loan if an administrative forbearance is granted in conjunction with an authorized deferment that begins *prior* to the 270th day of delinquency.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 11.1.G, page 4, column 2, paragraph 4, bullet 1, as follows:

11.1.G

Deferment of Loans in Default

...

A lender *may* grant a deferment to a borrower whose loan is in default if the lender receives the necessary documentation indicating that the borrower's deferment eligibility begins *after* the date of default and the borrower makes payment arrangements acceptable to the lender that resolve the default prior to the payment of a default claim by a guarantor. Following are examples of payment arrangements the lender may consider acceptable:

- ~~An administrative forbearance applied in conjunction with a deferment (see Subsection 11.21.G).~~
- A signed forbearance agreement for the entire period of delinquency not covered by the deferment. (See Subsection 11.20.H for information regarding forbearance granted after default.)
- ...

PROPOSED LANGUAGE - COMMON BULLETIN:

Deferring Defaulted Loans

The *Common Manual* has been revised by deleting a provision that appears to permit the lender to grant an administrative forbearance to a defaulted borrower, when the administrative forbearance is used in conjunction with a deferment for which the borrower's eligibility begins after the 270th day of delinquency. An administrative forbearance does not comprise an acceptable payment arrangement for the purpose of granting a post-default deferment. This change provides consistency with federal regulations and Subsection 11.20.H of the Manual which state that a lender is not required to obtain a new signed agreement to repay a defaulted loan, if an administrative forbearance is granted in conjunction with an authorized deferment that begins *prior* to the 270th day of delinquency.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Servicer:

None.

Guarantor:

None.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

October 9, 2007

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

ce/edited-rl

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: August 14, 2009

X	DRAFT	Comments Due	Sep 4
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Additional Unsubsidized Stafford Loans

AFFECTED SECTIONS: Appendix G

POLICY INFORMATION: 1147/Batch 161

EFFECTIVE DATE/TRIGGER EVENT: Stafford loans first disbursed on or after July 1, 2008, for loan periods that include or begin on or after July 1, 2008.

BASIS:

§428H of the Higher Education Act, as amended by Ensuring Continued Access to Student Loans Act (ECASLA) of 2008 (P.L. 110-227); *Dear Colleague Letter* GEN-08-08/FP-08-07.

CURRENT POLICY:

Current definition of "Additional Unsubsidized Stafford Loans" states that they are only available to independent undergraduate students, graduate/professional students, and dependent undergraduate students whose parents are unable to obtain a PLUS loan.

REVISED POLICY:

Revised policy aligns definition of "Additional Unsubsidized Stafford Loan" with the loan limits in Subsection 6.11.A and Figure 6-4.

REASON FOR CHANGE:

This change is necessary to incorporate increases in the unsubsidized Stafford loan annual loan limits for undergraduate students authorized by ECASLA and to make the definition consistent with policy language in other subsections of the Manual.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Appendix G, page 1, column 2, paragraph 4, as follows:

Additional Unsubsidized Stafford Loan: The additional amount of a student's eligibility for unsubsidized Federal Stafford loans that is in addition to a student's base Stafford loan eligibility. This amount is available only to independent undergraduate students, graduate/professional students, and dependent undergraduate students whose parents are unable to obtain a PLUS loan. See Subsection 6.11.A and Figure 6-4 for more information.

PROPOSED LANGUAGE - COMMON BULLETIN:

Additional Unsubsidized Stafford Loans

The *Common Manual* has been revised to align the glossary definition of Additional Unsubsidized Stafford Loan with the loan limits in Subsection 6.11.A and Figure 6-4.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Servicer:

None.

Guarantor:

None.

U.S. Department of Education:
None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
June 9, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:
CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others

bf/edited-rrl