#	Subject	Summary of Change to *Common Manual*	Type of Update	Effective Date
1156	Forwarding Documentation of Other Claim Types	**13.6.A** **Default Claims** Provides instruction for a lender in a case when, after filing a default claim, the lender receives documentation that the loan(s) qualifies for a different type of claim payment.	Guarantor	Requests for unpaid refund loan discharge received by the lender on or after July 1, 2000. Requests for false certification loan discharge as a result of the crime of identity theft received by the lender on or after July 1, 2006. Requests for loan discharge for a spouse or parent of a victim of the September 11, 2001, terrorist attacks received by the lender on or after October 29, 2007.
1157	Credit-Hour Programs Offered in Modules	**6.2** **Determining the Loan Period** **6.3.A** **Credit-Hour Programs with Standard Terms or with Nonstandard Terms that Are Substantially Equal in Length** **6.3.B.** **Standard Term-Based Credit-Hour Programs Offered in Modules** **6.3.C** **Credit-Hour Programs with Nonstandard Terms That Are Not Substantially Equal in Length** **6.4.B** **When Disbursements May be Scheduled** **Figure 6-3** **8.7.C** **Early Delivery** **8.7.E** **Late Delivery** **8.7.F** **Delivery to Borrowers in Special Circumstances** **Figure 8-4** **9.4** **Withdrawal Dates** **9.5.A** **Return Amounts for Title IV Grant and Loan Programs** **Appendix G**	Federal	Effective for the delivery of the second disbursement of a Stafford or PLUS loan certified for a single term of a standard term-based program or a program with nonstandard terms that are substantially equal and at least 9 weeks of instructional time in length (SE9W) on or after September 29, 2009, unless implemented earlier by the school. Effective with the publication of the October 2005 Blue Book for the definition of "module". Effective with the publication of the 04-05 Handbook

		Clarifies a school's options for defining the structure of a modular program and the effect of the school's choices on the frequency of annual loan limits, the definition of a payment period, a student's eligibility for additional funds due to a grade level increase within an academic year, the minimum loan period, the scheduling of disbursements, and the delivery of loan funds.		for: • Defining the structure of a credit-hour program offered in modules. • Disbursement scheduling and delivery in a credit-hour program offered in modules, with the exception of the second delivery of a loan made for a single term in a standard term-based program or a program with nonstandard terms that are SE9W. • Progressing to the next payment period in a non-term-based credit-hour program offered in modules. • The prohibition against making a late first delivery of Stafford or PLUS loan funds to a student enrolled in a term-based credit-hour program offered in modules who withdraws or drops to less-than-half-time enrollment without ever beginning half-time attendance in the term. Effective for official and unofficial withdrawal determinations made by the school on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999, for the payment period used to calculate

				the percentage of the period completed for a student who withdraws from a standard term-based program offered in modules.
1158	Economic Hardship Deferment Eligibility **Deferred for further research by the Policy Committee,**	**<u>11.4.A</u>** **Eligibility Criteria – <u>Economic Hardship</u>** **<u>Appendix G</u>** Removes references to the ability of a borrower to qualify for an economic hardship deferment based solely on being unemployed, incarcerated, disabled, or on a temporary unpaid leave of absence from work if the condition begins on or after July 1, 2009. In addition, revised policy no longer allows a borrower who does not have income to qualify for an economic hardship deferment, based solely on that condition, if the condition begins on or after July 1, 2009. The text of the Manual is also revised to reflect the correct poverty guideline for borrowers residing in foreign countries.	Federal	Economic hardship deferments granted on or after July 1, 2009, that begin on or after July 1, 2009.

COMMON MANUAL - GUARANTOR POLICY PROPOSAL

Date: December 17, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Dec 17

SUBJECT: **Forwarding Documentation of Other Claim Types**

AFFECTED SECTIONS: **13.6.A Default Claims**

POLICY INFORMATION: **1156/Batch 163**

EFFECTIVE DATE/TRIGGER EVENT:
Requests for unpaid refund loan discharge received by the lender on or after July 1, 2000.

Requests for false certification loan discharge as a result of the crime of identity theft received by the lender on or after July 1, 2006.

Requests for loan discharge for a spouse or parent of a victim of the September 11, 2001, terrorist attacks received by the lender on or after October 29, 2007.

BASIS:
None.

CURRENT POLICY:
Current policy does not state that a lender must forward to the guarantor within 30 days of receipt any acceptable documentation that demonstrates that the borrower may be eligible for loan discharge or partial discharge due to an unpaid refund, a false certification as a result of the crime of identity theft, or the borrower being a spouse or parent of a victim of the September 11, 2001, terrorist attacks to ensure that such a claim is not inadvertently purchased as a default claim.

REVISED POLICY:
Revised policy states that if, after filing a default claim, the lender receives documentation that the loan(s) qualifies for a different type of claim payment, the lender must forward to the guarantor within 30 days of receipt any applicable documentation that demonstrates that the borrower may be eligible for loan discharge or partial discharge due to an unpaid refund, a false certification as a result of the crime of identity theft, or the borrower being a spouse or parent of a victim of the September 11, 2001, terrorist attacks to ensure that such a claim is not inadvertently purchased as a default claim.

Revised policy also states that a lender should follow the procedures detailed in Subsections 13.8.F and 13.8.H when filing a claim for an unpaid refund loan discharge or for a loan discharge due to the borrower being a spouse or parent of a victim of the September 11, 2001, terrorist attacks.

REASON FOR CHANGE:
This change is being made to ensure that another claim type is not inadvertently purchased as a default claim.

PROPOSED LANGUAGE - *COMMON MANUAL*:
Revise Subsection 13.6.A, page 14, column 2, paragraph 2, as follows:

Forwarding Documentation of Other Claim Types

If, after filing a default claim, the lender receives documentation that the loan(s) qualifies for a different type of claim payment, ~~To ensure that another a non-default claim type is not inadvertently purchased as a default claim,~~ the lender must forward the applicable documentation to the guarantor within 30 days of receipt. The lender must forward any acceptable notification (including all supporting documentation) that demonstrates that ~~any~~ one of the following situations ~~have~~ has occurred:

- The borrower has died or the student for whom a parent PLUS loan was obtained has died.
- The borrower has ~~became~~ become totally and permanently disabled.

- The borrower has filed any type of bankruptcy.

- The borrower ~~should have been declared~~ has been determined to be ineligible for the loan.

- The borrower ~~was~~ is entitled to loan discharge or partial discharge due to: ~~the school closing or false certification.~~

  - School closure.

  - An unpaid refund.

  - False certification by the school.

  - False certification as a result of the crime of identity theft.

  - The borrower qualifyies as an eligible spouse or parent of a victim of the September 11, 2001, terrorist attacks.

The guarantor may alter the original claim type to reflect the new status or may return the claim for additional information, if applicable.

If a lender receives information indicating that a borrower has filed a bankruptcy petition on the loan, the lender should follow the additional instructions outlined in Subsection 13.8.A.

If a lender receives information indicating an unpaid refund, or information that the borrower may qualify as an eligible spouse or parent of a victim of the September 11, 2001, terrorist attacks, the lender should follow the additional instructions outlined in Subsections 13.8.F and 13.8.H.

PROPOSED LANGUAGE - COMMON BULLETIN:

Forwarding Documentation of Other Claim Types

The *Common Manual* has been updated to state that that if, after filing a default claim, the lender receives documentation that the loan(s) qualifies for a different type of claim payment, the lender must forward to the guarantor within 30 days of receipt any applicable documentation that demonstrates that the borrower may be eligible for loan discharge or partial discharge due to an unpaid refund, a false certification as a result of the crime of identity theft, or the borrower being a spouse or parent of a victim of the September 11, 2001, terrorist attacks to ensure that such a claim is not inadvertently purchased as a default claim.

The *Common Manual* has also been updated to state that a lender should follow the procedures detailed in Subsections 13.8.F and 13.8.H when filing a claim for an unpaid refund loan discharge or for a loan discharge due to the borrower being a spouse or parent of a victim of the September 11, 2001, terrorist attacks.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower may benefit from having the lender provide acceptable documentation to demonstrate that the borrower is eligible for a non-default loan discharge, to ensure that his or her loan is not inadvertently purchased as a default claim.

School:

None.

Lender/Servicer:

A lender may need to amend its claim filing and post-claim filing procedures to include providing the guarantor with supporting documentation for non-default claims.

Guarantor:

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

U.S. Department of Education:

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

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
November 25, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
December 10, 2009

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

Comments Received From:
AES/PHEAA, ASA, CSLF, EdFund, Great Lakes, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, USA Funds, and VSAC.

Responses to Comments
Most of the commenters supported this proposal as written. One commenter recommended wordsmithing changes or typographical corrections that made no substantive changes to the policy that were considered without comment. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

COMMENT:
Two commenters suggested changes to the Proposed Language to clarify that the lender should forward any documentation to support a different type of claim payment to the guarantor so the appropriate action can be taken.

Response:
The Committee agrees.

Change:
The first paragraph of the Proposed Language has been revised as follows:

Proposed Language:

> <u>If, after filing a default claim, the lender receives documentation that the loan(s) qualifies for a different type of claim payment,</u> the lender must forward <u>the applicable documentation</u> to the guarantor within 30 days of receipt<u>.</u> <u>The lender must forward</u> any acceptable notification (including all supporting documentation) that demonstrates that one of the following situations has occurred:

Corresponding changes have also been made to the Revised Policy statement and Common Bulletin language.

COMMENT:
One commenter suggested changes to the Proposed Language to clarify that the lender should follow the procedures detailed in Subsections 13.8.F and 13.8.H as a claim type for an unpaid refund loan discharge or for a loan discharge due to the borrower being a spouse or parent of a victim of the September 11, 2001, terrorist attacks are not defined on the common Claim Form. The commenter also suggests that a reference to a partial discharge be added as an unpaid refund may not necessitate the discharge of the entire balance of a loan.

Response:
The Committee agrees.

Change:
The last bullet and second paragraph of the Proposed Language have been revised and a new paragraph has been added as follows:

- The borrower is entitled to loan discharge <u>or partial discharge</u> due to:

  - School closure.
  - An unpaid refund.
  - False certification by the school.
  - False certification as a result of the crime of identity theft.
  - The borrower qualifying as an eligible spouse or parent of a victim of the September 11, 2001, terrorist attacks.

The guarantor may alter the original claim type to reflect the new status <u>or may return the claim for additional information</u>, if applicable.

If a lender receives information indicating that a borrower has filed a bankruptcy petition on the loan, the lender should follow the additional instructions outlined in Subsection 13.8.A.

<u>If a lender receives information indicating an unpaid refund, or information that the borrower may qualify as an eligible spouse or parent of a victim of the September 11, 2001, terrorist attacks, the lender should follow the additional instructions outlined in Subsections 13.8.F and 13.8.H.</u>

COMMENT:
One commenter suggested that teacher loan forgiveness be added to the list of discharge programs in the last bullet of the Proposed Language.

Response:
The Committee disagrees. This policy proposal is in reference to claim filing for a discharge claim type payment. The commenter should refer to the definition of discharge in the Glossary which states, as follows:

"Discharge: The release of a borrower or any comaker from all or a portion of his or her loan obligation, as applicable, due to bankruptcy, school closure, death, spouses and parents of victims of September 11, 2001, total and permanent disability, an unpaid refund by the school, the school's false certification of a FFELP loan, or the crime of identity theft."

Change:
None.

sa/edited-kk

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: December 17, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	X

SUBJECT: **Credit-Hour Programs Offered in Modules**

AFFECTED SECTIONS:

6.2	**Determining the Loan Period**
6.3.A	**Credit-Hour Programs with Standard Terms or with Nonstandard Terms That Are Substantially Equal in Length**
6.3.B	**Standard Term-Based Credit-Hour Programs Offered in Modules**
6.3.C	**Credit-Hour Programs with Nonstandard Terms That Are Not Substantially Equal in Length**
6.3.D	**Clock-Hour Programs or Non-Term-Based Credit-Hour Programs**
6.4.B	**When Disbursements May Be Scheduled**
Figure 6-3	
8.7.C	**Early Delivery**
8.7.E	**Late Delivery**
8.7.F	**Delivery to Borrowers in Special Circumstances**
Figure 8-4	
9.4	**Withdrawal Dates**
9.5.A	**Return Amounts for Title IV Grant and Loan Programs**
Appendix G	

POLICY INFORMATION: **1157/Batch163**

EFFECTIVE DATE/TRIGGER EVENT:

Effective for the delivery of the second disbursement of a Stafford or PLUS loan certified for a single term of a standard term-based program or a program with nonstandard terms that are substantially equal and at least 9 weeks of instructional time in length (SE9W) on or after September 29, 2009, unless implemented earlier by the school.

Effective with the publication of the October 2005 Blue Book for the definition of "module."

Effective with the publication of the 04-05 FSA Handbook for:

- Defining the structure of a credit-hour program offered in modules.
- Disbursement scheduling and delivery in a credit-hour program offered in modules, with the exception of the second delivery of a loan made for a single term in a standard term-based program or a program with nonstandard terms that are SE9W.
- Progressing to the next payment period in a non-term-based credit-hour program offered in modules.
- The prohibition against making a late first delivery of Stafford or PLUS loan funds to a student enrolled in a term-based credit-hour program offered in modules who withdraws or drops to less-than-half-time enrollment without ever beginning half-time attendance in the term.

Effective for official and unofficial withdrawal determinations made by the school on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999, for the payment period used to calculate the percentage of the period completed for a student who withdraws from a standard term-based program offered in modules.

BASIS:

§668.4(a); §682.603(f)(1)(i)(A); DCL GEN-00-24; 04-05 FSA Handbook, Volume 3, Chapter 1, pp. 3-3 through 3-5; 04-05 FSA Handbook, Volume 4, pp. 4-23, 4-25, and 4-27; 04-05 FSA Handbook, Volume 5, Chapter 2, pp. 5-60 and 5-61; The Blue Book dated October 2005, Appendix A, p. A-54; private guidance from Pam Moran, U.S. Department of Education, dated September 29, 2009; private guidance from Pat Newcombe, U.S. Department of Education, dated April 21, 2003.

CURRENT POLICY:
Current policy:

- Does not acknowledge a school's options for defining the structure of a credit-hour program offered in modules.
- Provides instruction on disbursement scheduling and delivery rules only for standard term-based programs offered in modules.
- Erroneously states that the payment period in a standard term-based program offered in modules includes all of the modules the student was scheduled to attend instead of attributing this "payment period" definition to the calculation of the percentage of the period completed for a student who withdraws from such a program.
- Does not provide instruction concerning late delivery for students who withdraw from term-based credit-hour programs offered in modules before beginning attendance on at least a half-time basis.
- Does not explain the impact on payment period completion for a student who is enrolled in modular, credit-hour program that is non-term-based or nonstandard term-based with terms that are not substantially equal in a case when a student fails a course in a module within the payment period.
- Interchangeably uses the term "modules" and "mini-sessions."
- Does not provide a glossary definition of "module."

REVISED POLICY:
Revised policy:

- Describes a school's options for defining the structure of a modular program and the effect of the school's choices.
- Clarifies that, in a credit-hour program composed of standard terms or nonstandard terms that are substantially equal in length, including such a program that is offered in modules, the payment period is the term, not one or more modules in which the student is enrolled within the term.
- Clarifies that, in a credit-hour program composed of standard terms or nonstandard terms that are substantially equal in length and at least 9 weeks of instructional time in length (SE9W), including such a program that is offered in modules, the minimum period for which a loan may be certified is the term, not one or more modules in which the student is enrolled within the term.
- Explains that if a student fails a course in a modular, credit-hour program that is non-term-based or nonstandard term-based with terms that are not substantially equal, the student may experience a delay in payment period completion.
- Provides instruction on disbursement scheduling in a credit-hour program offered in modules.
- Provides instruction on early delivery and late delivery in a credit-hour program offered in modules.
- Provides instruction on delivery of the second disbursement of a loan certified for a single standard term or a single nonstandard term that is SE9W in such a program that is offered in modules.
- States that if a student withdraws from a standard term-based program offered in modules without completing at least one course in one module, the "payment period" used to calculate the percentage of the payment period completed includes the number of calendar days in all of the modules the student was scheduled to attend in the semester, trimester or quarter, and provides an example.
- Deletes references to mini-sessions and provides a glossary definition of module.

Revised policy places text describing a school's options for defining the structure of a credit-hour program that is offered in modules in Section 6.3, *Determining Payment Periods*, in a new Subsection 6.3.A. Subsection 6.3.B has been deleted, and current Subsection 6.3.A has been redesignated as Subsection 6.3.B.

Revised policy consolidates all delivery rules for credit-hour programs that are offered in modules into a new Subsection 8.7.F. Subsections 8.7.F, 8.7.G, and 8.7.H have been redesignated as 8.7.G, 8.7.H, and 8.7.I, respectively.

REASON FOR CHANGE:
This change is necessary to align the Manual with Departmental guidance concerning credit-hour programs that are offered in a modular format.

PROPOSED LANGUAGE - *COMMON MANUAL*:
Revise Section 6.2, page 8, column 2, paragraph 1, as follows:

> In a program that measures academic progress in credit hours and uses standard terms~~,~~ (i.e., a semester, trimester, or quarter system)~~,~~ or ~~in a credit-hour program~~ one that uses nonstandard terms that are substantially equal in length *and* at least ~~nine~~ 9 weeks of instructional time in length (SE9W), the minimum period for which a school may certify a loan is a single academic term (~~e.g.~~ i.e., a semester, trimester, quarter, or nonstandard term that is SE9W). In such a program that is offered in modules, the minimum period for which a school may certify a loan is a single academic term, including a case when a student does not enroll in all of the modules within the term.
> [§682.603~~(f)~~(g)(1)(i)(A); ~~08-09~~ 09-10 FSA Handbook, Volume 3, Chapter ~~5~~6, p. ~~3-77~~ 3-95]

Revise Section 6.3, page 10, column 1, by inserting a new Subsection 6.3.A, as follows:

6.3
Determining Payment Periods

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6.3.A
Credit-Hour Programs Offered in Modules

A school that offers a credit-hour program in modules has several options for defining the program's structure (i.e., standard-term-based, nonstandard term-based with terms that are substantially equal in length *and* at least 9 weeks of instructional time in length (SE9W), nonstandard term-based with terms that are *not* SE9W, or non-term-based). A school may group modules together and treat the entire period of combined modules as a single term. For example, a school may group three consecutive modules of 5 weeks of instructional time each to create a standard term of 15 weeks of instructional time, or group four consecutive modules of 4 weeks of instructional time each to create a standard term of 16 weeks of instructional time.

A school may treat a program that is offered in modules as a program that consists of nonstandard terms. For example, in a program that offers courses in consecutive modules of 5 weeks of instructional time, the school may treat each module as a 5-week nonstandard term. In addition, a school may treat a program that consists of modules as a non-term-based program.

For a program that is offered in standard terms, a school may combine a short nonstandard term with an adjacent standard term. The combination of the short nonstandard term and the standard term may be treated as a single, standard term composed of two modules. For example, an interim period of 4 weeks of instructional time that begins and ends between a program's standard semesters, each of which consist of 15 weeks of instructional time, may be treated as part of one of the two standard semesters. The result is a single term of 19 instructional weeks, i.e., one module of 4 and one module of 15 weeks of instructional time, that the school may treat as a standard semester. A school that chooses this option must provide the same treatment for all Title IV aid to students enrolled in the program. A school must include all hours in which a student enrolls during the shorter module as part of the student's total enrollment for the standard term and include costs that the student incurs during the shorter module, as appropriate, in the student's cost of attendance.
[09-10 FSA Handbook, Volume 3, Chapter 1, p. 3-4 to 3-6]

The structure that a school chooses for a credit-hour program offered in modules affects all of the following:

- The definition of an academic year that determines the frequency of Stafford annual loan limits (see Subsection 6.1.B).

- The definition of a payment period (see Subsections 6.3.B through 6.3.F).

- A student's eligibility for additional loan funds due to a grade level increase within an academic year (see Subsection 6.11.A).

- The minimum period for which a loan may be certified (see Section 6.2).

- The disbursement schedule for a Stafford or PLUS loan (see Section 6.4).

- The delivery time frames for a Stafford or PLUS loan (see Section 8.7).

For example, if a school treats a program consisting of consecutive modules of 5 weeks of instructional time as a program offered in standard terms (in which each term is 15 weeks of instructional time composed of three consecutive, 5-week modules), the school must apply the rules for determining the frequency of Stafford annual loan limits and the minimum period for which a loan may be certified as it would in a standard term-based program. However, if the school chooses to treat such a program as one that is offered in nonstandard terms of 5 instructional weeks each, the school must apply the rules for determining the frequency of Stafford annual loan limits and the minimum period for which a loan may be certified as it would in a nonstandard term-based program with terms that are *not* SE9W (i.e., all of the terms in the program are not substantially equal in length, or the terms are not all at least 9 weeks of instructional time in length).

Revise Subsection 6.3.A, page 10, column 1, by redesignating it, as follows:

6.3.~~A~~ B
Credit-Hour Programs with Standard Terms or with Nonstandard Terms That Are Substantially Equal in Length

For an eligible program that measures progress in credit hours and has standard academic terms, or has nonstandard terms that are substantially equal in length, the payment period is the academic term (semester, trimester, quarter, or nonstandard term). In such a program that is offered in modules, the payment period is an academic term, including a case when a student does not enroll in all of the modules within the term.
[§668.4(a)]

Revise Subsection 6.3.B, page 10, column 2, by striking it, as follows:

~~6.3.B Standard Term-Based Credit-Hour Programs Offered in Modules~~

~~For an eligible program that combines a series of modules into a semester, trimester, or quarter and measures progress in credit hours, the payment period includes all of the modules the student was scheduled to attend in the semester, trimester or quarter beginning with the module that included the student's first day of attendance. The following criteria apply to programs offered in modules:~~

- ~~Some or all of the courses in the program are offered in modules that are scheduled sequentially rather than concurrently. (The modules may overlap.)~~

- ~~Two or more modules make up a standard term at the institution (e.g., a 12-week term is offered in three 4-week modules).~~

- ~~A student may begin his or her program of study at the beginning of any module in the term.~~

- ~~A student may skip one or more modules in the term.~~

- ~~A student must enroll up front in all modules he or she plans to attend within the term, although he or she may subsequently add or drop a course.~~
  ~~[DCL GEN-00-24~~

~~A school may use a scheduled academic year (SAY) or a borrower-based academic year~~

~~(BBAY) for a standard term-based program comprised of modules that is offered in a traditional academic year calendar. See Subsection 6.1.B for more information about the use of a SAY and a BBAY in a standard term-based, credit-hour program that is offered in a traditional academic year calendar.~~

Revise Subsection 6.3.C, page 12, column 1, by adding a new paragraph 4, as follows:

6.3.C Credit-Hour Programs with Nonstandard Terms That Are Not Substantially Equal in Length

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A school must ensure that the student successfully completes a payment period before the school may deliver a subsequent disbursement of Stafford or PLUS loan funds to the student. A student does not progress to the subsequent payment period until the student successfully completes the number of credit hours and the number of weeks of instructional time in the current payment period. In a credit-hour program with nonstandard terms that are not substantially equal in length that is offered in modules, a student's failure to successfully complete one or more courses within a module may delay the student's successful completion of the payment period.
[09-10 FSA Handbook, Volume 3, Chapter 1, p. 3-17]

Revise Subsection 6.3.D, page 11, column 2, by adding a new paragraph 5, as follows:

6.3.D
Clock Hour Programs or Non-Term-Based Credit-Hour Programs

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A school must ensure that the student successfully completes a payment period before the school may deliver a subsequent disbursement of Stafford or PLUS loan funds to the student. A student does not progress to a subsequent payment period until the student successfully completes the number of credit or clock hours and the number of weeks of instructional time in the current payment period. In a non-term-based credit-hour program that is offered in modules, a student's failure to successfully complete one or more courses within a module may delay the student's successful completion of the payment period.

> **Example**: A student enrolls in a non-term-based credit-hour program that is one academic year in length. The school defines the academic year for this program as 24 semester credit hours and 30 weeks of instructional time, consisting of two payment periods of 12 semester credit hours and 15 weeks of instructional time. The program is offered in a series of six modules of 5 weeks of instructional time. In each module, the student enrolls in a single course for which the student will earn 4 semester credit hours. The student fails the course offered in the first 4-hour module in the first payment period of the program. The student cannot progress to the subsequent payment period until he or she has successfully completed 12 semester credit hours in 3 *subsequent* modules.

[09-10 FSA Handbook, Volume 3, Chapter 1, p. 3-21]

. . .

Revise Subsection 6.4.B, page 14, column 2, by adding a new subheading after paragraph 2, as follows:

. . .

. . .

Earliest Disbursement Scheduling Rules for Credit-Hour Programs Offered in Modules

When a student is enrolled in a credit-hour program offered in modules but the student will not attend the first module in a payment period, the date the school uses to determine when Stafford or PLUS loan funds may be disbursed is the starting date of the first module in the payment period that the school expects the student to attend.
[09-10 FSA Handbook, Volume 3, Chapter 1, p. 3-21]

For a Stafford loan disbursed by EFT or master check, the earliest date for which a first disbursement by the lender may be scheduled for a student enrolled in a credit-hour program offered in modules is:

- The 28th day of the first module that the student will actually attend if the student is a first-year undergraduate, first-time borrower and the school is subject to delayed delivery provisions for such students.

- 13 days before the first day of the first module that the student will actually attend for all other borrowers, including a first-year undergraduate, first-time borrower at a school that is not subject to delayed delivery (see Subsection 8.7.D).

For a Stafford loan disbursed by individual check, the earliest date for which a first disbursement by the lender may be scheduled for a student enrolled in a credit-hour program offered in modules is:

- The first day of the first module that the student will actually attend if the student is a first-year undergraduate, first-time borrower and the school is subject to delayed delivery provisions for such students.

- 30 days before the first day of the first module that the student will actually attend for all other borrowers, including a first-year undergraduate, first-time borrower at a school that is not subject to delayed delivery (see Subsection 8.7.D).

For a PLUS loan, the earliest date for which a first disbursement by the lender may be scheduled for a student enrolled in a credit-hour program offered in modules is:

- 13 days before the first day of the first module that the student will actually attend for a loan disbursed by EFT or master check.
- 30 days before the first day of the first module that the student will actually attend for a loan disbursed by individual check.

If the loan period for a Stafford or PLUS loan consists of one payment period and does not qualify for a multiple disbursement exemption (see Subsection 6.4.A), the school must schedule the second disbursement so that it is delivered no earlier than the *later of* the calendar midpoint between the first and last scheduled days of class of the loan period, or the first day of the first subsequent module that the student will actually attend, in the following types of programs:

- A standard term-based, credit-hour program.
- A nonstandard term-based, credit-hour program in which all of the terms are substantially equal *and* at least 9 weeks of instructional time in length (SE9W).

If the loan period for a Stafford or PLUS loan consists of more than one payment period, the earliest date for which a second or subsequent disbursement from the lender may be scheduled is:

- 13 days before the first day of the first module that the student will actually attend in any subsequent payment period for a loan disbursed by EFT or master check.
- 30 days before the first day of the first module that the student will actually attend in any subsequent payment period for a loan disbursed by individual check.

Revise Figure 6-3, page 15, as follows:

First Disbursement Timeline **Figure 6-3**

Note: the earliest disbursement dates below may not apply to a student enrolled in a credit-hour program offered in modules. See Subsection 6.4.B for more information.

Standard Disbursement	Delayed Disbursement
. . .	. . .

Revise Subsection 8.7.B, page 10, paragraph 1, as follows:

8.7.B
Delivering Second and Subsequent Disbursements

Generally, t~~T~~ime frames for issuing second or subsequent disbursements are dictated by the loan period and the school's methods for measuring the student's academic progress. [§682.604(c)(6) and (7)]

The earliest delivery dates below for a second and subsequent disbursement may not apply to a student enrolled in a credit-hour program offered in modules. See Subsection 8.7.F for more information.

Revise Subsection 8.7.C, page 11, paragraph 4, as follows:

8.7.C Early Delivery

. . .

See Figure 8-4 for information on the earliest dates that loan funds may be disbursed and delivered. Refer to Subsection 8.7.B for additional provisions related to second or subsequent disbursements. See Subsection 8.7.F for more information about special delivery rules that apply to a student who is enrolled in a credit-hour program offered in modules.

Revise Subsection 8.7.E, page 13, column 1, paragraph 2, as follows:

8.7.E
Late Delivery

. . .

See Subsection 8.7.F for information about conditions for late delivery to a student enrolled in a credit-hour program offered in modules. For information on late disbursement requirements for lenders, see Subsection 7.7.G. For information on preventing overawards, see Subsection 6.15.A.

Revise Section 8.7 by inserting a new Subsection 8.7.F, as follows:

8.7.F
Delivery in Credit-Hour Programs Offered in Modules

When a student is enrolled in a credit-hour program offered in modules (see Subsection 6.3.A) but the student will not attend the first module in a payment period, the date the school uses to determine when Stafford or PLUS loan funds may be delivered is the starting date of the first module in the payment period that the school expects the student to attend. For example, the earliest that a school may deliver loan funds to a student who begins enrollment in the second of three 5-week modules that comprise a payment period is 10 days prior to the first day of the second module (or the 31st day of the second module for a Stafford loan that the school certifies for a borrower who is subject to delayed delivery).
[09-10 FSA Handbook, Volume 3, Chapter 1, p. 3-21]

A borrower subject to delayed delivery (see Subsection 8.7.D) who is enrolled in a module that is less than 30 days in length is not eligible to receive Stafford loan funds until the student completes the first 30 days of his or her program of study. This may result in the school delivering the funds during a subsequent module or, in the case of a term-based program offered in modules, during the next full term.

If the loan period for a Stafford or PLUS loan consists of one payment period and does not qualify for a multiple disbursement exemption (see Subsection 6.4.A), the school must deliver the second disbursement no earlier than the *later of* the calendar midpoint between the first and last scheduled days of class of the loan period, or the first day of the first subsequent module that the student will actually attend, in the following types of programs:

- A standard term-based, credit-hour program.
- A nonstandard term-based, credit-hour program in which all of the terms are at least 9 weeks and substantially equal in length.

A school must ensure that it does not deliver the proceeds of a Stafford loan, a parent PLUS loan, or a Grad PLUS loan to a student who has lost his or her eligibility to receive the loan. If a student enrolled in a term-based credit-hour program offered in modules has not received the first disbursement of a Stafford or PLUS loan and the student drops to less-than-half-time enrollment or withdraws before beginning attendance on at least a half-time basis, the school must not make a late delivery, or as applicable, a post-withdrawal disbursement of loan funds to the student.
[09-10 FSA Handbook, Volume 5, Chapter 2, p. 5-79]

Revise Subsection 8.7.F, page 13, column 1, paragraph 3, as follows:

8.7.~~F~~G
Delivery to Borrowers in Special Circumstances

A school may be restricted from delivering funds to a student under certain circumstances or until such circumstances are resolved. This subsection details the actions a school must take in each of those situations.

~~**Payment Rules for Modular Programs and Mini-Sessions**~~

~~A student who is enrolled in a modular program (see Subsection 6.3.B) is not eligible to receive FFELP loan funds until the first module that he or she will actually attend. For example, the earliest that a school may deliver loan funds to a student who begins enrollment in the second of three five-week modules that comprise a payment period is 10 days prior to the first day of the second module (or 30 days after the date the second module begins if the borrower is subject to delayed delivery).~~
~~[08-09 FSA Handbook, Volume 4, Chapter 2, p. 4-50]~~

~~A borrower subject to delayed delivery (see Subsection 8.7.D) who is enrolled in a summer or winter mini-session that is less than 30 days in length is not eligible to receive Stafford loan funds until the student completes the first 30 days of his or her program of study. This may result in the school delivering the funds during a subsequent mini-session during the next full term.~~

Leaves of Absence

. . .

Revise Subsection 8.7.G, page 14, by redesignating it, as follows:

8.7.~~G~~H
Delivery to Transfer Students

. . .

Revise subsection 8.7.H, page 14, by redesignating it, as follows:

8.7.~~H~~I
Delivery Methods

. . .

Revise Figure 8-4, page 23, as follows:

Earliest Disbursement and Delivery Dates — Figure 8-4

Note: the earliest disbursement and delivery dates below may not apply to a student enrolled in a credit-hour program offered in modules. See Subsections 6.4.B and 8.7.F for more information.

Not Subject to Delayed Delivery **Subject to Delayed Delivery**

. . .

Revise Subsection 9.4, page 9, column 1, paragraph 4, as follows:

Withdrawals from Standard Term-Based Programs Offered in Modules

When a student withdraws from a standard term-based program ~~comprised of a series of~~ offered in modules, the school must determine if a return of Title IV funds calculation is necessary based on the following criteria. (See ~~Section 6.4~~ Subsection 9.5.A for information ~~regarding~~ about the principles that apply to a withdrawal from a standard term-based program~~s~~

offered in modules.)

- If the student withdraws after the completion of at least one course in one of the modules within the term, the student is not considered to have withdrawn for return of Title IV funds purposes and a return calculation is not required. ~~However, other regulatory provisions concerning eligibility for awards and recalculation may apply.~~ A school is not required to perform a return of Title IV funds calculation or return a Stafford or PLUS loan disbursement that the school had previously delivered to a student who dropped to less than half-time enrollment resulting from the student's failure to begin attendance in all subsequent modules in a term. In such a case, the student was scheduled to attend on at least a half-time basis during the term at the time the school delivered Stafford or PLUS loan funds.

  If a student's withdrawal after completing at least one course in one module within a term results in the student's failure to begin attendance in the number of credit hours for which a Pell grant was awarded, a school must recalculate the student's eligibility for the Pell grant and campus-based funds based on a revised cost of attendance and enrollment status. See the 09-10 FSA Handbook, Volume 5, Chapter 2, and Volume 3, Chapter 3, for more information.

- ~~If the student withdraws prior to the completion of at least one course in one module, the student is considered to have withdrawn for return of Title IV funds purposes and a return calculation is required unless the student provides confirmation to the school—subsequent to his or her withdrawal from the course—that he or she plans to attend a module later in that term. The school may not rely on registration information obtained from the student prior to his or her withdrawal.~~

- ~~If the student withdraws prior to the completion of at least one course in one module and provides confirmation that he or she plans to attend a subsequent module within the term but then fails to do so, the student is considered to have withdrawn as of the date that would have applied if the student had not indicated his or her intent to return in a subsequent module within the term.~~

- If the student withdraws prior to the completion of at least one course in one module, the ~~payment period used to calculate the return of Title IV funds may include all of the calendar days in all of the modules in the term~~ student is considered to have withdrawn and the return of Title IV funds requirements apply, with one exception noted in the bullet immediately below. ~~The payment period begins on the student's first day of attendance and ends on the last day of classes of the last module that the student was scheduled to attend. For example, if the school's term consists of 3 modules of 5 weeks each or 35 calendar days, and the student only enrolled in 2 modules, the denominator in the calculation of the percentage of the payment period completed would be 70 days, not 105 days. See Subsection 9.5.A.~~ If a student withdraws before beginning attendance on at least a half-time basis, the school must not include an undelivered Stafford or PLUS loan disbursement in aid that could have been disbursed for the purpose of the return of Title IV funds calculation. The student is not eligible to receive a post-withdrawal disbursement of Stafford or PLUS loan funds. If a student's withdrawal prior to the completion of at least one course in one module results in the student's failure to begin attendance in the number of credit hours for which a Pell grant was awarded, the school must recalculate the student's eligibility for a Pell grant and campus-based funds based on a revised cost of attendance and enrollment status before the school performs the return of Title IV funds calculation. The school then performs a return of Title IV funds calculation using the student's revised Pell grant and campus-based award. See the 09-10 FSA Handbook, Volume 5, Chapter 2, and Volume 3, Chapter 3, for more information.

- If the student withdraws prior to the completion of at least one course in one module and the student provides confirmation to the school—subsequent to his or her withdrawal from the course—that he or she plans to attend a module later in that term, the student is not considered to have withdrawn for return of Title IV funds purposes. The school may not rely solely on registration information obtained from the student prior to his or her withdrawal.

- If the student withdraws prior to the completion of at least one course in one module and provides confirmation that he or she plans to attend a subsequent module within the term but then fails to do so, the student is considered to have withdrawn as of the date that would have applied if the student had not indicated his or her intent to return in a subsequent module within the term.

See Subsection 9.5.A for additional information about the values used to calculate the percentage of the payment period completed when a student withdraws from a standard term-based program using modules.
[DCL GEN-00-24; 09-10 FSA Handbook, Volume 5, Chapter 2, p. 5-78 to 5-80]

Documenting and Reporting Withdrawal Dates

. . .

Revise Subsection 9.5.A, page 11, column 2, paragraph 2, as follows:

. . .

Determining the Percentage of Payment Period/Period of Enrollment Completed

Standard Term-Based Credit-Hour Programs ~~with Semesters, Trimesters, or Quarters~~

Calculations for the return of Title IV funds must be based upon the payment period.
[§668.22(e)(5)(i)]

Standard Term-Based Credit-Hour Programs Offered in Modules
Special principles apply when determining the appropriate values used in the calculation of the percentage of the payment period completed a standard term-based program offered in modules has the following characteristics:

- Some or all of the courses in the program are offered in modules that are scheduled sequentially rather than concurrently. (The modules may overlap.)
- Two or more modules make up a standard term at the institution (e.g., a 12-week term is offered in three 4-week modules).
- A student may begin his or her program of study at the beginning of any module in the term.
- A student may skip one or more modules in the term.
- A student must enroll up front in all modules he or she plans to attend within the term, although he or she may subsequently add or drop a course.

[DCL GEN-00-24; 09-10 FSA Handbook, Volume 5, Chapter 2, pp. 5-78 and 5-79]

If a student withdraws from such a program without completing at least one course in one module, the payment period used in the denominator to calculate the percentage of the payment period completed includes the number of calendar days in all of the modules the student was scheduled to attend in the semester, trimester or quarter. The payment period begins on the first day of the first module that the student was scheduled to attend and ends on the last day of classes of the last module that the student was scheduled to attend. For example, if the school's term consists of three modules of 5 weeks or 35 calendar days each, and the student only enrolled in two modules, the denominator in the calculation of the percentage of the payment period completed would be 70 days, not 105 days. The number of calendar days used in the numerator begins on the first day of the first module that the student actually attended in the term, ends on the last day the student was in attendance, and includes only the number of calendar days during which the student was in attendance.
[DCL GEN-00-24; 09-10 FSA Handbook, Volume 5, Chapter 2, p. 5-79]

Non-Term-Based Programs and Nonstandard Term-Based Credit-Hour Programs

. . .

Revise Appendix G, page 15, column 2, by inserting a new paragraph 4, as follows:

. . .

. . .

Master Promissory Note (MPN): . . .

Module: A course or group of courses offered for a period of time that is different (usually shorter) than the program's quarter, trimester, semester, other academic term, or period of enrollment.
[The Blue Book, October 2005, Appendix A, p. A-54]

MPN: See Master Promissory Note (MPN)

PROPOSED LANGUAGE - COMMON BULLETIN:

Credit-Hour Programs Offered in Modules

The *Common Manual* has been updated to provide more information about the treatment of Stafford and PLUS loan funds to a student attending a credit-hour program offered in modules. A "module" is defined in the Manual's glossary as a course or group of courses offered for a period of time that is different (usually shorter) than the program's quarter, trimester, semester, other academic term, or period of enrollment.

In a credit-hour program that is offered in modules, a school has several options for defining the program's structure (i.e., standard term-based, nonstandard term-based with terms that are substantially equal in length *and* at least 9 weeks of instructional time in length (SE9W), nonstandard term-based with terms that are *not* SE9W, or non-term-based). A school may group modules together and treat the entire period of combined modules as a single term. For example, a school may group three consecutive modules of 5 weeks of instructional time each to create a standard term of 15 weeks of instructional time, or group four consecutive modules of 4 weeks of instructional time each to create a standard term of 16 weeks of instructional time.

A school may treat a program that is offered in modules as a program that consists of nonstandard terms. For example, in a program that offers courses in consecutive modules of 5 weeks of instructional time, the school could choose to treat each module as a 5-week nonstandard term. In addition, a school may treat a program that consists of modules as a non-term-based program.

For a program that is offered in standard terms, a school may combine a short nonstandard term with an adjacent standard term. The combination of the short, nonstandard term and the standard term may be treated as a single, standard term composed of two modules. For example, an interim period of 4 weeks of instructional time that begins and ends in between a program's standard semesters, each of which consist of 15 weeks of instructional time, may be treated as part of one of the two standard semesters. The result is a single term of 19 instructional weeks, i.e., one module of 4 and one module of 15 weeks of instructional time, that the school may treat as a standard semester. A school that chooses this option must provide the same treatment for all Title IV aid to students enrolled in the program. A school must include all hours in which a student enrolls during the shorter module as part of the student's total enrollment for the standard term and include costs of attendance that the student incurs during the shorter module, as appropriate.

The structure that a school chooses for a credit-hour program offered in modules affects all of the following:

- The definition of an academic year that determines the frequency of Stafford annual loan limits.
- The definition of a payment period.
- A student's eligibility for additional loan funds due to a grade level increase within an academic year.
- The minimum period for which a loan may be certified.
- The disbursement schedule for a Stafford or PLUS loan.
- The delivery time frames for a Stafford or PLUS loan.

For example, if a school chooses to treat a program consisting of consecutive modules of 5 weeks of instructional time as a program offered in standard terms of 15 weeks of instructional time composed of three consecutive, 5-week modules, the school must apply the rules for determining the frequency of Stafford annual loan limits and the minimum period for which a loan may be certified as it would in a standard-term-based program. However, if the school chooses to treat such a program as one that is offered in nonstandard terms of 5 instructional weeks each, the school must apply the rules for determining the frequency of Stafford annual loan limits and the minimum period for which a loan may be certified as it would in a nonstandard term program with terms that are *not* SE9W (i.e., all of the terms in the program are not substantially equal in length, or the terms are not all at least 9 weeks of instructional time in length).

Manual text describing a school's options for defining the structure of a credit-hour program that is offered in modules is located in Section 6.3, *Determining Payment Periods*, in a new Subsection 6.3.A. Subsection 6.3.B has been deleted, and current Subsection 6.3.A has been redesignated as Subsection 6.3.B.

For an eligible program that measures progress in credit hours and has standard academic terms, or has nonstandard terms that are substantially equal in length, the payment period is the academic term (semester, trimester, quarter, or nonstandard term). In such a program that is offered in modules, the payment period is an academic term, including a case when a student does not enroll in all of the modules within the term.

In a program that measures academic progress in credit hours and uses standard terms (i.e., a semester, trimester, or quarter system) or in a credit-hour program that uses nonstandard terms that are SE9W, the minimum period for which a school may certify a loan is a single academic term (i.e., a semester, trimester, quarter, or nonstandard term that is SE9W). In such a program that is offered in modules, the minimum period for which a school may certify a loan is a single academic term, including a case when a student does not enroll in all of the modules within the term.

In a non-term-based credit-hour program and in a nonstandard term-based program with terms that are not substantially equal, a school must ensure that the student has successfully completed a payment period before the school may deliver a subsequent disbursement of Stafford or PLUS loan funds to the student. A student does not progress to the subsequent payment period until the student has successfully completed the number of credit hours and the number of weeks of instructional time in the current payment period. In such a program that offers coursework in modules, a student's failure to successfully complete one or more courses within a module may delay the student's successful completion of the payment period.

> **Example**: A student enrolls in a non-term-based credit-hour program that is one academic year in length. The school defines the academic year for this program as 24 semester credit hours and 30 instructional weeks, consisting of two payment periods of 12 semester credit hours and 15 weeks of instructional time. The program is offered in a series of six modules of 5 weeks of instructional time. In each module, the student enrolls in a single course for which the student will earn 4 semester credit hours. The student fails the course offered in the first 4-hour module in the first payment period of the program. The student cannot progress to the subsequent payment period until he or she has successfully completed 12 semester credit hours in 3 *subsequent* modules.

Disbursement Scheduling

When a student is enrolled in a credit-hour program offered in modules but the student will not attend the first module in a payment period, the date the school uses to determine when Stafford or PLUS loan funds may be disbursed is the starting date of the first module in the payment period that the school expects the student to attend.

For a Stafford loan disbursed by EFT or master check, the earliest date for which a first disbursement by the lender may be scheduled for a student enrolled in a credit-hour program offered in modules is:

- The 28th day of the first module that the student will actually attend if the student is a first-year undergraduate, first-time borrower and the school is subject to delayed delivery provisions for such students.

- 13 days before the first day of the first module that the student will actually attend for all other borrowers, including a first-year undergraduate, first-time borrower at a school that is not subject to delayed delivery.

For a Stafford loan disbursed by individual check, the earliest date for which a first disbursement by the lender may be scheduled for a student enrolled in a credit-hour program offered in modules is:

- The first day of the first module that the student will actually attend if the student is a first-year undergraduate, first-time borrower and the school is subject to delayed delivery provisions for such students.

- 30 days before the first day of the first module that the student will actually attend for all other borrowers, including a first-year undergraduate, first-time borrower at a school that is not subject to delayed delivery,

For a PLUS loan, the earliest date for which a first disbursement by the lender may be scheduled for a student enrolled in a credit-hour program offered in modules is:

- 13 days before the first day of the first module that the student will actually attend for a loan disbursed by EFT or master check.

- 30 days before the first day of the first module that the student will actually attend for a loan disbursed by individual check.

If the loan period for a Stafford or PLUS loan consists of one payment period and does not qualify for a multiple disbursement exemption, the school must schedule the second disbursement so that the disbursement is delivered no earlier than the ***later of*** the calendar midpoint between the first and last scheduled days of class of the loan period, or the first day of class in the first subsequent module that the student will actually attend in the following types of programs:

- A standard term-based, credit-hour program.

- A nonstandard term-based, credit-hour program in which all of the terms are at least 9 weeks and substantially equal in length.

Delivery Issues
When a student is enrolled in a credit-hour program offered in modules but the student will not attend the first module in a payment period, the date the school uses to determine when Stafford or PLUS loan funds may be delivered is the starting date of the first module in the payment period that the school expects the student to attend.

If the loan period for a Stafford or PLUS loan consists of one payment period and does not qualify for a multiple disbursement exemption, the school must deliver the second disbursement no earlier than the ***later of*** the calendar midpoint between the first and last scheduled days of class of the loan period, or the first day of class in the first, subsequent module that the student will actually attend in the following types of programs:

- A standard term-based, credit-hour program.

- A nonstandard term-based, credit-hour program in which all of the terms are at least 9 weeks and substantially equal in length.

A school must ensure that it does not deliver the proceeds of a Stafford, parent PLUS or Grad PLUS loan to a student who has lost his or her eligibility to receive the loan. If a student enrolled in a term-based credit-hour program offered in modules has not received the first disbursement of a Stafford or PLUS loan and the student drops to less than half-time enrollment or withdraws before beginning attendance on at least a half-time basis, the school must not make a late delivery, or as applicable, a post-withdrawal disbursement of loan funds to the student.

All delivery rules for credit-hour programs that are offered in modules are consolidated into a new Subsection 8.7.F. Subsections 8.7.F, 8.7.G, and 8.7.H have been redesignated as 8.7.G, 8.7.H, and 8.7.I, respectively.

Withdrawals from Standard Term-Based Programs Offered in Modules
In a standard term-based credit-hour program offered in modules, if a student withdraws after the completion of at least one course in one of the modules within the term, the student is not considered to have withdrawn for return of Title IV funds purposes and a return calculation is not required. A school is not required to calculate a return of Title IV funds, or return a Stafford or PLUS loan that the school had previously delivered to a student who dropped to less than half-time enrollment resulting from the student's failure to begin attendance in all subsequent modules in a term. In such a case, the student was scheduled to attend on at least a half-time basis during the term at the time the school delivered Stafford or PLUS loan funds. If a student's withdrawal after completing at least one course in one module within a term results in the student's failure to begin attendance in the number of credit hours for which a Federal Pell grant was awarded, a school must recalculate the student's eligibility for the Federal Pell grant and campus-based funds based on a revised cost of education

and enrollment status.

If a student withdraws from such a program without completing at least one course in one module, the student is considered to have withdrawn and the return of Title IV funds requirements apply. If a student withdraws before beginning attendance on at least a half-time basis, the school must not include an undelivered Stafford or PLUS loan disbursement in aid that could have been disbursed for the purpose of the return of Title IV funds calculation. The student is not eligible to receive a post-withdrawal disbursement of Stafford or PLUS loan funds. Before a school performs the return of Title IV funds calculation, the school must recalculate the student's eligibility for a Federal Pell grant and campus-based funds based on a revised cost of education and enrollment status. The school then performs a return of Title IV funds calculation using the student's revised Federal Pell grant and campus-based award. The payment period used in the denominator to calculate the percentage of the payment period completed includes the number of calendar days in all of the modules the student was scheduled to attend in the semester, trimester or quarter. The payment period begins on the first day of the first module that the student was scheduled to attend and ends on the last day of classes of the last module that the student was scheduled to attend. For example, if the school's term consists of 3 modules of 5 weeks or 35 calendar days each, and the student only enrolled in 2 modules, the denominator in the calculation of the percentage of the payment period completed would be 70 days, not 105 days. The number of calendar days used in the numerator begins on the first day of the first module that the student actually attended in the term, ends on the last day the student was in attendance, and includes only the number of calendar days during which the student was in attendance.

GUARANTOR COMMENTS:
None.

IMPLICATIONS:
Borrower:
A borrower who enrolls in a credit-hour program offered in modules will experience more consistent application of disbursement scheduling, delivery, and late delivery rules.

School:
A school that has a credit-hour program offered in modules may be required to review its procedures to ensure that it includes all applicable rules for disbursement scheduling, delivery, late delivery, and return of Title IV funds calculations for such programs.

Lender/Servicer:
None.

Guarantor:
A guarantor may be required to provide technical assistance and training to schools concerning programs offered in modules, and update its program review materials.

U.S. Department of Education:
The Department may be required to provide technical assistance to schools concerning programs offered in modules.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
September 18, 2007

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
December 10, 2009

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

Comments Received from:
AES/PHEAA, ASA, CSLF, EdFund, Great Lakes, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, USA Funds, and VSAC.

Responses to Comments

Many commenters supported this proposal as written. Other commenters recommended punctuation or wordsmithing changes that were considered without comment. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

COMMENT:
One commenter requested clarification on the appropriate loan period begin date in a scenario where the student does not begin enrollment in the first module within a term/payment period relative to the proposed new language of Subsection 6.4.B, earliest disbursement scheduling rules for credit-hour programs offered in modules.

A second commenter questioned a Revised Policy statement that the terms “mini-term,” “mini-session,” and “compressed coursework” are synonymous with “module.” This commenter stated that loan certification is a concern arising from the suggestion to treat all of these types of enrollment as modules. The commenter referred to the bulleted list of conditions that describe a modular program as they were relocated in this policy proposal to Subsection 9.5.A, page 11, column 2, paragraph 2. The commenter opined that the first and final characteristics of the bulleted list are troublesome in that they do not apply to the traditional summer term composed of mini-sessions. The commenter observed that students enrolled in such a summer term are not required to enroll up-front in all of the summer mini-sessions, nor are summer mini-session courses necessarily offered sequentially.

The second commenter acknowledged that §682.603(f)(1)(i)(A) sets a “single term” as the minimum loan period in a standard term-based credit-hour program or a credit-hour program with nonstandard terms that are SE9W; however, the commenter pointed out that the regulations do not address modules. According to §682.200(b), the commenter stated, the loan period must coincide with one or more bona fide academic terms established by the school for which institutional charges are generally assessed (e.g., semester, trimester, or quarter, in weeks of instructional time, or academic year, or the length of the student’s program of study in weeks of instructional time). For a summer mini-session, the school adjusts the institutional (as well as non-institutional) cost of attendance to reflect the student’s actual period of enrollment. The commenter opined that the loan period must therefore coincide with the period of enrollment, whether that is the entire summer term or one or more of the mini-sessions within the summer term. Finally, this commenter requested a separate triggering event be provided for any proposed change to the loan period policy.

Response:
The Committee is aware that the Department has released unofficial guidance in the past through training presentations authorizing an option to certify a loan for a single mini-session that is unique to summer terms composed of mini-sessions in standard term-based programs. The Committee is also aware of private guidance from Pat Newcombe of the Department (dated April 21, 2003), which affirms that the minimum period for which a school may certify a loan is the term in a standard term-based program (or now a nonstandard term-based program with terms that are SE9W) when such a program is offered in modules.

After consulting with the commenter, the Committee agrees that for the present the Manual should remain silent on the issue of minimum loan periods in terms composed of mini-sessions when that term-based program is not otherwise offered in modules. The focus of the text included in this policy proposal will remain on programs that are offered in modules.

The Committee welcomes the assistance of this commenter and any other FFELP community member in identifying Department guidance that addresses the minimum loan period for a summer or other term composed of mini-sessions, mini-terms, or compressed coursework that are not part of a standard term-based program or a nonstandard SE9W term-based program otherwise offered in modules.

The proposed change to Subsection 9.5.A, page 11, column 2, paragraph 2, which the second commenter described as problematic, are characteristics of a modular program that trigger special principles for determining the appropriate values to use in a return of Title IV funds calculation. The Department first published these characteristics in DCL GEN-00-24 and they now appear in the 09-10 FSA Handbook, Volume 5, Chapter 2, p. 5-78. The Committee is not at liberty to modify or delete them. This policy text is not new but was simply relocated from Subsection 6.3.B to provide the appropriate frame of reference in the context of the return of Title IV funds requirements.

Change:
The second sentence of the glossary definition of "module," which referred to the synonymous use of terms including "mini-session," has been deleted. The Revised Policy and Bulletin language has been modified accordingly. In addition, the Basis has been updated to include private guidance from Pat Newcombe, U.S. Department of Education, dated April 21, 2003.

COMMENT:
One commenter recommended the following change in the proposed language of Section 6.2, paragraph 1, sentence 2:

> In a program that measures academic progress in credit hours and uses standard terms (i.e., a semester, trimester, or quarter system) or one that uses nonstandard terms that are substantially equal in length *and* at least 9 weeks of instructional time in length (SE9W), the minimum period for which a school may certify a loan is a single academic term (i.e., a semester, trimester, quarter, or nonstandard term that is SE9W). In such a program that is offered in modules, the minimum period for which a school may certify a loan is a single academic term~~, not one or more modules in which the student is enrolled during the term~~.

The same commenter recommended striking similar proposed text in Subsection 6.3.B, which describes the payment period in a credit-hour program that uses standard terms or nonstandard terms that are SE9W.

Response:
The Committee continues to believe it important to clarify that, in a modular program offered in standard terms or nonstandard terms that are SE9W, the minimum period for which a school may certify a loan is a single academic term, and not, for example, a single module in which the student enrolls for the term.

The Committee believes that the clarification the commenter requested to strike could be more explicitly expressed.

Change:
Proposed policy text in Section 6.2 has been modified as follows:

> In a program that measures academic progress in credit hours and uses standard terms (i.e., a semester, trimester, or quarter system) or one that uses nonstandard terms that are substantially equal in length *and* at least 9 weeks of instructional time in length (SE9W), the minimum period for which a school may certify a loan is a single academic term (i.e., a semester, trimester, quarter, or nonstandard term that is SE9W). In such a program that is offered in modules, the minimum period for which a school may certify a loan is a single academic term~~, not one or more modules in which the student is enrolled during the term,~~ <u>including a case when a student does not enroll in all of the modules within the term</u>.

COMMENT
One commenter recommended a change in the proposed language of Section 9.4, first bullet. The commenter noted that the first bullet addresses cases when a return of title IV funds calculation is not needed as well as cases when a return calculation is required. The commenter requested that the Committee separate discussion about when a return of Title IV funds calculation is required from discussion of when it is not. Specifically, the commenter asked that bullet 1 only address a student who completes at least one course in one module when no return of Title IV funds calculation required. The commenter recommended that points relative to cases when a student does not complete at least one course in one module be moved to the 2nd bullet, which discusses a student who withdraws without completing any courses/modules.

A second commenter noted that the first bullet of Section 9.4 does not clearly describe when a return of Title IV funds calculation is required and when it is not. In particular, this commenter suggested moving the existing last sentence of that bullet, which addresses the treatment of an undelivered Stafford or PLUS loan disbursement in the return of Title IV funds calculation for a student who withdraws before beginning at least half-time attendance, to the subsequent bullet.

Response:
The Committee agrees that the bulleted text in the proposed change to Section 9.4 should be reorganized. The Committee also believes that information in bullet 1 about the need to recalculate Pell grant and campus-

based aid eligibility based on a change in enrollment status and cost of attendance should be present not only in the context of a student who withdraws prior to completing at least one course in one module but also in the context of a student who withdraws after completing one course in one module. In either case, the student may not have begun attendance in all of the courses in the term for which a Pell grant was awarded.

Change:
The bullets under the subheading "Withdrawals from Standard Term-Based Programs Offered in Modules" have been modified to more clearly delineate cases when a return of Title IV funds calculation is and is not required.

Information about the need to recalculate Pell grant and campus-based aid eligibility based on a change in enrollment status and cost of attendance has been added to the bullet that addresses a student who withdraws after completing one course in one module, accompanied by a cross-reference to Volumes 5 and 3 of the FSA Handbook.

COMMENT:
Two commenters requested additional text in Subsections 6.4.B and 8.7.F to address disbursement scheduling and delivery of a second disbursement of a loan made for a single payment period in a modular program with no terms or nonstandard terms that are not SE9W, as follows:

> If the loan period for a Stafford or PLUS loan consists of one payment period, the school must schedule the second disbursement so that it is delivered:

- No earlier than the later of the calendar midpoint between the first and last scheduled days of class of the loan period or the first day of the first subsequent module that the student will actually attend in the following types of programs:
  - A standard term-based, credit-hour program.
  - A nonstandard term-based, credit-hour program in which all of the terms are substantially equal and at least 9 weeks of instructional time in length (SE9W).
- No earlier than the date the student successfully completes one-half of the weeks of instructional time in the payment period and one-half of the credit hours in the payment period in the following types of programs:
  - A nonstandard term-based, credit-hour program in which the terms are not substantially equal or are less than 9 weeks of instructional time in length (SE9W).
  - A nonterm-based, credit-hour program.

Response:
During the policy proposal drafting stage, the Committee carefully considered providing text to address second disbursements of loans made for a single payment period in modular programs other than those structured in standard terms or nonstandard terms that are SE9W. However, private guidance available to the Committee as of this writing only addresses special treatment of the second disbursement of a loan made for a single term or payment period in a standard term-based program and a nonstandard term-based program with terms that are SE9W that are offered in modules.

The Committee welcomes any additional Departmental guidance from any FFELP community member that specifically addresses a loan certified for a single payment period in a credit-hour program offered in modules with nonstandard terms that are not SE9W or no terms for possible future policy proposal development. Given that the new text in Subsection 6.4.B and new Subsection 8.7.F addresses *special* rules applicable to modular programs and the text offered by the commenters is part of the standard disbursement scheduling and delivery rules for such a program (see Subsection 6.4.B, page 14, column 1, paragraph 2, bullet 2), the Committee does not believe that the Manual provides incomplete guidance for a program with no terms or nonstandard terms that are not SE9W in the absence of guidance to the contrary.

Change:
None.

COMMENT:
One commenter requested some clarifying language in Section 6.4.B, under *Earliest Disbursement Scheduling Rules for Credit-Hour Programs Offered in Modules*, paragraph 5, to address cases when a loan made for a single payment period is exempt from multiple disbursement because of the school's low cohort default rate(s).

Response:
The Committee agrees that such an addition would be useful. The choice of wording for this clarification should acknowledge that the loan period may not qualify for an exemption, even if the school's cohort default rate(s) is sufficiently low, because the single payment period is a period of more than 4 months.

The Committee also notes that Subsection 6.4.A, "Multiple Disbursements and Exceptions," requires an update to conform to new guidance found in the 09-10 FSA Handbook, Volume 3, p. 3-18. This guidance states that in a program offered in substantially equal terms that are at least 9 weeks in length, a school that otherwise qualifies for a multiple disbursement exemption for a single-term loan may not disburse in a single installment for a term if the term is longer than 4 months. This update is outside the scope of this policy proposal and will be addressed separately.

Change:
The proposed policy text in Subsection 6.4.B, under the subheading *Earliest Disbursement Scheduling Rules for Credit-Hour Programs Offered in Modules*, paragraph 5, has been modified as follows:

> If the loan period for a Stafford or PLUS loan consists of one payment period <u>and does not qualify for a multiple disbursement exemption (see Subsection 6.4.A)</u>, the school must schedule the second disbursement so that it is delivered no earlier than the ***later of*** the calendar midpoint between the first and last scheduled days of class of the loan period, or the first day of the first subsequent module that the student will actually attend, in the following types of programs:
>
> . . .

A coordinating change has been made in new Subsection 8.7.F.

COMMENT:
Two commenters requested a revision to the Current Policy statement, 5th bullet, as follows:

> Does not explain the impact on payment period completion for a student who is enrolled in a non-term-based credit-hour program <u>or a nonstandard-term based credit-hour program with terms that are not substantially equal or not at least 9 weeks in length,</u> and who fails a course in a module within the payment period.

The commenters explained that the requirements for determining the frequency of annual loan limits and completion of the payment period that are applicable to non-term-based credit-hour programs are also applicable to a nonstandard term credit-hour program with terms that are not SE9W.

The same commenters requested that Subsection 6.3.C be updated to include information about the effect on payment period completion for a student enrolled in non-standard term-based credit-hour program with terms that are not substantially equal, in a case when a student fails a course within a module within a payment period.

Response:
While it is true that the requirements for completing an academic year, determining the frequency of annual loan limits and minimum loan periods are the same for non-term-based credit-hour programs and credit-hour programs with nonstandard terms that are not SE9W, the same is not true for the payment period definition. The payment period in a nonstandard-term-based credit-hour program with terms that are substantially equal in length (regardless of whether they are at least 9 weeks of instructional time in length) is the term. For a loan certified for an academic year in such a program, there is no credit-hour or instructional week completion requirement in order for the student to progress to a subsequent payment period within the loan period and gain eligibility for a subsequent disbursement. See §668.4(a) and §682.604(c)(6)(i). For this reason, the Committee declines to make the exact change the commenters' requested to the Current Policy statement

However, the commenters are correct in recommending an update to the proposed policy text of Subsection 6.3.C regarding payment period completion requirements for a student enrolled in a nonstandard term-based credit-hour program that does *not* have substantially equal terms. Payment periods in such a program are defined in the same way as for a non-term-based credit-hour program.

Change:
The proposed policy has been modified include text in Subsection 6.3.C that explains the effect of failing a course in a modular, nonstandard term-based credit-hour program that does not have substantially equal terms. The Current and Revised Policy and Common Bulletin have been updated accordingly.

COMMENT:
Two commenters recommended the consolidation of bullets 2 and 3 in the Revised Policy statement, as indicated below. The commenter indicates that the revision makes the summary a more concise and more easily defines cause and effect.

- Clarifies that, in a credit-hour program composed of standard terms or nonstandard terms that are substantially equal in length, including such a program that is offered in modules, the payment period is the term, not one or more modules in which the student is enrolled within the term. Therefore, the minimum period for which a loan may be certified is the term, not one or more modules in which the student is enrolled within the term.
- ~~Clarifies that, in a credit-hour program composed of standard terms or nonstandard terms that are substantially equal in length and at least 9 weeks of instructional time in length (SE9W), including such a program that is offered in modules, the minimum period for which a loan may be certified is the term, not one or more modules in which the student is enrolled within the term.~~

Response:
The Committee declines to make the commenter's requested change. There are differences between the payment period definition and the minimum loan period definition for credit-hour programs with nonstandard terms that are SE9W versus credit-hour programs with nonstandard terms that are substantially equal (but not all at least 9 weeks in length). In a credit-hour program with nonstandard terms that are substantially equal (but not all at least 9 weeks in length), the payment period is the term (bullet 1). However, in such a program, the minimum loan period is the lesser of the program's academic year in credit hours and weeks of instructional time, the program's length, a final period of study, or in limited cases for a transfer student, the remainder of the prior school's academic year (bullet 2). See Section 6.2. The Committee believes that the two bullets should remain distinct to accurately portray these differences.

Change:
None.

COMMENT:
One commenter requested a clarification in the proposed language of new subsection 6.3.A, paragraph 4, bullet 3:

- A student's eligibility for additional loan funds due to a grade level increase within an academic year (see subsection 6.11.A).

Response:
The Committee agrees.

Change:
The commenter's requested change has been made.

COMMENT:
One commenter recommended revising the first triggering event, as follows:

> Effective for the ~~second~~ delivery of the second disbursement of a Stafford or PLUS loan ~~made~~ certified for a single term ~~in~~ of a standard term-based program~~s~~ or a program with nonstandard terms that are SE9W on or after September 29, 2009, unless implemented earlier by the school.

Response:
The Committee agrees.

Change:
The first triggering event has been modified per the commenter's suggestion.

COMMENT:
One commenter recommended that reference to “semester” be changed to “term” in new Subsection 6.3.A, paragraphs 1 and 5, as exemplified by the following:

> . . .For example, if a school treats a program consisting of consecutive modules of 5 weeks of instructional time as a program offered in standard ~~semesters~~ terms of 15 weeks of instructional time comprise of three consecutive 5-week modules. . .”

The commenter recommended the change for consistency when used in conjunction with the phrase “nonstandard term.”

Response:
The Committee agrees.

Change:
The changes the commenter requests have been made in Subsection 6.3.A, paragraphs 1 and 5.

COMMENT:
One commenter recommended a wordsmithing change as follows in the proposed language of new Subsection 6.3.A, paragraph 1, sentence 1:

> A school that offers a credit-hour program in modules has several options for defining the program’s structure (i.e., standard~~-term-based~~ terms, nonstandard terms that are substantially equal in length *and* at least 9 weeks of instructional time in length (SE9W), nonstandard terms that are *not* SE9W, or ~~non-term-based~~ no terms).

Response:
The phrases “standard-term-based” and “non-term-based” are conventional language used throughout the *Common Manual*.

Change:
None.

jcs/edited-aes