COMMON MANUAL

Unified Student Loan Policy

Policy Changes Approved December 17, 2009

Batch 163: Proposals 1156 – 1157

The nation's guarantors provide the following summaries to inform schools, lenders, and servicers of the latest *Common Manual* policy changes. These changes will appear in the manual's next annual update. These changes will also be incorporated into the *Integrated Common Manual.* The *Integrated Common Manual* is available on several guarantor websites, and it is also available on *Common Manual's* website at **www.commonmanual.org**. Please carefully note the effective date of each policy change.

Forwarding Documentation of Other Claim Types

The *Common Manual* has been updated to state 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.

Affected Sections:	13.6.A Default Claims
Effective Date:	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.
Policy Information:	1156/163
Guarantor Comments:	None.

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

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.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	

Effective Date:

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.

Policy Information: 1157/163

Guarantor Comments: None.