#	Subject	Summary of Change to *Common Manual*	Type of Update	Effective Date
1182	Requirements for a Teach-Out Plan	**4.1.A Establishing Eligibility** Incorporates as part of the Program Participation Agreement the requirements for the preparation of a teach-out plan.	Federal	July 1, 2010.
1183	Baccalaureate Liberal Arts Programs Offered by Proprietary Institutions	**4.1.C Maintaining Eligibility** States that a program leading to a baccalaureate degree in liberal arts is an eligible program for a proprietary institution of higher education, subject to certain conditions.	Federal	July 1, 2010.
1184	Additional Location as the Result of a Teach-Out	**4.1.C Maintaining Eligibility** Stipulates the requirements for a school that conducts a teach-out to establish a permanent additional location at a closed school.	Federal	Effective July 1, 2010, unless implemented earlier by the school on or after November 1, 2009.
1185	Student Consumer Information	**4.4.B Consumer Information** Describes the consumer information that a school must make available, and in some cases, directly distribute to enrolled and prospective students and outlines requirements for the Annual Security and Fire Safety Reports.	Federal	Student consumer information disclosures made available by a school on or after July 1, 2010, with the following exceptions: • For the emergency evacuation and response policies and procedures, the annual security report that a school must distribute by October 1, 2010. • For the fire safety report that a school distributes by October 1, 2010. If the fire safety report is included in the annual security report, the annual security report that a school must distribute by October 1, 2010. • For annual security report provisions, retroactive to the implementation of the *Common Manual*.
1186	Entrance Counseling	**4.4.C Entrance Counseling** Updates the Manual with final rule clarifications and regulatory citations.	Federal	Entrance counseling provided by the school on or after July 1, 2010, unless implemented earlier by the school.
1187	Student Eligibility after Drug-Related Offenses	**5.8 Effect of Drug Conviction on Eligibility** Expands Manual text with statutory	Federal	Reinstatement of Title IV eligibility on or after July 1, 2010.

		language by clarifying that a student who is convicted of a drug-related offense while enrolled in school and receiving Title IV aid may regain eligibility on the date the student passes two unannounced drug tests conducted by an approved drug rehabilitation program.		
1188	Correspondence and Distance Education Courses	**5.12 Use of Telecommunications and Correspondence in Programs of Study** **5.12.A Telecommunications Program of Study** **6.5.B COA Exceptions for Correspondence and Telecommunications Study** **Appendix G** Replaces references to a telecommunications course or program with "distance education," and revises the definition of "correspondence course."	Federal	August 14, 2008, for distance education courses. July 1, 2010 for correspondence courses.
1189	Multiple Disbursements and Low Cohort Default Rate Exemptions	**6.4.A Multiple Disbursements and Exemptions** Clarifies that a school which is otherwise exempt from multiple disbursement requirements because of a low cohort default rate must schedule at least two disbursements for a loan certified for a substantially equal, nonstandard term of at least 9 instructional weeks in length if the term is more than 4 months in length.	Federal	Publication of Volume 3 of the 09-10 FSA Handbook.
1190	Income-Based Repayment Schedule	**10.6.E Adjusting the Borrower's Repayment Schedule** **10.8.D Income-Based Repayment Schedule** **Appendix G** For the purpose of determining whether a borrower has a partial financial hardship (PFH), specifies that the lender must use the *greater* of the amount owed on the eligible loans when the borrower initially entered repayment or the amount owed when the borrower selects the IBR plan. Clarifies the PFH and payment calculations for a married borrower who files a joint tax return and the borrower's spouse also has eligible loans and requests IBR.	Federal	Income-based repayment (IBR) plan requests oor renewals processed by the lender on or after July 1, 2010.
1191	Loan Disclosures During Repayment	**10.12 Lender Disclosures During Repayment** Clarifies information about interest and aggregate amounts paid on a loan that a lender must disclose to a borrower during repayment. Also clarifies that	Federal	Loans with first payments due on or after July 1, 2010.

		disclosures may be provided on a loan, account, or borrower level.		
1192	Disclosure When Granting a Deferment on Unsubsidized Stafford and PLUS Loans	**11.1.J** **Disclosure When Granting a Deferment on an Unsubsidized Stafford Loan** Clarifies that a lender must provide general information, along with an example, to unsubsidized Stafford and PLUS borrowers to assist them in understanding the impact of capitalized interest. The lender must notify the borrower of the option to pay the accruing interest or cancel the deferment and continue to make monthly payments on the loan.	Federal	Deferments granted on or after July 1, 2010.
1158	Economic Hardship Deferment Eligibility *This policy proposal originally appeared in Batch 163. Due to substantive changes made as the result of comments received, the Policy Committee is distributing the proposal to the community for a second review.*	**11.4.A** **Eligibility Criteria– Economic Hardship** **Appendix G** 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.	Federal	Economic hardship deferments granted on or after July 1, 2009, that begin on or after July 1, 2009.
1193	Loan Disclosures During Delinquency	**12.1.A** **Lender Disclosure Requirements** Clarifies the information that a lender must provide in the disclosure notice to a borrower who is 60 days delinquent. Also clarifies the timing in which the lender must send this disclosure notice to the borrower.	Federal	Loans that become delinquent on or after July 1, 2010.
1194	Loan Disclosures – Consolidation Loans	**15.3.A** **Providing Consolidation Loan Information** **15.4** **Disbursement** Clarifies information about the loss of loan benefits that a lender must disclose to a prospective borrower who is considering the consolidation of a FFELP or Direct Loan(s). This information includes the requirement that a lender disclose the process and deadline for canceling a Consolidation loan.	Federal	Loan applications distributed on or after July 1, 2010.

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: April 15, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Apr 15

SUBJECT: **Requirements for a Teach-Out Plan**

AFFECTED SECTIONS: **4.1.A Establishing Eligibility**

POLICY INFORMATION: **1182/Batch 168**

EFFECTIVE DATE/TRIGGER EVENT: July 1, 2010.

BASIS:
§668.14(b)(31); *Federal Register* dated October 29, 2009, pp. 55924 and 55934; *Federal Register* dated August 21, 2009, pp. 42384 and 42430.

CURRENT POLICY:
Current policy does not include the Program Participation Agreement requirements with regard to preparing a teach-out plan.

REVISED POLICY:
Revised policy incorporates the regulatory requirements within the Program Participation Agreement for the preparation of a teach-out plan.

REASON FOR CHANGE:
This change is necessary to comply with final rules published in the *Federal Register* dated October 29, 2009, p. 55934.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Note: This Subsection was previously modified by policy proposal 1175 in Batch 167.

Revise Subsection 4.1.A, page 2, column 1, paragraph 1, by inserting a new bullet, as follows:

By entering into a Program Participation Agreement (PPA), the school agrees to comply with all requirements specified in statute and federal regulations, including, but not limited to:

- . . .
- . . .
- . . .
- . . .
- . . .
- . . .
- . . .
- <u>The school will prepare a teach-out plan and submit it to the school's accrediting agency or association if any of the following occurs:</u>
  - <u>The Department initiates a limitation, suspension, termination, or emergency action (see Section 18.1).</u>
  - <u>The school's accrediting agency acts to withdraw, terminate, or suspend the accreditation or preaccreditation of the school.</u>

– The school's state licensing or authorizing agency revokes the school's license or legal authorization to provide an educational program.

– The school intends to close a location that provides 100% of at least one program.

– The school otherwise intends to cease operations.
[§668.14(b)(31)]

PROPOSED LANGUAGE - COMMON BULLETIN:
Requirements for a Teach-Out Plan
The *Common Manual* has been revised to incorporate the requirements within the Program Participation Agreement for the preparation and submission of a teach-out plan by a school to its accrediting agency or association if any of the following occurs:

- The Department initiates a limitation, suspension, termination, or emergency action (see Section 18.1).
- The school's accrediting agency acts to withdraw, terminate, or suspend the accreditation or preaccreditation of the school.
- The school's state licensing or authorizing agency revokes the school's license or legal authorization to provide an educational program.
- The school intends to close a location that provides 100% of at least one program.
- The school otherwise intends to cease operations.

GUARANTOR COMMENTS:
None.

IMPLICATIONS:
Borrower:
A borrower may benefit from the expanded regulatory requirements for a school to prepare a teach-out plan.

School:
A school is required, under the PPA, to prepare and submit a teach-out plan not only if the Department initiates a limitation, suspension, termination or emergency action against the school but also if the school intends to close a location that provides 100% of at least one program, the school otherwise intends to cease operations, the school's accrediting agency acts to withdraw, terminate, or suspend accreditation or preaccreditation, or the school's state licensing or authorizing agency revokes the school's license or legal authorization to provide an educational program.

Lender/Servicer:
None.

Guarantor:
A guarantor may need to revise program review procedures.

U.S. Department of Education:
The Department may need to revise program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
October 26, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
April 8, 2010

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

Comments Received From:
AES/PHEAA, ASA, Great Lakes, HESC, IBR Workgroup, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, and USA Funds.

Responses to Comments
Most of the commenters supported this proposal as written. 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 noted that the *Federal Register* page number given in the Reason for Change was from the proposed regulations rather than final regulations.

Response:
The Committee agrees.

Change:
The *Federal Register* page number in the Reason for Change now references the *Federal Register* dated October 2, 2009, p. 55934.

COMMENT:
One commenter asked that the last subbullet be revised to draw a distinction between "location" and "school", as it appears to leave a loophole for locations that close of their own volition and do not offer 100% of a program. So for schools with multiple locations where more than one school offers a given program, a location can close with forethought and still not be required to have a teach-out plan.

Response:
The Committee believes the commenter makes a valid point; however, we cannot determine a basis to support incorporating the distinction in the policy based on current regulatory language. Absent regulatory or subregulatory support, the Committee declines to make the change at this time. Should the commenter or the Committee obtain further clarification on the issue, the Committee would entertain a future revision in a new policy proposal.

Change:
None.

om/edited-aes

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: April 15, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Apr 15

SUBJECT: **Baccalaureate Liberal Arts Programs Offered by Proprietary Institutions**

AFFECTED SECTIONS: **4.1.C Maintaining Eligibility**

POLICY INFORMATION: **1183/Batch 168**

EFFECTIVE DATE/TRIGGER EVENT: July 1, 2010.

BASIS:
§600.5(e); §668.8(d)(4); DCL GEN-08-12; *Federal Register* dated October 29, 2009, pp. 55904 and 55933; *Federal Register* dated August 21, 2009, pp. 42383, 42428, and 42429.

CURRENT POLICY:
Current policy does not include a baccalaureate program in liberal arts as an eligible program for a proprietary institution of higher education.

REVISED POLICY:
Revised policy incorporates a program leading to a baccalaureate degree in liberal arts as an eligible program for a proprietary institution of higher education if the school has provided the program continuously since January 1, 2009, and the school has been continuously accredited by a recognized regional accrediting agency or association since October 1, 2007, or earlier.

REASON FOR CHANGE:
This change is necessary to comply with final rules published in the *Federal Register* dated October 29, 2009, pp. 55904 and 55933.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Subsection 4.1.C, page 8, column 1, paragraph 2, as follows:

> Proprietary institutions of higher education and public and private nonprofit postsecondary vocational institutions must meet all eligibility criteria in the introduction to Chapter 4; must provide training for gainful employment in a recognized occupation; must have been legally authorized to give (and have been giving) postsecondary instruction for at least two consecutive years; and must offer one of three types of eligible programs:
>
> - . . .
> - . . .
> - . . .
>
> The above ~~P~~programs that qualify an otherwise eligible proprietary institution or a postsecondary vocational institution are required to have a minimum number of weeks of instruction…
>
> A program offered by a proprietary school and leading to a baccalaureate degree in liberal arts is also an eligible program if the school has provided the program continuously since January 1, 2009, and if the school has been continuously accredited by a recognized regional accrediting agency or association since October 1, 2007, or earlier. The baccalaureate degree in liberal arts must be a regular program that the school's recognized regional accreditation agency or organization determined to be a general instructional program in the liberal arts subjects, the humanities disciplines, or the general curriculum, falling within one or more of the following instructional categories:

- A program that is a structured combination of the arts, biological and physical sciences, social sciences, and humanities that emphasizes a breadth of study.

- An undifferentiated program that includes instruction in the general arts or general science.

- A program that focuses on combined studies and research in the humanities emphasizing languages, literatures, art, music, philosophy, and religion.

- Any single instructional program in liberal arts and sciences, general studies, and humanities not listed above.

Independently-designed, individualized, and unstructured programs and studies in the liberal arts offered by proprietary schools are not eligible.
[§600.5(e); §668.8(d)(4)]

PROPOSED LANGUAGE - COMMON BULLETIN:
Baccalaureate Liberal Arts Programs Offered by Proprietary Institutions
The *Common Manual* has been revised to incorporate a program leading to a baccalaureate degree in liberal arts as an eligible program for a proprietary institution of higher education if the school has provided the program continuously since January 1, 2009, and the school has been continuously accredited by a recognized regional accrediting agency or association since October 1, 2007, or earlier. A baccalaureate degree in liberal arts must be a regular program that the school's recognized regional accreditation agency or organization determined to be a general instructional program in the liberal arts subjects, the humanities disciplines, or the general curriculum, falling within one or more of the following instructional categories:

- A program that is a structured combination of the arts, biological and physical sciences, social sciences, and humanities that emphasize a breadth of study.

- An undifferentiated program that includes instruction in the general arts or general science.

- A program that focuses on combined studies and research in the humanities emphasizing languages, literatures, art, music, philosophy, and religion.

- Any single instructional program in liberal arts and sciences, general studies, and humanities not listed above.

Independently-designed, individualized, and unstructured programs and studies in the liberal arts offered by proprietary schools are excluded from eligibility.

GUARANTOR COMMENTS:
None.

IMPLICATIONS:
Borrower:
A borrower who is enrolled in an eligible baccalaureate degree program in liberal arts at a proprietary school may receive FFELP loans.

School:
A proprietary school that has been providing a program leading to a baccalaureate degree in liberal arts may have that program designated as an eligible program for which enrolled students may receive FFELP loans.

Lender/Servicer:
None.

Guarantor:
A guarantor may need to revise program review procedures.

U.S. Department of Education:
The Department will need to update systems and procedures to accommodate the changed definition of an eligible proprietary school and for an eligible program at the subject school.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
October 26, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
April 8, 2010

PROPOSAL DISTRIBUTED TO:
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Comments Received from:
AES/PHEAS, ASA, Great Lakes, HESC, IBR Workgroup, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, and USA Funds.

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:
Three commenters suggested a revision to the first new paragraph of Subsection 4.1.C in order to mirror the regulatory language better.

Response:
The Committee agrees.

Change:
Revise Subsection 4.1.C, page 8, column 2, paragraph 2, sentence 2, as follows:

> The baccalaureate degree in liberal arts must be a regular program that the school's recognized regional accreditation agency or organization determined to be a general instructional program in the liberal arts subjects, the humanities disciplines, or the general curriculum, falling within one or more of the following instructional categories:

COMMENT:
One commenter suggested a revision of the language of the first sentence of the new paragraph in Subsection 4.1.C in order to improve the understanding of the important dates for determining if a proprietary school has an eligible program.

Response:
The Committee agrees.

Change:
Revise Subsection 4.1.C, page 8, column 2, paragraph 2, sentence 1, as follows:

> A program offered by a proprietary school and leading to a baccalaureate degree in liberal arts is also an eligible program if the school has provided the program continuously since January 1, 2009, and if the school has been continuously accredited by a recognized regional accrediting agency or association since October 1, 2007, or earlier ~~by a recognized regional accrediting agency or association~~.

COMMENT:
Two commenters suggested adding a new bullet point to align better with the final rules.

Response:
The Committee agrees.

Change:
Revise Subsection 4.1.C, page 8, column 2, paragraph 2, by adding a new fourth bullet, as follows:

- Any single instructional program in liberal arts and sciences, general studies, and humanities not listed above.

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COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: April 15, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Apr 15

SUBJECT: **Additional Location as the Result of a Teach-Out**

AFFECTED SECTIONS: **4.1.C Maintaining Eligibility**

POLICY INFORMATION: **1184/Batch 168**

EFFECTIVE DATE/TRIGGER EVENT: Effective July 1, 2010, unless implemented earlier by the school on or after November 1, 2009.

BASIS:
§600.32(d); *Federal Register* dated October 29, 2009, pp. 55905 and 55933; *Federal Register* dated August 21, 2009, pp. 42383 – 42384 and 42429; 09-10 FSA Handbook, Volume 2, Chapter 5, p. 2-63.

CURRENT POLICY:
Current policy does not address the establishment of a permanent additional location at a closed school by a school that provides a teach-out.

REVISED POLICY:
Revised policy incorporates the regulatory requirements by which a school that conducts a teach-out may establish a permanent additional location at a closed school.

REASON FOR CHANGE:
This change is necessary to comply with final rules published in the *Federal Register* dated October 29, 2009, p. 55933.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Subsection 4.1.C, page 9, column 1, paragraph 5, as follows:

School and Program Eligibility at Additional Locations

The eligibility of a school and its programs does not automatically include each separate location of the school. . . .

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

A school that conducts a teach-out at a location of a closed school may apply to have the location approved as a permanent additional location if the closed school's teach-out plan has been approved by its accrediting agency and if the Department took a limitation, suspension, and termination (LS&T) or emergency action against the school before or after its closing. The school providing the teach-out is not required to satisfy the proprietary and postsecondary vocational school requirement of being in existence for 2 years. If the closed school and teach-out schools are not related parties and do not have common ownership or management, neither is the school providing the teach-out responsible for any liabilities of the closed school nor will the default rate of the closed school be included in the calculation of the teach-out school's cohort default rate (see Section 16.2). However, as a condition for approving the additional location, the Department may require that any payment(s) from the school conducting the teach-out to the owners or related parties of the closed school be used

to satisfy the liabilities owed by the closed school. [§600.32(d)]

PROPOSED LANGUAGE - COMMON BULLETIN:

Additional Location as the Result of a Teach-Out

The *Common Manual* has been revised to incorporate the requirements by which a school that conducts a teach-out may establish a permanent additional location at a closed school if the Department took a limitation, suspension, and termination (LS&T), or emergency action against the school before or after its closing. The school providing the teach-out is not required to satisfy the proprietary and postsecondary vocational school requirement of being in existence for 2 years. If the closed school and teach-out schools are not related parties and do not have common ownership or management, the school providing the teach-out is neither responsible for any liabilities of the closed school nor will the default rate of the closed school be included in the calculation of the teach-out school's default rate. However, as a condition for approving the additional location, the Department may require that any payment(s) from the school conducting the teach-out to the owners or related parties of the closed school be used to satisfy the liabilities owed by the closed school.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower may benefit from a teach-out by a school that plans to establish a permanent additional location at the closed school.

School:

A school may be encouraged to conduct a teach-out since the cohort default rate of the school would not be adversely affected by the default rate of a closed school.

Lender/Servicer:

None.

Guarantor:

A guarantor may need to revise its program review procedures.

U.S. Department of Education:

The Department may need to revise its program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

October 26, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

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Comments Received From:

AES/PHEAA, ASA, Great Lakes, HESC, IBR Workgroup, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, and USA Funds.

Responses to Comments

Most of the commenters supported this proposal as written. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

COMMENT:
Three commenters suggested additional language to clarify that the payment(s) referenced in the proposed language are from the school conducting the teach-out to the owners or related parties of the school to satisfy the liabilities owed by the closed school.

Response:
The Committee agrees.

Change:
The last paragraph of the Proposed Language has been changed as follows:

> However, as a condition for approving the additional location, the Department may require that any payment(s) from the school conducting the teach-out <u>to the owners or related parties of the closed</u> school be used to satisfy the liabilities owed by the closed school.

om/edited-aes

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: April 15, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Apr 15

SUBJECT: **Student Consumer Information**

AFFECTED SECTIONS: **4.4.B Consumer Information**

POLICY INFORMATION: **1185/Batch 168**

EFFECTIVE DATE/TRIGGER EVENT: Student consumer information disclosures made available by a school on or after July 1, 2010, with the following exceptions:

- For the emergency evacuation and response policies and procedures, effective for the annual security report that a school must distribute by October 1, 2010.
- For policies and procedures, effective for the fire safety report that a school must distribute by October 1, 2010. If the fire safety report is included in the annual security report, effective for the annual security report that a school must distribute by October 1, 2010.
- For annual security report provisions, retroactive to the implementation of the *Common Manual*.

BASIS:
§668.41(a), (d), and (e); §668.43(a)(5)(iv); §668.43(a)(10) and (11); §668.45; §668.46(a); §668.46(b)(13) and (14); §668.46(g) and (h); §668.49; *Federal Register* dated August 21, 2009, pp. 42391 and 42397; *Federal Register* dated October 29, 2009, pp. 55910 to 55914, and 55943 to 55947.

CURRENT POLICY:
Current policy provides a high-level description of the consumer information that a school must make readily available, upon request, to current and prospective students.

REVISED POLICY:
Revised policy provides a high-level description of the consumer information that a school must make available, as distinguished from consumer information that a school must directly distribute, and reorganizes the student consumer information disclosure items addressed in Manual text accordingly.

Revised policy includes additional information and clarification from Final Rule changes about student consumer information disclosures that were initially mandated by the Higher Education Opportunity Act of 2008 (HEOA), and expands the high-level summary of existing annual security report requirements in order to provide a similar level of detail.

Revised policy also corrects existing Manual text by stating that, in the case of a prospective student, the requirement to provide student consumer information to the student before he or she enrolls or enters into a financial obligation with the school applies only to the disclosure of completion rates, if applicable; transfer-out rates; and retention rates—not to all student consumer information disclosures provided to prospective students.

REASON FOR CHANGE:
This change is required to comply with the Final Rules published in the October 29, 2009, *Federal Register*.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Note: The text of Subsection 4.4.B, under the subheadings Financial Aid Information and Student

Rights and Responsibilities, was previously modified by Policy Proposal 1164 in Batch 165.

Revise Subsection 4.4.B, page 20, column 1, paragraph 2, as follows:

4.4.B
Student Consumer Information

~~A school participating in any Title IV program must provide annually to all enrolled students—and to prospective students, upon request—consumer information concerning the school and any financial assistance available to students attending the school, along with the school's completion or graduation rate and its transfer-out rate. A school must also provide consumer information to employees and prospective employees and provide certain related reports (e.g., crime statistics reports).~~

A school that participates in any Title IV program must make available—and in some cases directly distribute—certain student consumer information to all currently enrolled students, prospective students, and in certain cases, current employees, prospective employees, parents, counselors, coaches, and the public. The school's written student consumer information and related reports must adhere to statutory and regulatory requirements, as outlined in the HEA §485 and Subpart D (Institutional and Financial Assistance Information for Students) of the Student Assistance General Provisions. (The school should refer to §668.41 through §668.48.) The school also may wish to consult other Department of Education publications, such as the ~~08-09~~ FSA Handbook, Volume 2, Chapter 6 and the *Handbook for Campus Crime Reporting* for more information on student consumer information requirements, including authorized procedures for disclosing student consumer information. A school must prepare or revise information for each award year during which it participates in any Title IV program.

A prospective student is an individual who has contacted an eligible school to request information about admission to the school. The school's student consumer information plays an essential role in ensuring that prospective students receive enough information about the school and its programs to make an informed decision about where the student will pursue his or her postsecondary education.
[§668.41(a)]

Auditors and program reviewers will examine the school's written student consumer information for accuracy, completeness, and adherence to the requirements outlined in federal statute and regulations.

~~A prospective student is an individual who has contacted an eligible school to request information about admission to the school. The school must make information available to a prospective student prior to the student's enrolling or entering into any financial obligation with the school. The school may use an Internet Website to provide information to prospective students; however, the school may not use an Intranet Website. The school may use an Internet Website or an Intranet Website that is reasonably accessible to the individuals to whom the information must be disclosed to provide information to enrolled students.~~
~~[§668.41]~~

Information for Student Athletes Who Are Offered Financial Aid

When a school participating in any Title IV program offers a potential student athlete athletically related financial aid, the school must provide the potential student athlete—and his or her parents, high school coach, and guidance counselor—information on completion or graduation rates and transfer-out rates for student athletes, following the requirements of HEA §485(c), §668.41(b) and (f), and §668.48. A school must calculate and disclose a transfer-out rate only if the school determines that its mission includes providing substantial preparation for its students to enroll at another eligible school. The school also must submit the report produced to provide information to these students to the Department by July 1 of each year.
[§668.45(a)(2)]

A school's responsibilities may be satisfied if all of the following criteria are met:

- The school is a member of a national collegiate athletic association. [§668.41(f)(1)(ii)(A)]

- The association compiles data on behalf of its member schools, which the Department determines is comparable to those required in §668.48. [§668.41(f)(1)(ii)(B)]

- The association distributes the data to all secondary schools in the United States. [§668.41(f)(1)(ii)(C)]

See below under the subheading *General Disclosures for Enrolled and Prospective Students* for more information about completion and graduation rates and, if applicable, transfer-out rates that a school must calculate for the general student body. ~~A school must prepare or revise information for each award year in which it participates in any Title IV program. In developing student consumer information, schools new to Title IV programs may find it helpful to review other schools' catalogs. However, each school remains ultimately responsible for the accurate and completeness of its student consumer information.~~

~~Financial Aid Information~~ General Disclosures for Enrolled and Prospective Students

A school must make available to enrolled and prospective students through appropriate publications, mailings, or electronic media, information about the school and financial aid available to students attending the school. A school is considered to make information available by posting it on a Website or including it in printed material without regard to whether any one individual requests it. When a student inquires about the general disclosure information that a school must make available, the school must direct the student to the appropriate source from which the information may be obtained.
[§668.41(d)]

A school must annually provide a currently enrolled student with a direct notice of the availability of the information that must be disclosed, briefly describes it, and advises the student how to obtain the information. A school that discloses information to an enrolled student by posting the information on its Website must include in its notice the exact electronic address at which the information is posted, and a statement that the school will provide a paper copy of the information upon the student's request. A school may use either an *Intra*net or *Inte*net Website to make student consumer information available to an enrolled student. A school must not use an *Intra*net Website to make student consumer information available to a prospective student.
[§668.41(b) and (c)]

~~A school must provide financial aid information regarding its programs, including a description of all federal, state, local, private, and institutional aid programs to enrolled and prospective students. For each listed financial aid program, the school's student consumer information~~ General disclosures for enrolled and prospective students must include, but ~~is~~ are not limited to, ~~descriptions~~ all of the following:
[HEA §485(a)(1)(A); §668.42(a)]

- The federal, state, local, private, and institutional financial aid programs available to students who enroll at the school, including descriptions of:

  - . . .

  - . . .

  - . . .

  - . . .

Funding Education Beyond High School: The Guide to Federal Student Aid, a free booklet published by the Department, provides schools with an excellent source of materials for developing descriptions of Title IV programs. . .

~~Student Rights and Responsibilities~~

- A ~~school's student consumer information must include a~~ description of student rights and responsibilities specifically addressing financial aid under the Title IV programs ~~. This description must include,~~ that includes, but is not limited to, the following:

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

~~Additional Student Consumer Information~~

~~Upon request, a school must make readily available to enrolled and prospective students information regarding the school and its administration and academic standards. Information about the school must include, but is not limited to, the following:~~

- The cost of attending the school. . .
  - . . .
  - . . .
  - . . .
  - . . .
  - . . .
- Any refund policy with which the school is required to comply. . .
- The requirements and procedures for officially withdrawing. . .
- A summary of the requirements under §668.22 for the return of Title IV loan or grant assistance. . .
- The school's current degree programs and other educational and training programs, and any plans the school has to improve its academic programs. A school may determine what a plan is, and when a plan becomes a plan.
  [HEA §485(a)(1)(G); §668.43(a)(5)(i) and (iv)]
- The school's instructional, laboratory, and other physical facilities. . .
- The school's faculty. . .
- The names of the school's accrediting or licensing organizations and the procedures under which any current or prospective student may review ~~upon request~~ a copy of the documents describing the school's accreditation, approval, or licensing.
  [§668.43(a)(6) ~~and (9)~~; §668.43(b)]
- Special facilities and services available to students ~~who are physically challenged~~

with disabilities, including students with intellectual disabilities. See §668.231(b) for more information about a student with an intellectual disability. This information may include detailed descriptions of all facilities (such as ramps and special parking arrangements) and services (such as special tutors, library books in Braille, and audio-visual materials available). If the school has chosen not to provide special facilities or services, the school may report that no facilities exist to accommodate students with special needs.
[§668.43(a)(7)]

- The titles of designated school personnel that are available on a full-time basis. . .

- For schools with study-abroad programs. . .

- For schools that use job placement statistics in recruiting students, the most recent available data concerning job placement statistics, graduation statistics, and any other information necessary to substantiate the truthfulness of the advertisements.
[§668.14(b)(10)(i)]

- ~~The school's annual security report containing the school's security policies and crime statistics. A foreign school is not required to collect and distribute a report on campus crime statistics, but must keep a daily rime log and make timely warnings of crimes to the campus community.~~
~~[HEA §485(f)(1); §668.46; DCL GEN-08-12]~~

- ~~The school's current campus policies regarding immediate emergency response and evacuation, including the use of electronic and cellular communication (if appropriate).~~
~~[HEA §485(f)(1)(J)]~~

- The school's policies and sanctions related to copyright infringement, ~~on unauthorized peer-to-peer file sharing,~~ including all of the following:

  – A description of the school's policies on unauthorized peer-to-peer file sharing, including disciplinary actions that are taken against students who use the school's information technology system to engage in illegal downloading or unauthorized distribution of copyrighted materials.

  – A summary of the penalties for violation of federal copyright laws.

  – ~~Annually, a school must explicitly inform students~~ An explicit statement that a student may be subject to civil and criminal penalties for the unauthorized distribution of copyrighted material, including unauthorized peer-to-peer file sharing.

  [HEA §485(a)(1)(P); §668.43(a)(10)]

- Student body diversity at the school, including information on the percentage of enrolled, full-time students who are male, female, receive a Pell grant, and are ~~a~~ self-identified as members of a major racial or ethnic group.
[HEA §485(a)(1)(Q)]

- From data gathered through alumni surveys, student satisfaction surveys, ~~the National Survey of Student Engagement, the Community College Survey of Student Engagement (as applicable),~~ state data systems, or other relevant sources:

  – Information about employment placement and the types of employment obtained by graduates of the school's degree or certificate programs. If a school calculates an actual job placement rate, even if the school is not required to do so, the school must disclose the rate.
  [HEA §485(a)(1)(R); §668.41(d)(5)]

  – The types of graduate and professional education in which graduates of the

school's four-year degree programs enrolled.
[HEA §485 (a)(1)(S); §668.41(d)(6)]

Regardless of the source of the information that a school chooses, the school must disclose that source and any times frames and methodology associated with the data.
[§668.41(d)(5)(ii) and (6)(ii)]

- ~~The school's annual fire safety report and its campus fire safety practices and standards. A school must publish such a report if it maintains on-campus student housing facilities.~~
~~[HEA §485(a)(1)(T) and §485(i)]~~

- The retention rate of certificate- or degree-seeking, first-time, full-time undergraduate students entering the school, as reported to the Integrated Postsecondary Education Data System (IPEDS). In the case of a request from a prospective student, this information must be made available prior to the student's enrolling or entering into any financial obligation with the school.
[HEA §485(a)(1)(U); §668.41(d)(3)]

- The school's completion or graduation rate, and, if the school determines that its mission includes substantial preparation for its students to enroll at another eligible school, its transfer-out rate for the school's certificate- or degree-seeking, first-time, full-time undergraduate students, disaggregated by each of the following:

  - Gender
  - Each major racial and ethnic subgroup (as defined in IPEDS)
  - Recipients of a Pell grant
  - Recipients of a subsidized Stafford loan who did not receive a Pell grant
  - Recipients of neither a subsidized Stafford loan nor a Pell grant

  If the number of students in any of the aforementioned groups is insufficient to yield statistically reliable information, or if reporting will reveal personally identifiable information about an individual student, the school is not required to calculate a rate for that group. However, in such a case, the school must report that too few students enrolled in that group to disclose or report with confidence and confidentiality.

  A student is considered a recipient or a non-recipient of a Pell grant or, as applicable, a subsidized Stafford loan, if the student received the aid during one of the following time periods:

  - For a school with a predominant number of semester, trimester, or quarter term-based programs, the fall term of the year in which the student's cohort of certificate- or degree-seeking, first-time, full-time undergraduate students first entered the school.
  - For a school with a predominant number of programs that are not semester, trimester, or quarter term-based, the period between September 1 and August 31 of the following year when the student's cohort of certificate- or degree-seeking, first-time, full-time undergraduate students first entered the school.

  A two-year, degree-granting school is not required to report completion or graduation rates, and if applicable, transfer-out rates by the categories above until academic year 2011-2012. In the case of a request from a prospective student, this information must be made available prior to the student's enrolling or entering into

any financial obligation with the school. See above for more information about completion or graduation rates and, if applicable, transfer-out rates that a school must calculate for students who receive athletically-related financial aid. [§668.41(d)(4); §668.45]

- A description of the school's transfer of credit policies, that includes, at minimum, both of the following:

  - Any criteria the school uses regarding the transfer of credit earned at another school.

  - A list of the schools with which the school has established an articulation agreement.

  An articulation agreement is an agreement among schools that specifies the acceptability of transfer courses toward meeting specific degree or program requirements. The Department may not require a school to establish a particular policy, procedures, or practice regarding transfer of credit. [HEA §486A(a)]

- The school's policies regarding vaccinations. [HEA §485(a)(1)(V)]

Annual Security Report

By October 1 of each year, a school must publish and distribute to all of its enrolled students and current employees an annual security report. If the school distributes its annual security report by posting it on an *Inter*net or *Intra*net Website, the school must notify its enrolled students and current employees of the exact electronic address at which the report is posted, briefly describe the report, and state that the school must provide a paper copy of the report upon request.

The school must notify prospective students and prospective employees about the availability of the annual security report, briefly describe its content and provide an opportunity to request a copy. If a school makes the annual security report available by posting it on an *Inter*net Website, the school must include in its notice to prospective students and prospective employees the exact electronic address at which the report is posted, briefly describe the report, and state that the school will provide a paper copy of the report upon request. A school must not use an *Intra*net Website to make student consumer information available to a prospective student or prospective employee.

The annual security report must, at minimum, include all of the following:

- A statement of the school's policies for reporting criminal actions or other emergencies that occur on campus, including the school's policies for responding to these reports.

- A statement of the school's current policies concerning security of and access to campus facilities.

- A statement of the school's current policies on the authority of security personnel and their relationship with state and federal law enforcement agencies.

- A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices.

- A description of programs designed to inform students and employees about crime prevention.

- A statement of policy concerning the monitoring and recording, through law

enforcement, of criminal activity in which students engage at off-campus locations of student organizations that are officially recognized by the school.

- A statement of policy regarding the possession, use, and sale of illegal drugs and the enforcement of state and federal drug laws.

- A description of any drug- and alcohol-abuse educational programs.

- A statement of policy regarding the school's campus sexual-assault prevention programs, and procedures to follow when a sex offense occurs.

- A statement advising the campus community where sex offender registration information may be obtained.

- The three most recent calendar years of statistics on campus crimes that are reported to local police agencies or to a campus security authority.

- The school's emergency evacuation response procedures (see the subheading that follows for more information).
[§668.46(g)]

- If a school provides on-campus housing facilities, its missing student notification policies and procedures (see the subheading that follows for more information).
[§668.46(h)]

A school that provides on-campus housing facilities may, but is not required to, publish its annual fire safety report in its annual security report. (See below for more information about the fire safety report.) If a school that must disclose an annual fire safety report chooses to include it in its annual security report, the school must ensure that the report title clearly states that the report contains both the annual security report and the annual fire safety report.
[§668.41(e)(6)]

Campus Crime Log

A school that maintains a campus police or campus security department must maintain a written, easily understood daily crime log that records, by the date the crime was reported, any campus crime that is reported to the campus police or security department. The school must make the crime log for the most recent 60-day period open to public inspection during normal business hours. The school must make any portion of the log older than 60 days available within two business days of a request for public inspection.

See the *Handbook for Campus Crime Reporting* for more detailed information about a school's campus crime policies and procedures, crime statistics, and the crime log.
[§668.41(e); §668.46]

Emergency Response and Evacuation Procedures

A school must include in its annual security report a statement of policy regarding its emergency response and evacuation procedures. This policy must, at a minimum, include all of the following:

- The procedures the school uses to immediately notify the campus community upon confirmation of a significant emergency or dangerous situation that is occurring on campus and involves an immediate threat to the health or safety of students or employees.

- A description of the process the school uses to do all of the following:

  - Confirm that there is a significant emergency or dangerous situation.

  - Determine the appropriate segment(s) of the campus community to receive

notification.

– Initiate the notification system.

The school must provide a list of the person(s) or organization(s) that are responsible for carrying out the aforementioned actions.

- A statement that the school will, without delay, determine the content of the notification and initiate the notification system unless doing so will compromise the efforts to assist a victim or to contain, respond to, or otherwise mitigate the emergency.

- The school's procedures for disseminating emergency information to the larger community (e.g., parents).

- The school's procedures to conduct an announced or unannounced test of its emergency response and evacuation procedures at least each calendar year. A school must publicize its emergency response and evacuation procedures in conjunction with each test, and document, for each test, a description of the exercise, the date, the time, and whether the test was announced or unannounced.

[§668.46(g)]

Missing Student Notification Policies and Procedures

A school that provides on-campus housing facilities must include in its annual security report a statement of policy regarding missing student notification procedures for students who reside in an on-campus housing facility. An on-campus housing facility is a dormitory or other residential facility for students that is located on property that the school owns, including a building that is owned and maintained by a party other than the school (e.g., a student organization). If the school owns neither the property on which the student housing facility is located nor the building, the school is not required to develop and disclose a statement of policy regarding missing student notification procedures for students residing in that housing facility.

A school's missing student notification policy must, at a minimum, inform a student that resides in an on-campus housing facility of all of the following:

- The titles of persons or organizations to which students, employees, or other individuals should report that a student has been missing for 24 hours. [§668.46(h)(1)(i)]

- That a school must immediately refer any missing student report to a school's police or campus security department, or, if the school does not have a police or campus security department, to the local law enforcement agency with jurisdiction in the area. [§668.46(h)(1)(ii)]

- That the school must notify the appropriate law enforcement agency no later than 24 hours after the school determines that the student is missing, unless local law enforcement was the entity that made that determination. [§668.46(h)(1)(vi); §668.46(h)(2)(iii)]

- That a student may confidentially register contact information for an individual or individuals whom the school will contact no later than 24 hours after the school's campus security department or law enforcement determines that the student is missing. The contact information a student provides will be accessible only to authorized campus officials. The school must not otherwise disclose contact information for the student, except to law enforcement personnel who are conducting a missing person investigation. [§668.46(h)(1)(iii) and (iv); §668.46(h)(2)(i)]

- That the school must notify the custodial parent or guardian of a student who is under

the age of 18 and who is not an emancipated minor no later than 24 hours after the student is determined to be missing, in addition to notifying any contact person the student designated.
[§668.46(h)(1)(v); §668.46(h)(2)(ii)]

Annual Fire Safety Report

By October 1 of each year, a school that provides on-campus student housing facilities must distribute to all of its enrolled students and current employees a fire safety report. An on-campus housing facility is a dormitory or other residential facility for students located on property that the school owns, including a building that is owned and maintained by a party other than the school (e.g., a student organization). If the school owns neither the property on which the student housing facility is located, nor the building, then the school is not required to include the student housing facility in its annual fire safety report or maintain a fire log for that facility (see below).

If a school must publish a fire safety report because it provides on-campus housing facilities, the school may, but is not required to, include the fire safety report in its annual security report. If a school chooses to include the annual fire safety report in its annual security report, the school must ensure that the report title clearly states that the report contains both the annual security report and the annual fire safety report. (See above for more information about the annual security report.) If a school that is required to publish an annual fire safety report chooses to publish the fire safety report separately from the annual security report, the school must ensure that it includes information in each report about how to directly access the other report.
[§668.41(e)(6)]

If the school publishes its fire safety report separately from its annual security report by posting it on an *Inter*net or *Intra*net Website, the school must notify its enrolled students and current employees of the exact electronic address at which the report is posted, briefly describe the report, and state that the school must provide a paper copy of the report upon request. The school must provide notice to prospective students and prospective employees about the availability of the fire safety report that it publishes separately from the annual security report. The notice must briefly describe the report's content and provide an opportunity to request a copy. If a school makes the separate fire safety report available by posting it on an *Inter*net Website, the school must include in its notice to prospective students and prospective employees the exact electronic address at which the report is posted, briefly describe the report, and state that the school will provide a paper copy of the report upon request. A school must not use an *Intra*net Website to make student consumer information available to a prospective student or prospective employee.
[§668.41(c)(2); §668.41(e)(4)]

A school's annual fire safety report must include, at a minimum, all of the following:

- A description of each on-campus student housing facility fire safety system.
- The number of fire drills held during the previous calendar year.
- The school's policies or rules on portable electrical appliances, smoking, and open flames in a student housing facility.
- The school's procedures for evacuating a student housing facility in the case of a fire.
- The school's policies on fire safety education and training programs provided to students and employees, which must describe the procedures that students and employees should follow in case of a fire.
- A list of the titles of each person or organization to which students and employees should report that a fire has occurred.
- Any plans the school has for future improvements in fire safety, if the school

determines improvements to be necessary.

- The school's fire statistics for each on-campus student housing facility for the three most recent calendar years for which data are available. See §668.49(c) for more information about the mandatory content of the school's fire statistics.

[§668.49(b)]

Fire Log

A school that maintains on-campus student housing facilities must maintain a written, easily understood fire log that records, by the date that a fire was reported, any fire that occurred in an on-campus student housing facility. The log must include the nature, date, time, and general location of each fire. A school must make the fire log for the most recent 60-day period available for public inspection during normal business hours. Upon request, the school must make available any portion of the log older than 60 days within 2 business days of the request.
[§668.49(d)]

Drug Conviction Penalty Information

. . .

. . .

~~**Transfer-of-Credit Policy**~~

~~A school must publicly disclose its transfer-of-credit policies including, at a minimum, the criteria the school uses regarding the transfer of credit earned at another school and a list of other schools with whom the school has established an articulation agreement. An articulation agreement is an agreement among schools that specifies the acceptability of transfer courses toward meeting specific degree or program requirements. The Department may not require a school to establish a particular policy, procedures, or practice regarding transfer of credit.~~
~~[HEA §485(h); HEA §486A(a);]~~

~~**Missing Person Policy**~~

~~A school that provides on-campus housing must establish a missing student notification policy for students who reside in on-campus housing. The policy must, at minimum, inform each student of all of the following:~~

- ~~A student may confidentially register contact information for an individual the school will contact no later than 24 hours after the school determines that the student is missing.~~

- ~~The school must notify the student's custodial parent or guardian no later than 24 hours after the school determines that a the student who is under 18 years of age, and not an emancipated minor, is missing.~~

- ~~The school will notify the appropriate law enforcement agency no later than 24 hours after the school determines that the student is missing.~~

~~See HEA §485(j) for additional information about the requirements for a school's response to a report that a student residing in an on-campus housing is missing.~~

PROPOSED LANGUAGE - COMMON BULLETIN:
Student Consumer Information
The *Common Manual* has been updated to provide a high-level description of the student consumer information that a school must make available, as distinguished from consumer information that a school must directly distribute, and reorganizes the student consumer information disclosure items addressed in

Manual text accordingly.

Revised policy includes additional information and clarification from Final Rule changes about student consumer information disclosures that were initially mandated by the Higher Education Opportunity Act of 2008 (HEOA), and expands the high-level summary of existing annual security report requirements in order to provide a similar level of detail.

Revised policy also corrects existing Manual text by stating that, in the case of a prospective student, the requirement to provide student consumer information to the student before he or she enrolls or enters into a financial obligation with the school only applies to the disclosure of completion rates, if applicable; transfer-out rates; and retention rates—not to all student consumer information disclosures provided to prospective students.

GUARANTOR COMMENTS:
None.

IMPLICATIONS:
Borrower:
A borrower will have access to enhanced information about the school and its policies and procedures.

School:
A school may be required to update its student consumer information disclosures to ensure that it makes available or, as necessary, distributes, all required information about the school and its policies and procedures.

Lender/Servicer:
None.

Guarantor:
A guarantor will be required to update its program review procedures.

U.S. Department of Education:
The Department will be required to update its program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
October 26, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
April 8, 2010

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

Comments Received from:
AES/PHEAS, ASA, Great Lakes, HESC, IBR Workgroup, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, USA Funds

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:
Two commenters suggested revising the first paragraph of the Revised Policy and Bulletin language to clarify that the policy is being revised to distinguish between consumer information schools are required to make available to prospective students and prospective employees versus currently enrolled students and current employees.

Response:
The Committee declines to make the commenters' requested change. The Revised Policy and Bulletin are intended to describe a change in the structure of Manual text to more clearly distinguish student consumer information items that a school must *make available* (i.e., general disclosures for current and prospective students) versus items that a school must *directly distribute* (for example, the annual security report.) The Committee agrees that the Revised Policy and Common Bulletin could be better worded to reflect this change.

Change:
The Revised Policy now states:

> Revised policy provides a high-level description of the consumer information that a school must make available, as distinguished from consumer information that a school must directly distribute to, as applicable, currently enrolled students and current employees, and reorganizes the student consumer information disclosure items addressed in Manual text accordingly.

The Common Bulletin now states:

> **Student Consumer Information**
> The *Common Manual* has been updated to provide a high-level description of the student consumer information that a school must make available, as distinguished from consumer information that a school must distribute to, as applicable, currently enrolled students, current employees, prospective students, and prospective employees, and reorganizes the student consumer information disclosure items addressed in Manual text accordingly.

COMMENT:
One commenter suggested adding a clarifying statement in subbullet 1 of bullet 17 under paragraph 3 in the General Disclosures for Enrolled and Prospective Students. The commenter suggested adding "even if not required to do so" in the newly added verbiage so that it reads, "If a school calculates an actual job placement rate, even if not required to do so, the school must disclose the rate."

Response:
The Committee agrees.

Change:
Under the revised heading General Disclosures for Enrolled and Prospective Students, paragraph 3, bullet 17, subbullet 1 has been modified as follows:

> – Information about employment placement and the types of employment obtained by graduates of the school's degree or certificate programs. If a school calculates an actual job placement rate, even if not required to do so, the school must disclose the rate. [HEA §485(a)(1)(R); §668.41(d)(5)]

COMMENT:
One commenter noted that clarification needed to be made regarding when a student is considered an aid "recipient" for the purpose of calculating a completion rate, and if applicable, transfer-out rate for certain groups of students who are, or are not, aid recipients. In addition, the commenter also suggested including text concerning the "too small to be meaningful" provision under §668.45(a)(6)(i) as it applies to a school's inability to compile such information when the number of students in a group is insufficient to yield statistically reliable information or when disclosing a rate may reveal personally identifiable information for a student(s).

Response:
The Committee concurs. The commenter's requests for additions to the proposed policy text regarding completion and, if applicable, transfer-out rates also highlights the need for better placement of text that explains when a school must calculate a transfer-out rate.

Change:
Under the revised heading General Disclosures for Enrolled and Prospective Students, paragraph 3, bullet 19 has been modified as follows:

- The school's completion or graduation rate, and, if the school determines that its mission includes substantial preparation for its students to enroll at another eligible school ~~applicable~~, its transfer-out rate for the school's certificate- or degree-seeking, first-time, full-time undergraduate students, disaggregated by each of the following:

  - Gender
  - Each major racial and ethnic subgroup (as defined in IPEDS)
  - Recipients of a Federal Pell Grant
  - Recipients of a subsidized Stafford loan who did not receive a Federal Pell grant
  - Recipients of neither a subsidized Stafford loan nor a Federal Pell grant

  If the number of students in any of the aforementioned groups is insufficient to yield statistically reliable information, or if reporting will reveal personally identifiable information about an individual student, the school is not required to calculate a rate for that group. However, in such a case, the school must report that too few students enrolled in that group to disclose or report with confidence and confidentiality.

  A student is considered a recipient or a non-recipient of a Federal Pell grant or, as applicable, a subsidized Stafford loan, if the student received the aid during one of the following time periods:

  - For a school with a predominant number of semester, trimester, or quarter term-based programs, the fall term of the year in which the student's cohort of certificate- or degree-seeking, first-time, full-time undergraduate students first entered the school.
  - For a school with a predominant number of programs that are not semester, trimester, or quarter term-based, the period between September 1 and August 31 of the following year when the student's cohort of certificate- or degree-seeking, first-time, full-time undergraduate students first entered the school.

  ~~A school must calculate and disclose a transfer-out rate only if the school determines that its mission includes providing substantial preparation for its students to enroll at another eligible school~~ A two-year, degree-granting school is not required to report completion or graduation rates, and if applicable, transfer-out rates by the categories above until academic year 2011-2012. In the case of a request from a prospective student, this information must be made available prior to the student's enrolling or entering into any financial obligation with the school. See above for more information about completion or graduation rates and, if applicable, transfer-out rates that a school must calculate for students who receive athletically-related financial aid.

COMMENT:
Two commenters suggested revising paragraph 1, bullet 1, under the subheading "Emergency Response and Evacuation Procedures" by moving "that is occurring on the campus." to improve flow.

Response:
The Committee agrees.

Change:
Bullet 1 under "Emergency Response and Evacuation Procedures" now reads:

- The procedures the school uses to immediately notify the campus community upon

confirmation of a significant emergency or dangerous situation that is occurring on campus and involves ~~involving~~ an immediate threat to the health or safety of students or employees ~~that is occurring on the campus~~.

COMMENT:
Two commenters suggested revising the bullets in paragraph 2 under the subheading "Missing Student Notification Policies and Procedures" to improve flow and for conformity with the lead-in, ". . . inform a student . . . of all of the following:". In addition, they also suggested a new placement of the words within bullet 5 under this same paragraph.

Response:
The Committee agrees.

Change:
The bullets in paragraph 2 under the subheading "Missing Student Notification Policies and Procedures" now read:

- ~~A list of~~The titles of persons or organizations to which students, employees, or other individuals should report that a student has been missing for 24 hours.

- That ~~T~~the school will notify the appropriate law enforcement agency no later than 24 hours after the school determines that the student is missing, unless local law enforcement was the entity that made that determination.

- That a~~A~~ student may confidentially register contact information for an individual or individuals whom the school will contact no later than 24 hours after the school's campus security department or law enforcement determines that the student is missing. The contact information a student provides will be accessible only to authorized campus officials and to law enforcement personnel who are conducting a missing person investigation.

- That ~~For a student who is under the age of 18 and who is not an emancipated minor,~~ the school must notify the ~~student's~~ custodial parent or guardian of a student who is under the age of 18 and who is not an emancipated minor no later than 24 hours after the student is determined to be missing, in addition to notifying any contact person the student designated.

COMMENT:
Two commenters suggested adding clarification within paragraphs 2 and 3 of the subheading "Annual Fire Safety Report" to emphasize that if a school that must publish a fire safety report chooses to include the fire safety report in its annual security report, the school must ensure that the report title clearly states that the report contains both the annual security report and the annual fire safety report.

Response:
The Committee agrees that clarification should be made in paragraph 2 to emphasize that if a school chooses to include the fire safety report in its annual security report, the school must ensure the report title clearly states that it contains both the annual security and annual fire safety reports.

However, the Committee feels that the reference to this option in paragraph 2 is sufficient. Paragraph 3 addresses a case when the school publishes its fire safety report separately from its annual security report. Therefore, the Committee respectfully declines the addition of the same verbiage within paragraph 3.

Change:
Paragraph 2 under the subheading "Annual Fire Safety Report" has been modified as follows:

> If a school must publish a fire safety report because it provides on-campus housing facilities, the school may, but is not required to, include the fire safety report in its annual security report. If a school chooses to include the annual fire safety report in its annual security report, the school must ensure that the report title clearly states that the report contains both the annual security report and the annual fire safety report. (See above for more information. . .

COMMENT:
One commenter suggested a change under the subheading "Annual Security Report," paragraph 3, bullet 12,

to separate a school's emergency evacuation response procedures and missing student notification policies and procedures as they are two distinctly separate items.

Response:
The Committee concurs.

Change:
The missing student notification policies and procedures are now listed separately from a school's emergency evacuation response procedures, as follows:

- The school's emergency evacuation response procedures~~, and if the school provides on-campus housing facilities, its missing student notification policies and procedures~~ (see the subheading that follows for more information).
  [~~§668.41(g) and (h)~~ §668.46(g)]

- If a school provides on-campus housing facilities, its missing student notification policies and procedures (see the subheading that follows for more information).
  [§668.46(h)]

COMMENT:
One commenter suggested moving the last bulleted item under the subheading "Annual Security Report," paragraph 3, to a separate paragraph. Paragraph 3 introduces bullets that list required elements of the school's Annual Security Report. The last bulleted item refers to the school's option—not a requirement—to include its annual fire safety report in its annual security report in cases when the school must publish an annual fire safety report.

Response:
The Committee concurs.

Change:
The final bullet under the subheading "Annual Security Report" has been moved to its own paragraph immediately following the bulleted list.

COMMENT:
One commenter suggested the information pertaining to a school's requirement to maintain a crime log was confusing by being included under the "Annual Security Report" subheading. They suggested this section have its own subheading.

Response:
The Committee concurs.

Change:
A subheading of "*Campus Crime Log"* now appears before the information on the school's requirement to maintain an easily understood daily crime log.

COMMENT:
One commenter noted that for the subheading "Missing Student Notification Policies," the proposed language omits the requirement of §668.46(h)(1)(ii) and the procedural information under §668.46(h)(2).

The same commenter noted that the second sentence of bullet 3, paragraph 2, under the new subheading "Missing Student Notification Policies and Procedures" was not as clear as the regulatory language. The commenter noted that, as currently written, this bullet could be incorrectly interpreted to mean that authorized campus officials were authorized to access confidential contact information voluntarily provided by a student only if the campus official(s) was also conducting a missing person investigation. It also omitted information indicating that a student could register contact information for more than one individual as stated in the regulations.

Response:
The Committee concurs that the requirement of §668.46(h)(1)(ii) was inadvertently omitted. The procedural information in §668.46(h)(2) is reflected in the school's statement of policy under §668.46(h)(1) that must be disclosed to the student. The Committee believes that both can be successfully combined and cited in

existing, proposed text to minimize redundancy.

The Committee also agrees that the language of the bullet that discusses disclosure of confidential contact information should clarify that a student may register contact information for more than one individual.

Change:
Under the new subheading "Missing Student Notification Policies and Procedures," a new bullet 2 has been added. The clarification the commenter requested concerning the disclosure of confidential contact information for a student to an authorized campus official, as well as a student's ability to register contact information for more than one individual, has been added to bullet 4, as follows:

> A school's missing student notification policy must, at a minimum, inform a student that resides in an on-campus housing facility of all of the following:
>
> - The titles of persons or organizations to which students, employees, or other individuals should report that a student has been missing for 24 hours. [§668.46(h)(1)(i)]
>
> - That the school must immediately refer a missing student report to a school's police or campus security department, or, if the school does not have a police or campus security department, to the local law enforcement agency with jurisdiction in the area. [§668.46(h)(1)(ii)]
>
> - The school must notify the appropriate law enforcement agency no later than 24 hours after the school determines that the student is missing, unless local law enforcement was the entity that made that determination. [§668.46(h)(1)(vi); §668.46(h)(2)(iii)]
>
> - That a student may confidentially register contact information for an individual or individuals whom the school ~~will~~ must contact no later than 24 hours after the school's campus security department or law enforcement determines that the student is missing. The contact information a student provides will be accessible only to authorized campus officials. The school must not otherwise disclose contact information for the student, except to law enforcement personnel who are conducting a missing person investigation. [§668.46(h)(1)(iii) and (iv); §668.46(h)(2)(i)]
>
> - That the school must notify the custodial parent or guardian of a student who is under the age of 18 and who is not an emancipated minor no later than 24 hours after the student is determined to be missing, in addition to notifying any contact person the student designated. [§668.46(h)(1)(v); §668.46(h)(2)(ii)]

COMMENT:
One commenter noted that the section describing a campus fire log was more detailed than the crime log.

Response:
The Committee agrees. The level of detail necessary for the campus crime log that is comparable to the fire log relates to data in the log that must be made available for disclosure.

Change:
The discussion under the new subheading Campus Crime Log has been enhanced, as follows:

> A school that maintains a campus police or campus security department must maintain a written, easily understood daily crime log that records, by the date the crime was reported, any campus crime that is reported to the campus police or security department. The school must make the crime log for the most recent 60-day period open to public inspection during normal business hours. The school must make any portion of the log older than 60 days available within two business days of a request for public inspection.

COMMENT:
One commenter suggested that in each place where proposed policy addresses providing information to

prospective students and employees, the text should clarify that this cannot be done solely through an *Intra*net Website.

Response:
The Committee agrees. Regulations in §668.41(b)(2) authorize only *Inter*net disclosure to prospective students and employees. Prospective students and employees can not be reasonably expected to have access to a school's *Intra*net Website until they are officially an enrolled student or are employed by the school.

Change:
Under the "Annual Security Report" subheading, at the end of paragraph 2, and the "Annual Fire Safety Report" subheading, the end of paragraph 3, a sentence has been added to clarify that information cannot be provided solely through a school's *Intra*net website for prospective students and prospective employees.

Annual Security Report

. . .

. . . If a school makes the annual security report available by posting it on an *Inter*net website, the school must include in its notice to prospective students and prospective employees the exact electronic address at which the report is posted, briefly describe the report, and state that the school will provide a paper copy of the report upon request. A school must not use an *Intra*net website to make student consumer information available to a prospective student or prospective employee.

Annual Fire Safety Report

. . .

. . .

. . . If a school makes the separate fire safety report available by posting it on an *Inter*net website, the school must include in its notice to prospective students and prospective employees the exact electronic address at which the report is posted, briefly describe the report, and state that the school will provide a paper copy of the report upon request. A school must not use an *Intra*net website to make student consumer information available to a prospective student or prospective employee. [§668.41(c)(2); §668.41(e)(4)]

Jcs-rbl/edited-aes

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: April 15, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Apr 15

SUBJECT: **Entrance Counseling**

AFFECTED SECTIONS: **4.4.C Entrance Counseling**

POLICY INFORMATION: **1186/Batch 168**

EFFECTIVE DATE/TRIGGER EVENT: Entrance counseling provided by the school on or after July 1, 2010, unless implemented earlier by the school.

BASIS:
§682.604(f)**;** *Federal Register* dated October 28, 2009, pp. 55639-55640.

CURRENT POLICY:
Current policy does not provide final rule language and citations regarding entrance counseling.

REVISED POLICY:
Revised policy provides consistency with final rule language and citations related to entrance counseling. Revised policy expands entrance counseling delivery methods to include both online and interactive means, and encourages the use of methods that test a borrower's understanding of the terms and conditions of his or her loans.

REASON FOR CHANGE:
This change is necessary to incorporate provisions of final rules published in the October 28, 2009, *Federal Register.*

PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Subsection 4.4.C, page 24, column 1, paragraph 1, as follows:

4.4.C
Entrance Counseling

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

- . . .
- . . .

Entrance counseling must be provided at or prior to the time ~~of~~ that the first disbursement of a loan is ~~released~~ delivered, and may be conducted by any of the following methods:

- In-person presentation.
- Providing counseling materials to the borrower, including a separate written form that the borrower must sign and return to the school.
- Online or by ~~i~~interactive electronic means, where the borrower acknowledges receipt of the information.

[HEA §485(l)(1)~~(A)(ii)(III)and (B)~~; §682.604(f)(3)(i)-(iii)]

If entrance counseling is conducted online or through interactive electronic

means, the school must ensure that each student borrower receives the counseling materials and participates in and completes the counseling, which may include completion of any interactive program that tests the borrower's understanding of the terms and conditions of the borrower's loans. ~~The school must ensure that an individual with expertise in the title IV programs is reasonably available shortly after the counseling has been conducted to answer questions regarding these programs. For students enrolled in a correspondence program or study abroad program that the home institution approves for credit, the school may provide counseling materials in a separate written form that the borrower signs and returns to the school.~~

The school must ensure that an individual with expertise in the Title IV programs is reasonably available shortly after the counseling has been conducted to answer questions regarding these programs. For a student enrolled in a correspondence program or study-abroad program that the home institution approves for credit, the school may provide counseling through written materials.
[HEA §485(l)(A); §682.604(f)(~~1~~4) and (~~2~~5)]

When counseling is conducted by another party the school remains responsible for ensuring that each student borrower receives the counseling materials and participates in and completes entrance counseling.
[§682.604(f)(~~3~~)]

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

- The use of the Master Promissory Note (MPN). This may include . . .
  [~~§682.604(f)(1)(i);~~ §682.604(f)(~~2~~6)(~~iii~~)]

- The seriousness and importance of the repayment obligation that the student is assuming.
  [~~§682.604(f)(1)(ii);~~ §682.604(f)(~~1~~6)(ii) ~~and (2)(iii)~~]

- How interest accrues and is capitalized during periods when the interest is not paid by either the borrower or the Department.
  [HEA §485(l)(2)(C); §682.604(f)(6)(vii)]

- In the case of a Grad PLUS loan or unsubsidized Stafford loan, that the borrower has the option to pay interest that accrues while the borrower is in school.
  [HEA §485(l)(2)(D); §682.604(f)(6)(viii); §682.604(f)(7)(ii)]

- The effect of accepting the loan on the borrower's eligibility for other forms of student financial assistance.
  [HEA §485(l)(2)(A); §682.604(f)(6)(vi)]

- The school's definition of half-time enrollment during both regular and summer terms and the consequences of not maintaining half-time enrollment.
  [HEA §485(l)(2)(E)]; §682.604(f)(6)(ix)]

- The importance of contacting the appropriate offices at the school if the borrower withdraws prior to completing the program so that the school can provide required exit counseling that will include information on the borrower's repayment options and loan consolidation.
  [HEA §485(l)(2)(F); §682.604(f)(6)(x)]

$ The name and contact information for the individual the borrower may contact if the borrower has any questions about the borrower's rights and responsibilities, or the terms and conditions of the loan.
[HEA §485(l)(2)(K); §682.604(f)(6)(xii)]

$ The obligation to repay the full amount of the Stafford or Grad PLUS loan, even if the student borrower does not complete the program, is unable to obtain employment upon completion, does not complete the program within the regular time frame normally required for program completion, or is otherwise dissatisfied with or does not receive the educational or other services that the borrower purchased from the school (the school or the school designee must provide this information to all of the school's student borrowers except those who receive a loan made or originated by the school).
[HEA §485(l)(2)(H); §682.604(f)(~~1~~6)(iv)~~; §682.604(f)(2)(iii)~~]

$ Sample monthly repayment amounts based on a range of borrower levels of indebtedness or on the average indebtedness of the loan types applicable to the borrower, as follows:

- Stafford loan borrowers.

- Student borrowers with Stafford and Grad PLUS loans at the same school and in the same program of study at the same school.

[HEA §485(l)(2)(G)(ii); §682.604(f)(~~1~~6)(v) and §682.604(f)(7)(i)(B)]

$ The availability of the National Student Loan Data System (NSLDS), where and how it can be accessed, and how the borrower can use the information found there.
[HEA §485(l)(2)(J); §682.604(f)(6)(xi)]

$ The likely consequences of default, including adverse credit reports, federal delinquent debt collection procedures, under federal ~~offset~~ law, and litigation.
[HEA §485(l)(~~1~~2)(~~I~~J); ~~§682.604(f)(1)(ii)~~; §682.604(f)(2)(iii) and §682.604(f)(~~2~~6)(iii)]

Revise Subsection 4.4.C, page 25, column 2, bullet 1, as follows:

$ A notice that includes all of the following information:

- The maximum interest rate. . .

- Information regarding . . .

- The point at which a Stafford loan enters repayment and the point at which a
Grad PLUS loan enters repayment.
[§682.603(d)(1)(i) through (iii); §682.604(f)(~~2~~7)(i) ~~and (ii)~~ through (iv)]

A school may provide the information required in this notice in its financial aid award letter . . .

A school may provide comprehensive entrance counseling materials that meet the minimum entrance counseling requirements for Grad PLUS borrowers with prior Stafford loans and Grad PLUS loan borrowers without prior Stafford loans.

[~~08-09~~ 09-10 FSA Handbook, Volume 2, Chapter 6, pp. 2-~~80—~~81 and 2-84]

Revise Subsection 4.4.C, page 26, column 1, paragraph 1, as follows:

A school must maintain a record to substantiate the school's compliance with the entrance counseling requirement for each borrower. For detailed information on entrance counseling, a school may consult §682.604(f) and the ~~08-09~~09-10 FSA Handbook, Volume 2, Chapter 6, pp. ~~2-80 to 81~~ 2-78 to 2-84.
[§682.604(f)(8); DCL GEN-98-G-315/98-L-211; DCL GEN-99-9]

PROPOSED LANGUAGE - COMMON BULLETIN:

Entrance Counseling

The *Common Manual* has been updated to include regulatory changes and citations resulting from final rules published in the October 29, 2009, *Federal Register*. Revised policy expands entrance counseling delivery methods to include both online and interactive electronic means, and encourages the use of methods that test the borrower's understanding of the terms and conditions of his or her loans.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower will have the opportunity to complete online or electronic interactive counseling that tests the borrower's understanding of the terms and conditions of his or her loans.

School:

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

Lender/Servicer:

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

Guarantor:

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

U.S. Department of Education:

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

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

October 29, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

April 8, 2010

PROPOSAL DISTRIBUTED TO:

CM Policy Committee
CM Guarantor Designees

Interested Industry Groups and Others
CM Governing Board Representatives

Comments Received from:
AES/PHEAS, ASA, Great Lakes, HESC, IBR Workgroup, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, and USA Funds.

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:
Several commenters felt that HEA language that the committee proposed to strike in this policy proposal should be retained since that language is still represented within the HEA.

Response:
The Committee notes that previous regulatory language and the final rule changes do not conform to the language of the HEA. Regulatory language requires entrance counseling to be conducted *prior* to the first disbursement of a Stafford loan made to a first time first year borrower. HEA language states that entrance counseling must be *at or prior* to the first disbursement of a first time borrower. As in cases of a conflict between statutory and regulatory language, it is appropriate to use the statutory standard.

Change:
The language has been reinserted as recommended.

COMMENT:
Several commenters requested additional citations applicable to entrance counseling for graduate and professional PLUS borrowers.

Response:
The Committee agrees.

Change:
The citations were added as recommended.

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COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: April 15, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Apr 15

SUBJECT: **Student Eligibility after Drug-Related Offenses**

AFFECTED SECTIONS: **5.8 Effect of Drug Conviction on Eligibility**

POLICY INFORMATION: **1187/Batch 168**

EFFECTIVE DATE/TRIGGER EVENT: Reinstatement of Title IV eligibility on or after July 1, 2010.

BASIS: HEA §484(r)(2)(B), as amended by the Higher Education Opportunity Act (HEOA), Public Law 110-315.

CURRENT POLICY:
Current policy states that a student who is convicted of a state or federal drug offense while enrolled in school and receiving Title IV aid may regain eligibility at any time by completing an approved drug rehabilitation program.

REVISED POLICY:
Revised policy expands Manual text with statutory language that clarifies that the student may also regain eligibility on the date the student passes two unannounced drug tests conducted by an approved drug rehabilitation program.

REASON FOR CHANGE:
This change is necessary to incorporate provisions of the HEOA.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Section 5.8, page 13, column 1, paragraph 5, as follows:

> A student may regain eligibility at any time by successfully completing an approved drug rehabilitation program or successfully passing two unannounced drug tests conducted by an approved drug rehabilitation program, and by informing the school that he or she has done so. A student regains Title IV eligibility on the date he or she successfully completes the program, or in the case of a student who successfully passes two unannounced drug tests, on the date that the student passes the second unannounced drug test. A drug rehabilitation program is considered approved for these purposes if it includes at least two unannounced drug tests and meets one of the following criteria:
> [HEA §484(r)(2)(B); §668.40(c)]
>
> - . . .
> - . . .
> - . . .
> - . . .

PROPOSED LANGUAGE - COMMON BULLETIN:

Student Eligibility after Drug-Related Offenses

The *Common Manual* has been updated to include statutory changes resulting from the Higher Education Opportunity Act. Revised policy expands eligibility reinstatement after a drug-related conviction of a student who was enrolled in school and receiving Title IV aid when the conviction occurred to include the successful passing of two unannounced drug tests conducted by an approved drug rehabilitation program. A student may regain eligibility for Title IV aid on the date that the student successfully completes an approved drug rehabilitation program or on the date the student successfully passes two unannounced drug tests conducted by an approved drug rehabilitation program. In this case, the student may regain eligibility prior to actually completing the rehabilitation program.

GUARANTOR COMMENTS:
None.

IMPLICATIONS:
Borrower:
A FFELP borrower may regain eligibility after a drug-related conviction by the successful passing of two unannounced drug test conducted by an approved drug rehabilitation program. This reinstates the student's aid eligibility earlier than the completion date of the rehabilitation program.

School:
A school may need to amend its procedures for student to regain eligibility after his or her drug-related conviction.

Lender/Servicer:
None.

Guarantor:
A guarantor may need to amend its procedures for assessing student reinstatement of eligibility after a drug-related conviction.

U.S. Department of Education:
The Department may find it necessary to update its program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
October 13, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
April 8, 2010

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

Comments Received From:
AES/PHEAA, ASA, Great Lakes, HESC, IBR Workgroup, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, and USA Funds.

Responses to Comments
Most 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:
Three commenters felt proposed language might incorrectly imply that an approved drug rehabilitation program is approved directly by the Department, and recommended wordsmithing to clarify.

Response:
The Committee agrees.

Change:
The Proposed Language has been changed as follows:

"A student may regain eligibility at any time by successfully completing an approved drug

rehabilitation program ~~approved by the Department~~ or successfully passing two unannounced drug tests conducted by an approved drug rehabilitation program and by informing the school that he or she has done so. A student regains Title IV eligibility on the date he or she successfully completes the program, or in the case of a student who successfully passes two unannounced drug tests, on the date that the student passes the second unannounced drug test. A drug rehabilitation program is considered approved for these purposes if it includes at least two unannounced drug tests and meets one of the following criteria:"
[HEA §484(r)(2)(B); §668.40(c)]

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COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: April 15, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Apr 15

SUBJECT: **Correspondence and Distance Education Courses**

AFFECTED SECTIONS:

5.12 Use of Telecommunications and Correspondence in Programs of Study
5.12.A Telecommunications Program of Study
6.5.B COA Exceptions for Correspondence and Telecommunications Study
Appendix G

POLICY INFORMATION: **1188/Batch 168**

EFFECTIVE DATE/TRIGGER EVENT: August 14, 2008, for distance education courses.
July 1, 2010, for correspondence courses.

BASIS:
HEA §103(7); §600.2 Definition of correspondence course; §600.2 Definition of Distance Education; *Federal Register* dated October 27, 2009, pp. 55425 and 55426; DCL GEN-08-12.

CURRENT POLICY:
Current policy consistently refers to a telecommunications course or program and the Manual's glossary provides a definition of "telecommunications course." Current policy refers to a program of study offered in whole or in part through telecommunications as an eligible Title IV program. The Manual includes a definition of "correspondence study," which does not clarify that materials may be provided in writing or electronically, and does not address the level of contact between the student and the instructor.

REVISED POLICY:
Revised policy replaces references to a telecommunications course or program with "distance education," and refers to a program of study offered principally through distance education as an eligible Title IV program. The glossary definition of "telecommunications course" has been replaced with a definition of "distance education." Distance education uses one or more technologies to deliver instruction to a student who is separated from the instructor and to support regular and substantive interaction between the student and the instructor, either simultaneously or at different times. Any of the following are permissible distance education technologies:

- The Internet
- One-way and two-way transmissions through open broadcast, closed circuit, cable, microwave, broadband lines, fiber optics, satellite, or wireless communications devices
- Audio conferencing

Videocassettes, DVDs, and CD-ROMs may also be used in conjunction with any of the technologies listed above.

The Manual definition of "correspondence course" is revised to clarify that this is typically a self-paced course for which the school provides instructional materials by mail or electronic transmission, including examinations on the materials, to students who are separated from the instructor. Interaction between the instructor and student is limited, is not regular and substantive, and is primarily initiated by the student. Revised policy also clarifies permissible costs of attendance for a student enrolled in a correspondence program of study.

Remaining Manual references to a "telecommunications" course or program will be corrected to refer to "distance education" through a separate technical edit process.

REASON FOR CHANGE:
This change is required to comply with statutory changes resulting from the Higher Education Opportunity Act of 2008 (HEOA) (P. L. 110-315) and final rule changes published in the October 27, 2009, *Federal Register*.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Section 5.12, page 16, column 2, paragraph 2, as follows:

5.12
Use of ~~Telecommunications~~ Distance Education and Correspondence in Programs of Study

A student's enrollment in ~~telecommunications~~ distance education or correspondence courses can affect his or her eligibility for Stafford loans and Grad PLUS loans, and a parent's eligibility for parent PLUS loans.

Revise Subsection 5.12.A, page 16, column 2, paragraph 3, as follows:

5.12.A
~~Telecommunications~~ Distance Education Program of Study

An otherwise eligible student enrolled in a program of study offered ~~in whole or in part~~ principally through ~~telecommunications~~ distance education is eligible for Title IV aid if each of the following applies:

- The program leads to a recognized certificate, or to an associate, bachelor's or graduate degree.
  [HEA §484(l)(1)(A); DCL GEN-06-05]

- The school providing the program has been evaluated by an accrediting agency recognized by the Department as having the evaluation of distance education programs within its scope of recognition. . .

If a foreign school offers a program of study that includes even a single ~~telecommunications~~ distance education course, that program of study is ineligible for Title IV aid. ~~Telecommunications~~ Distance education technologies may be used in the foreign school classroom to supplement and support instruction offered as part of an otherwise eligible program, as long as the student and instructor are physically present in the classroom. [§600.51(d)(4); §668.8(m); DCL GEN-06-11]

Revise Subsection 6.5.B, page 17, column 1, paragraph 1, as follows:

6.5.B
COA Exceptions for Correspondence and ~~Telecommunications~~ Distance Education Program of Study

Generally, the cost of attendance (COA) for a correspondence program of study student may include only tuition and fees, which often include books and supplies. If the cost of books and supplies is separate, then it may also be counted in the COA. However, if the student is fulfilling a required period of residential training, the COA may include required books; supplies; an allowance for travel;~~,~~ and ~~specific~~ room and board costs incurred for the period of residential training.
[09-10 FSA Handbook Volume 3, Chapter 2, p. 3-38]

The COA for a student receiving instruction via ~~telecommunications~~ distance education technology (see ~~definition in~~ Section 5.12) may include the documented cost of renting or purchasing equipment required to accommodate the study.
[09-10 FSA Handbook, Volume 3, Chapter 2, p. 3-36]

For a distance education program of study in which ~~telecommunications are~~ technology is used to deliver to students any course that is also delivered in person to other students at the school, a financial aid administrator (FAA) at the school must use professional judgment to determine whether the use of ~~telecommunications~~ distance education technology would result in a substantially reduced COA. If the COA would be substantially reduced, the FAA must reduce the student's eligibility for grants, loans, or work-study assistance.

[HEA §484(l)(2)]

~~For these purposes, telecommunications is defined as the use of television, audio, or computer transmission—including open broadcast, closed circuit, cable, microwave, satellite, audio conferencing, computer conferencing, or video cassettes or discs.~~
~~[HEA §484(l); §668.38; DCL GEN-92-21]~~

Revise Appendix G, page 5, column 2, paragraph 3, as follows:

Correspondence ~~Study~~ Course: A ~~home-study~~ typically self-paced course in which the school provides instructional materials, including examination ~~on~~ of those materials, by mail or electronic transmission, to students who are ~~not physically attending classes at the school~~ separated from the instructor. Interaction between the instructor and student is limited, is not regular and substantive, and is primarily initiated by the student. If a course is a combination of correspondence work and residential training, the ~~entire~~ course is considered to be a correspondence ~~study~~ course. A correspondence course is not distance education. See Subsection 4.1.D and Section 5.12 for more information.
[§600.2 definition of *correspondence course*]

Revise Appendix G, page 7, column 1, by inserting a new paragraph 5, as follows:

Discharge: . . .

Distance Education: Education that uses one or more technologies to deliver instruction to a student who is separated from the instructor and to support regular and substantive interaction between the student and the instructor, either simultaneously or at different times. Any of the following are permissible distance education technologies:

- The Internet.
- One-way and two-way transmissions through open broadcast, closed circuit, cable, microwave, broadband lines, fiber optics, satellite, or wireless communications devices.
- Audio conferencing.

Videocassettes, DVDs, and CD-ROMs may also be used in conjunction with any of the technologies listed above.
[§600.2 definition of *distance education*]

Documentation: . . .

Delete Appendix G, page 22, column 2, paragraph 4, as follows:

~~**Telecommunications Course:** A course offered during an award year that principally uses one technology or a combination of technologies including television, audio, or computer transmission, through open broadcast, closed circuit, cable, microwave or satellite, audio conferencing, computer conferencing, or video cassettes or discs. These technologies may be used to deliver instruction to students who are separated from the instructor and to support regular and substantive interaction between these students and the instructor either simultaneously or at different times. A course is not considered to be a telecommunications course if the course is delivered using video cassettes or discs unless that same course is also delivered to students who are physically attending classes at the school providing the course during the same award year.~~

PROPOSED LANGUAGE - COMMON BULLETIN:

Correspondence and Distance Education Courses

The *Common Manual* has been revised to incorporate provisions of the Higher Education Opportunity Act of 2008 (HEOA) and final rules published in the October 27, 2009, *Federal* Register that replace the term "telecommunications" with "distance education." A program of study offered principally through distance education is an eligible Title IV program. "Distance education" is defined in the glossary as education that

uses one or more technologies to deliver instruction to a student who is separated from the instructor and to support regular and substantive interaction between the student and the instructor, either simultaneously or at different times. Any of the following are permissible distance education technologies:

- The Internet.
- One-way and two-way transmissions through open broadcast, closed circuit, cable, microwave, broadband lines, fiber optics, satellite, or wireless communications devices.
- Audio conferencing.

Videocassettes, DVDs, and CD-ROMs may also be used in conjunction with any of the technologies listed above.

The Manual definition of "correspondence course" has been revised to clarify that this is typically a self-paced course for which the school provides instructional materials by mail or electronic transmission, including examinations on the materials, to a student who is separated from the instructor. Interaction between the instructor and student is limited, is not regular and substantive, and is primarily initiated by the student. A correspondence course is not distance education. Revised policy also clarifies permissible costs of attendance for a student enrolled in a correspondence study.

The glossary definition of "telecommunications course" has been deleted. Additional references to a telecommunications course or program throughout the Manual will be corrected to refer to "distance education" via a separate technical edit process.

GUARANTOR COMMENTS:
None.

IMPLICATIONS:
Borrower:
A borrower enrolled in correspondence study may have access to federal student aid to pay costs of attendance that include books; supplies; and an allowance for travel, room, and board for periods of required residential training. A borrower enrolled in a distance education course may experience a wider variety of technologies to support the delivery of education, including CDs, videos, and CD-ROMs that are used in conjunction with those technologies.

School:
A school that offers distance education courses may be required to review its method of delivering distance education to ensure that the program remains Title IV-eligible by offering instruction via bona fide distance education technology. A school that offers correspondence study may be required to review the components of its student budgets.

Lender/Servicer:
None.

Guarantor:
A guarantor may be required to update its program review procedures for schools that offer distance education and correspondence study.

U.S. Department of Education:
The Department may be required to update its program review procedures for schools that offer distance education and correspondence study.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
September 16, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
April 8, 2010

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

Comments Received From:
AES/PHEAA, ASA, Great Lakes, HESC, IBR Workgroup, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, and USA Funds.

Responses to Comments
Most of the commenters supported this proposal as written. A commenter recommended a typographical correction to the definition of distance education that made no substantive change to the policy and was 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.

Jcs-bmf/edited-aes

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: April15, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Apr 15

SUBJECT: **Multiple Disbursements and Low Cohort Default Rate Exemptions**

AFFECTED SECTIONS: **6.4.A Multiple Disbursements and Exceptions**

POLICY INFORMATION: **1189/Batch 168**

EFFECTIVE DATE/TRIGGER EVENT: Publication date of Volume 3 of the 09-10 FSA Handbook.

BASIS:
09-10 FSA Handbook, Volume 3, p. 3-18.

CURRENT POLICY:
Current policy states that a school is exempt from the multiple disbursement requirement for a loan made for a period of enrollment that is not more than one semester, trimester, or quarter, or for a school without standard terms, no more than 4 months, provided that the school's cohort default rate for each of the three most recent fiscal years for which information is available is less than 10%.

REVISED POLICY:
Revised policy states that a school that is otherwise exempt from the multiple disbursement requirement due to low cohort default rates must schedule at least two disbursements for a loan certified for a substantially equal, nonstandard term of at least 9 instructional weeks in length if the term is more than 4 months in length. Revised policy also clarifies that the multiple disbursement exemption applicable to a loan period that is no more than 4 months in length applies to a nonstandard term-based program or a non-term-based program.

REASON FOR CHANGE:
This change is necessary to comply with guidance found in Volume 3 of the 09-10 FSA Handbook.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Note: This Subsection was previously modified in policy proposal 1160, Batch 164.

Revise Subsection 6.4.A, page 13, column 1, paragraph 5, as follows:

6.4.A
Multiple Disbursements and Exceptions

The school must establish a disbursement schedule that ensures that a Stafford or PLUS loan is disbursed in two or more installments, regardless of the loan amount. A school may ~~disburse~~ deliver ~~A~~a Stafford or PLUS loan ~~may be disbursed by~~ in a single disbursement only in the following cases:

- The school has a cohort default rate of less than 10% for each of the three most recent fiscal years for which data are available, and any one of the following conditions applies:

  – The loan is ~~made~~ certified for a period of enrollment that is not more than one semester, trimester, or quarter~~,~~.

  – In a nonstandard term-based program with terms that are substantially equal and at least 9 weeks of instructional time in length (SE9W), the loan is certified for a period of enrollment that is not more than one nonstandard term. However, a school must schedule at least two disbursements of a loan made for a single, nonstandard term that is SE9W, but that is more than 4 months in length.

– ~~or, for a school without standard terms,~~ In a nonstandard term-based program with terms that are not SE9W — i.e., the terms are not substantially equal or each term is not at least 9 weeks of instructional time in length — or in a non-term-based program, the loan is certified for a period of enrollment that is not more than 4 months~~, if the school's cohort default rate for each of the three most recent fiscal years for which information is available is less than 10%~~.

[HEA §428G(a)(3); §682.604(c)(8)(i); 09-10 FSA Handbook, Volume 3, Chapter 1, p. 3-18]

- . . .

. . .

PROPOSED LANGUAGE - COMMON BULLETIN:

Multiple Disbursements and Low Cohort Default Rate Exemptions

The *Common Manual* has been updated with guidance found in Volume 3 of the 09-10 FSA Handbook. A school may disburse a Stafford or PLUS loan in a single disbursement if the school has a cohort default rate of less than 10% for each of the three most recent fiscal years for which data are available, and any one of the following conditions applies:

- The loan is certified for a period of enrollment that is not more than one semester, trimester, or quarter.

- In a nonstandard term-based program with terms that are substantially equal and at least 9 weeks of instructional time in length (SE9W), the loan is certified for a period of enrollment that is not more than one nonstandard term. However, a school must schedule at least two disbursements of a loan made for a single, nonstandard term that is SE9W but that is more than 4 months in length.

- In a nonstandard term-based program with terms that are not SE9W — i.e., the terms are not substantially equal or each term is not at least 9 weeks of instructional time in length — or in a non-term-based program, the loan is certified for a period of enrollment that is not more than 4 months.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower who attends a school with a low cohort default rate for the three most recent fiscal years for which data are available and who receives a loan that is certified for a single, nonstandard term of at least 9 weeks of instructional time and more than 4 months in length will not have access to loan funds in a single disbursement.

School:

A school that has a low cohort default rate for the three most recent fiscal years for which data are available and that has a program(s) comprised of substantially equal, nonstandard terms of at least 9 weeks of instructional time and more than 4 months in length may be required to revise its internal policies and procedures to ensure that the school schedules multiple disbursements for a single-term loan.

Lender/Servicer:

None.

Guarantor:

A guarantor may be required to update its program review procedures for a nonstandard term-based program comprised of terms that are at least 9 instructional weeks in length.

U.S. Department of Education:

The Department may be required to update its program review procedures for a nonstandard term-based program comprised of terms that are at least 9 instructional weeks in length.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
November 19, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
April 8, 2010

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

Comments Received from:
AES/PHEAS, ASA, Great Lakes, HESC, IBR Workgroup, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, and USA Funds.

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 suggested a revision to the sub-bullets under 6.4.A Multiple Disbursements and Exceptions, as follows:

- The school has a cohort default rate of less than 10% for each of the most recent years for which data is available, the loan period does not exceed 4 months, and one of the following apply:
  - ~~The loan is certified for a~~ In a program with standard terms, the loan period of enrollment is not more than one semester, trimester, or quarter.
  - In a nonstandard term-based program with terms that are substantially equal in length and at least 9 months of instructional time in length (SE9W), the loan is certified for a period of enrollment that it not more than one nonstandard term. ~~However, a school must schedule at least two disbursements or a loan made for a single nonstandard term that is SE9W but that is more than 4 months in length.~~
  - In a nonstandard program with terms that are not SE9W, ~~i.e., the terms are not substantially equal or each term is not at least 9 weeks of instructional time in length,~~ or in a non-term-based program, the loan is certified for a period of enrollment that does not exceed 4 months.

The commenter stated that this change would eliminate redundant reference to the 4-month loan period of enrollment.

Response:
The Committee appreciates the commenter's desire to be concise, and, in most cases, welcomes such suggestions. However, the Committee notes that the commenter's request deletes the FSA Handbook clarification that is the crux of this policy, i.e., that even though a school with a low cohort default rate would otherwise be able to certify a single-term loan in a program with nonstandard terms that are SE9W, such a school is prohibited from scheduling a single disbursement for that single-term loan if the nonstandard term is more than 4 months in length. For this reason, the Committee respectfully declines the commenter's request for this change. The Committee also declines to delete language that reinforces the meaning of a nonstandard term that is not SE9W, i.e., the terms are not substantially equal or each term is not at least 9 weeks of instructional time in length. This is conventional language used throughout the Manual to distinguish between a program with nonstandard terms that are, or are not, SE9W on the first occasion the distinction is explained in a section or subsection.

Change:
None.

jcs/edited-aes

COMMON MANUAL – FEDERAL POLICY PROPOSAL

Date: April 15, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Apr 15

SUBJECT: **Income-Based Repayment (IBR) Schedule**

AFFECTED SECTIONS: **10.6.E Adjusting the Borrower's Repayment Terms**
10.8.D Income-Based Repayment Schedule
Appendix G

POLICY INFORMATION: **1190/sBatch 168**

EFFECTIVE DATE/TRIGGER EVENT: Income-based repayment (IBR) plan requests or renewals processed

by the lender on or after July 1, 2010.

BASIS:
§682.215(a) and (b)(1); Final Rules published in the *Federal Register* dated October 29, 2009, p. 55995.

CURRENT POLICY:
Current policy does not include a borrower's selection of the income-based repayment (IBR) plan as a reason why a lender may need to adjust a borrower's repayment terms.

Current policy indicates that a partial financial hardship (PFH) exists if the borrower has an annual payment amount, calculated under a standard repayment schedule and based on a 10-year repayment period on all eligible loans outstanding when the borrower initially entered repayment on each loan, that exceeds 15% of the difference between the borrower's adjusted gross income (AGI) and 150% of the poverty guideline for the borrower's family size.

Finally, current policy does not specify the difference in calculating the PFH amount for married borrowers who file joint tax returns and both borrowers have eligible loans.

REVISED POLICY:
Revised policy includes a borrower's selection of the IBR plan as a reason why a lender would need to adjust the borrower's repayment terms.

Revised policy also provides a revised definition of PFH for the purpose of determining a borrower's eligibility to repay under the IBR plan. The revised definition specifies that the lender must use the *greater of* the amount owed on the eligible loans when the borrower initially entered repayment or the amount owed when the borrower selects the IBR plan for determining whether a borrower has PFH. The glossary has also been revised to add a cross-reference to Subsection 10.8.D to reflect this policy change.

Revised policy also includes the new requirement that when calculating PFH for a borrower who files a joint tax return and the borrower's spouse also has eligible loans, the lender must determine each borrower's percentage of the couple's total eligible loan debt. The lender must then adjust the borrower's payment amount by multiplying the total calculated payment amount by the borrower's percentage of the couple's total loan debt.

REASON FOR CHANGE:
The policy is being revised to align with the federal regulations in §682.215(a) and (b)(1), which were amended through the Final Rules published in the *Federal Register* on October 29, 2009.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Subsection 10.6.E, page 12, column 1, paragraph 3, to add a new bullet as follows:

10.6.E
Adjusting the Borrower's Repayment Terms

In some cases, the lender may be required to adjust the borrower's repayment terms. Typically, this may occur in any of the following cases:

- . . .
- . . .
- The borrower selects an income-sensitive repayment schedule (see Subsection 10.8.C).
- The borrower selects an income-based repayment schedule (see Subsection 10.8.D).
- The borrower requests a change in his or her repayment schedule (see Section 10.8).A lender must comply with an eligible borrower's request to revise his or her choice of repayment schedule at least once every 12 months.

Revise Subsection 10.8.D, page 17, column 1, paragraph 2, as follows:

10.8.D
Income-Based Repayment Schedule

If a borrower selects IBR, the lender must determine, based on the borrower's documentation, if the borrower has a partial financial hardship (PFH) for the initial year in which the borrower selects this repayment plan and annually for each subsequent year that the borrower remains in the ~~selects this repayment~~ plan. A PFH exists if the borrower has an annual payment amount~~, calculated under a standard repayment schedule and based on a 10-year repayment period~~ based on the loan balance of all of his or her eligible, outstanding FFELP and Direct loans ~~outstanding when the borrower initially entered repayment on each loan (a.k.a. *standard-standard*),~~ that exceeds 15% of the difference between the borrower's adjusted gross income (AGI) and 150% of the poverty guideline for the borrower's family size and state of residence. The annual payment amount is calculated under a standard repayment schedule and based on a 10-year repayment period. The loan balance used is the greater of the following:

- The amount due on all eligible loans when the borrower initially entered repayment (i.e., *standard-standard*).
- The amount due on all eligible loans when the borrower requests the IBR plan (i.e., *permanent-standard*).

The poverty guideline refers to the income by state and family size as published annually by the U.S. Department of Health and Human Services (DHHS). If a borrower is not a resident of a state listed in the poverty guidelines, the lender uses the DHHS poverty guideline for the 48 contiguous states.

Note: Certain portions of Subsection 10.8.D were previously revised by Policy 1143 of Batch 161 that was approved by the Governing Board on October 15, 2009. For ease of reference, the text below is from the December 2009* ICM *that incorporated the changes from Policy 1143.

Revise Subsection 10.8.D, page 17, column 2, paragraph 2, of the December 2009 *ICM*, as follows:

For a married borrower filing taxes separately, AGI includes only the borrower's income. For a married borrower filing taxes jointly, AGI includes both the borrower's and spouse's income. ~~For a married borrower filing separately, AGI includes only the borrower's income.~~ A married borrower who files a joint tax return may include with his or her eligible loans any eligible loans owed by the borrower's spouse for purposes of determining PFH eligibility. In this situation, the lender must:

Step 1: Determine each spouse's percentage of the couple's total eligible loan debt.

Step 2: Adjust the borrower's monthly payment amount by multiplying the calculated total payment amount by the percentage calculated in Step 1.

If a borrower's loans are held by multiple lenders, the lender must adjust the monthly payment amount by multiplying the payment calculated in Step 2 by the percentage of the total outstanding principal balance of eligible loans held by the lender.

Step 3: Apply the PFH payment amount rules explained under the Payment Amount Calculation subheading below.

[§682.215(a)(1) and (b)(1)]

Revise Appendix G, page 16, column 2, paragraph 8, as follows:

Partial Financial Hardship (PFH): A borrower has a partial financial hardship if the annual payment amount on all eligible FFELP and Direct Loans~~, calculated under a standard repayment schedule and based on a 10-year repayment period on all eligible FFELP and Direct Loans outstanding when the borrower initially entered repayment on each loan~~, exceeds 15% of the difference between the borrower's adjusted gross income and 150% of the U.S. Department of Health and Human Services poverty guideline applicable to the borrower's family size and state of residence. Eligible FFELP and Direct loans include the outstanding balances on all loans except a defaulted loan, a FFELP or Direct parent PLUS loan, and a FFELP or Direct Consolidation loan that repaid a FFELP or Direct parent PLUS loan. ~~If a lender determines that a borrower has a PFH, the borrower is eligible for the income-based repayment (IBR) plan.~~ See Subsection 10.8.D for more specific information on how to determine if a borrower has a PFH.

See **Income-Based Repayment (IBR) Schedule.**

PROPOSED LANGUAGE - COMMON BULLETIN:

Income-Based Repayment (IBR) Schedule

The *Common Manual* has been revised to include a borrower's selection of the IBR plan as a reason why a lender would need to adjust the borrower's repayment terms. The Manual has also been revised to include the revised definition of partial financial hardship (PFH) for the purpose of determining a borrower's eligibility for the IBR plan. The revised definition specifies that the lender must use the greater of the amount owed on the eligible loans when the borrower initially entered repayment or the amount owed when the borrower selects the IBR plan for determining whether a borrower has a PFH. The definition of partial financial hardship contained in the glossary of the Manual has also been revised.

Finally, the Manual has been revised to include the new requirement that when calculating whether a borrower who files a joint tax return and whose spouse also has eligible loans, has a PFH, the lender must determine each borrower's payment amount by multiplying the total calculated payment amount by the borrower's percentage of the couple's total loan debt. This step must be done before performing any proration for the borrower's loans held by multiple loan holders and applying the PFH payment amount rules.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower's eligibility for IBR will be based on the higher loan balance – either the balance at the time of entering repayment or the balance at the time of requesting IBR. This allows for a more accurate reflection of the borrower's current loan repayment obligation. In addition, a married borrower who files a joint tax return with his or her spouse may use the combined eligible loan balances for both spouses to qualify under the IBR plan.

School:

None.

Lender/Servicer:

A lender will need to revise its process for determining if a borrower demonstrates a partial financial hardship. Also, the lender will need to establish a process for calculating PFH for married borrowers who file joint tax returns and both spouses each have eligible loans based on each borrower's percentage of the couple's total eligible loan debt.

Guarantor:
A guarantor may need to revise program review procedures.

U.S. Department of Education:
The Department may need to revise program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
October 26, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
April 8, 2010

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

Comments Received From:
AES/PHEAA, ASA, Great Lakes, HESC, IBR Workgroup, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, and USA Funds.

Responses to Comments
Most of the commenters supported this proposal as written. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

COMMENT:
Several commenters suggested that the effective date/trigger event be revised to include renewal applications and to change "received" to "processed" on or after July 1, 2010. The commenters indicated that the suggestions are based on discussions within the FFELP community IBR workgroup. The workgroup has realized that the new requirements will also apply to renewals of PFH eligibility processed on or after July 1, 2010; therefore the word "processed" should be used to allow the most flexibility in applying this borrower benefit and also brings in the fact that a "request" or renewal could end up in an approval or denial.

Response:
The Committee agrees.

Change:
The effective date/trigger event has been revised as suggested by the commenters to include new requests as well as renewal requests and to change it from requests "received" to requests "processed" on or after July 1, 2010.

COMMENT:
One commenter suggested revising the final paragraph of the Current Policy statement as follows:

> Finally, current policy does not specify the difference in calculating the PFH amount ~~treat~~ for married borrowers who file joint tax returns when ~~and~~ both borrowers request IBR ~~differently when calculating the PFH amount~~.

Other commenters noted that for married borrowers who file joint tax returns there is no requirement that both borrowers request IBR in order for one spouse to include any eligible loans of the other spouse for

determining IBR eligibility. This statement would, therefore, need to be revised to remove reference to a requirement that both borrowers request IBR.

Response:
The Committee agrees.

Change:
The Current Policy statement has been revised to read as follows:

> Finally, current policy does not specify the difference in calculating the PFH amount for married borrowers who file joint tax returns.

COMMENT:
Several commenters suggested adding language to Subsection 10.8.D to clarify that a borrower is required to provide documentation when the borrower initially selects the IBR plan and for subsequent requests in order to determine whether the borrower has a PFH. The commenters also suggested revisions to this subsection and to Appendix G to clarify that both the family size and state of residence determine the applicable HHS poverty guideline. The commenters' suggestions are as follows:

> **10.8.D**
> **Income-Based Repayment Schedule**
>
> If a borrower selects IBR, the lender must determine, based on the borrower's documentation, if the borrower has a partial financial hardship (PFH) for the initial year when the borrower selects this repayment plan and annually for each subsequent year that the borrower remains in the ~~selects this repayment~~ plan. A PFH exists if the borrower has an annual payment amount on all eligible, outstanding FFELP and Direct loans that exceeds 15% of the difference between the borrower's adjusted gross income (AGI) and 150% of the poverty guideline for the borrower's family size and state of residence.
>
> **Appendix G**
> **Partial Financial Hardship (PFH):**
>
> A borrower has a partial financial hardship if the annual payment amount on all eligible, outstanding FFELP and Direct loans exceeds 15% of the difference between the borrower's adjusted gross income and 150% of the U.S. Department of Health and Human Services poverty guideline applicable to the borrower's family size and state of residence.

Response:
The Committee agrees.

Change:
Subsection 10.8.D and Appendix G have been revised as suggested.

COMMENT:
Several commenters suggested language for 10.8.D that would clarify when and how PFH is calculated for a married couple when both spouses have loans. The commenters felt that as written, the policy requires these borrowers to both request IBR. The commenters stated that the only time both spouses must request IBR and have a PFH is if they wish to repay a spousal consolidation loan under IBR, in which case there is a single payment amount. Otherwise, there is no requirement that the spouse of a borrower must also request IBR on his or her loans in order for the borrower to be able to include his or her spouse's eligible loans under the new provisions for borrowers filing joint tax returns. The commenters also stated that the borrower's loan holder is not required to confirm that the spouse has requested IBR, regardless of whether the spouse's loan are held by the borrower's loan holder.

The commenters further noted that any mention that both spouses must request IBR for a borrower to use his or her spouse's eligible loans for eligibility purposes should be removed from this proposal. The commenters explained, in order for both spouses to receive the benefit of the prorated PHF payment, each borrower must request IBR on his or her own loans. If the spouse's loans are held by another loan holder, the borrower's loan holder will need to obtain the spouse's approval to view NSLDS for the spouse's loan information. The commenters also suggested to add language to 10.8.D to reference the $5 and $10 tolerances.

Response:
The Committee agrees.

Change:
Subsection 10.8.D has been revised as follows:

> For a married borrower filing taxes separately, AGI includes only the borrower's income. For a married borrower filing taxes jointly, AGI includes both the borrower's and spouse's income. ~~If a~~ A married ~~couple~~ borrower who files a joint tax return ~~both have~~ may include with his or her eligible loans any eligible loans owed by the borrower's spouse for determining PFH eligibility. ~~and both request IBR~~ ~~the~~ In this case, the lender must:
>
> Step 1: Determine each ~~borrower's~~ spouse's percentage of the couple's total eligible loan debt.
>
> Step 2: Adjust ~~each~~ the borrower's monthly payment amount by multiplying the calculated total payment amount by the percentage calculated in Step 1.
>
> - If a borrower's loans are held by multiple lenders, ~~each~~ the lender must adjust the monthly payment amount by multiplying the payment calculated in Step 2 by the percentage of the total outstanding principal balance of eligible loans held by the lender.
>
> Step 3: Apply the PFH payment amount rules explained under the Payment Amount Calculation subheading below.

COMMENT:
Several commenters suggested the last paragraph of the Common Bulletin be revised to clarify that for married borrowers who file joint tax returns and both have eligible loans, the lender first needs to determine the borrower's payment amount by multiplying the total calculated payment amount by the borrower's percentage of the couple's total loan debt before doing an adjustment for multiple holders and before applying the $5 or $10 tolerances.

> Finally, the Manual has been revised to include the new requirement that when calculating PFH for a borrower who files a joint tax return and the borrower's spouse also has eligible loans ~~and requests IBR~~, the lender must determine each borrower's payment amount by multiplying the total calculated payment amount by the borrower's percentage of the couple's total loan debt, before performing any proration for the borrower loans held by multiple loan holders and applying the $5 and $10 tolerances.

Response:
The Committee agrees.

Change:
The Common Bulletin language has been revised to incorporate the commenter's suggestion, with a slight wording change for referencing the $5 and $10 tolerances to align with the wording added to 10.8.D (as noted in the comment above).

COMMENT:
Several commenters suggested a change to the Borrower's Implication statement to clarify that the regulatory change will benefit those borrowers whose repayment obligation has increased since they first entered repayment on their loan by inserting the words "current" and "repayment" as noted below. The commenters suggested another change to clarify that a borrower who files jointly is no longer penalized since they can use the eligible loans of their spouse to qualify for IBR based on their joint AGI. The commenters also noted that there may be a situation where the borrowers are required to repay more than 15% of the couple's total income in the case where the $5 or $10 tolerance applies, so that reference should be removed.

Response:
The Committee agrees.

Change:

The Borrower Implication statement has been revised as follows:

> A borrower's eligibility for IBR will be based on the higher loan balance – either the balance at the time of entering repayment or the balance at the time of requesting IBR. This ~~will provide~~ allows for a more accurate reflection of the borrower's current loan repayment obligation. In addition, a married borrower who ~~couple's~~ files a joint tax return with his or her spouse may use the combined eligible loan balances for both spouses to qualify ~~payment amount~~ under the IBR plan ~~will not exceed 15% of the couple's total income~~.

COMMENT:
One commenter suggested that the policy proposal incorporate guidance in regards to IBR and spousal consolidation loans. The commenter stated that in order for a spousal consolidation loan to be eligible for an IBR repayment plan, both parties need to qualify separately and that currently the Manual does not specifically address this situation.

Response:
The Committee agrees with the commenter that the IBR policies need to be examined to incorporate information specific to spousal consolidation loans, but believes that this is outside the scope of this proposal. This proposal is specific to the regulatory changes made to IBR per the Final Rules. The Committee will, however, take the commenter's suggestion and add the topic to its to-do list for possible future development.

Change:
None.

nm/edited-rrl

COMMON MANUAL – FEDERAL POLICY PROPOSAL

Date: April 15, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Apr 15

SUBJECT: **Loan Disclosures during Repayment**

AFFECTED SECTIONS: **10.12 Lender Disclosures during Repayment**

POLICY INFORMATION: **1191/Batch 168**

EFFECTIVE DATE/TRIGGER EVENT: Loans with first payments due on or after July 1, 2010.

BASIS:
§682.205(c)(3), *Federal Register* dated October 29, 2009, p. 55993; Preamble to Notice of Proposed Rulemaking (NPRM) *Federal Register* dated July 23, 2009, pp. 36571-36572.

CURRENT POLICY:
Current policy requires a lender provide a borrower in repayment with a bill or statement that corresponds to each installment period for which a payment is due that includes, in simple and understandable terms, each of the following:

- The original principal amount of the borrower's loan.
- The borrower's current balance, as of the time of the bill or statement.
- The interest rate on the loan.
- The total amount the borrower has paid in interest on the loan.
- The aggregate amount the borrower has paid on the loan, including all the interest and fees paid, and the amount paid against the balance.
- A description of each fee charged for the most recent preceding installment period.
- The payment amount, the due date for the payment to avoid additional fees, and the amount of any such fees.
- The lender's or loan servicer's address and toll-free phone number for payment and billing error purposes.
- A reminder of the borrower's option to change repayment plans, a listing of the repayment plans available to the borrower, a link to the Department's Website for more information on the repayment plans, and directions to the borrower on how to request a change in repayment plan.

REVISED POLICY:
Revised policy incorporates Final Rule clarifications to several of these disclosures, including that:

- The total amount of interest paid on the loan provided to a borrower must be since the last bill or statement.
- The aggregate amounts provided to a borrower identifying the interest and fees paid on the loan and the amount paid against the balance must all be disclosed separately. The aggregate balance provided to the borrower must be the principal balance.
- A lender’s or loan servicer’s address and toll-free phone number must also be provided to a borrower for repayment options.

Revised policy also incorporates guidance contained in the preamble to the NPRM that states that these disclosures may be provided to a borrower based on the lender’s or loan servicer’s current system

methodology and, therefore, may be disclosed at the loan, account, or borrower level.

REASON FOR CHANGE:
This change is made to comply with final rule changes published in the *Federal Register* dated October 29, 2009, and the preamble to the NPRM published in the *Federal* Register dated July 23, 2009.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Section 10.12, page 24, column 2, paragraph 4, as follows:

10.12
Lender Disclosures during Repayment

A lender must provide a borrower in repayment a bill or statement that corresponds to each installment period for which a payment is due and that includes, in simple and understandable terms, each of the following:

- . . .
- . . .
- . . .
- The total amount <u>of interest that</u> the borrower has paid ~~in interest~~ on the loan <u>since the last bill or statement</u>.
- The aggregate amount the borrower has paid on the loan, ~~including all~~ <u>as well as separate aggregate amounts identifying</u> the interest <u>paid,</u> ~~and~~ <u>the</u> fees paid, and the amount paid against the <u>principal</u> balance.
- . . .
- . . .
- The lender's or loan servicer's address and toll-free phone number for <u>repayment options,</u> payment<u>,</u> and billing error purposes.
- . . .

<u>These disclosures may be provided to a borrower based on the lender's or loan servicer's current system methodology and, therefore, may be disclosed at the loan, account, or borrower level.</u>

[HEA §433(e)(1); <u>§682.205(c)(3); Preamble to the Notice of Proposed Rulemaking, *Federal Register* dated July 23, 2009, pp. 36571-36572;</u> DCL GEN-08-12/FP-08-10]

PROPOSED LANGUAGE - COMMON BULLETIN:
Lender Disclosures during Repayment
The *Common Manual* has been revised to incorporate final rule clarifications to several of the disclosures a lender must provide to a borrower in repayment, which state:

- The total amount of interest paid on the loan provided to a borrower must be since the last bill or statement.
- The aggregate amounts provided to a borrower identifying the interest and fees paid on the loan and the amount paid against the balance must all be disclosed separately. The aggregate balance provided to the borrower must be the principal balance.
- A lender's or loan servicer's address and toll-free phone number must also be provided to a borrower for repayment options.

The Manual has also been revised to incorporate guidance contained in the preamble to the NPRM that states that these disclosures may be provided to a borrower based on the lender's or loan servicer's current system methodology and, therefore, may be disclosed at the loan, account, or borrower level.

GUARANTOR COMMENTS:
None.

IMPLICATIONS:
Borrower:
A borrower is provided more detailed account information throughout the repayment process.

School:
None.

Lender/Servicer:
A lender may need to update the information it discloses to a borrower in repayment.

Guarantor:
A guarantor may need to update its program review parameters.

U.S. Department of Education:
The Department may need to update its program review parameters.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
October 29, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
April 8, 2010

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

Comments Received from:
AES/PHEAS, ASA, Great Lakes, HESC, IBR Workgroup, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, and USA Funds.

Responses to Comments

Most commenters supported this proposal as written. We appreciate the review of all the commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

COMMENT:
Four commenters suggested revising the second bullet of the Revised Policy and the Common Bulletin Language to be consistent with the language contained in the Proposed Language because it more accurately reflects the disclosure requirement.

One of these commenters also suggested revising the first bullet of the Revised Policy and Common Bulletin Language to also be consistent with the Proposed Language.

Response:
The Committee disagrees. These two disclosure requirements were already part of the *Common Manual* text, and this policy simply adds the clarifications that were provided in the Final Rules. The Revised Policy

and Common Bulletin Language are meant to highlight just these clarifications so the reader can clearly see what changed.

Change:
None.

COMMENT:
One commenter suggested adding the NPRM *Federal Register* to the cite references.

Response:
The Committee agrees.

Change:
The reference has been added.

COMMENT:
Three commenters suggested removing the sentence regarding a lender's or loan servicer's ability to provide these disclosures to a borrower based on its current system methodology and that the information may be disclosed at the loan, account, or borrower level. The commenters suggested replacing this sentence with the following:

> It is recognized that the disclosure obligations of this section may be limited by account organizational practices and system methodologies which for example may limit the capability to include information during periods of servicing by another lender, servicer or guarantor, or could result in providing information at a loan, account, or borrower level.

The commenters' rationale stated that although the proposed language captures the language contained in *Federal Register*, the preamble language was intended to capture a broader understanding of concerns raised by negotiators about the impact of the disclosures required by §682.205(c)(3) on current loan servicing systems, including lender, servicer and guarantor systems. The understanding is that the Department expects that these disclosures will be provided in accordance with current account organizational practices and does not intend to require lenders and servicers to alter their systems unnecessarily. In addition to clarifying that information may be provided at the "loan, account, or borrower level," this *Federal Register* language also intends to address that a lender or servicer is obligated to provide information about a loan for the period of ownership or servicing only. For example, if a defaulted loan is assigned by a lender to a guarantor and subsequently rehabilitated and transferred to a new lender or servicer, the new lender or servicer is expected to resume providing information starting from the point of conversion and is not expected to provide transactional information (e.g., fees, interest, principal) that occurred during servicing by the prior lender and guarantor, because current account organizational practices do not provide for this capability and lenders, servicers, and guarantors are not expected to alter existing practices and systems.

Response:
The Committee thanks the commenters for providing this information and understands their concern. However, the text contained in this policy is supported by preamble language. And the Policy Committee is not aware of additional written guidance published by the Department, and finds no basis for adding the language proposed by the commenters. The Committee recommends that if the commenters have any such guidance, they forward it to the Policy Committee for policy consideration at a later date.

Change:
None.

sf/edited-tmh

COMMON MANUAL – FEDERAL POLICY PROPOSAL

Date: April 15, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Apr 15

SUBJECT: **Disclosure When Granting a Deferment on Unsubsidized Stafford and PLUS Loans**

AFFECTED SECTIONS: **11.1.J Disclosure When Granting a Deferment on an Unsubsidized Stafford Loan**

POLICY INFORMATION: **1192/Batch 168**

EFFECTIVE DATE/TRIGGER EVENT: Deferments granted on or after July 1, 2010.

BASIS:
§682.210(a)(3)(ii), Final Rules published in the *Federal Register* dated October 29, 2009, pp. 55977 and 55994.

CURRENT POLICY:
Current policy states that a lender must provide information to the borrower to assist the borrower in understanding the impact of the capitalized interest on an unsubsidized Stafford loan.

REVISED POLICY:
Revised policy clarifies that a lender must provide general information, along with an example, to an unsubsidized Stafford or PLUS borrower to assist the borrower in understanding the impact of capitalized interest. Revised policy also states that when granting a deferment, the lender must notify the borrower of the option to pay the accruing interest or cancel the deferment and continue to make monthly payments on the loan.

REASON FOR CHANGE:
This change is made to comply with the clarifications provided by the Department in the preamble to the Final Rules published in the *Federal Register* dated October 29, 2009.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Subsection 11.1.J, page 6, column 1, paragraph 1, as follows:

> **Disclosure When Granting a Deferment on ~~an~~ Unsubsidized Stafford or PLUS Loan**
>
> Before or at the time ~~When~~ a lender grants~~ing~~ ~~an in-school, graduate fellowship, unemployment, military, or economic hardship~~ deferment on an unsubsidized Stafford or PLUS loan, a lender must provide general information, including an example, to the borrower to assist the borrower in understanding the impact of the capitalization of interest on the ~~borrower's~~ loan principal and the total amount of interest to be paid over the life of the loan.
>
> The lender must also notify the borrower of the option to pay the accruing interest or cancel the deferment and continue to make payments on the loan.
> [§682.210(a)(3)(ii)]

PROPOSED LANGUAGE - COMMON BULLETIN:
Disclosure When Granting a Deferment on Unsubsidized Stafford and PLUS Loans
The *Common Manual* has been revised to clarify the deferment disclosure requirement. Before or at the time a lender grants a deferment on an unsubsidized Stafford or PLUS loan, a lender must provide general information, including an example, to the borrower to assist the borrower in understanding the impact of the capitalization of interest on the loan principal and the total amount of interest to be paid over the life of the loan. In addition, the lender must notify an unsubsidized Stafford or PLUS borrower of the option to pay the accruing interest or cancel the deferment and continue to make monthly payments on the loan.

These disclosure requirements have been incorporated into all federally-approved deferment forms with a

May 2012 expiration date, and are currently being incorporated into the Military Deferment form.

GUARANTOR COMMENTS:

IMPLICATIONS:
Borrower:
A borrower will need to notify the lender of his or her choice to make interest payments during a deferment.

School:
None.

Lender/Servicer:
The lender may need to review its procedures to determine if the borrower has indicated whether he or she chooses to pay the accruing interest or allows it to be capitalized during a deferment.

Guarantor:
The guarantor may need to revise its review procedures to ensure the borrower's choice of whether to pay the accruing interest or allow it to be capitalized during a deferment is captured properly.

U.S. Department of Education:
The Department may need to revise its review procedures to ensure the borrower's choice of whether to pay the accruing interest or allow it to be capitalized during a deferment is captured properly.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
October 26, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
April 8, 2010

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

Comments Received From:
AES/PHEAA, ASA, Great Lakes, HESC, IBR Workgroup, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, and USA Funds.

Responses to Comments
Most of the commenters supported this proposal as written. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

COMMENT:
Three commenters noted that the requirement to provide information to an unsubsidized Stafford or PLUS borrower regarding interest that accrues during a deferment is contained in the general section of the regulations [§682.210(a)] and, as such, applies to all deferment types, not specific deferments, as listed in the *Common Manual*. The commenters suggested removing reference to the specific deferment types in Subsection 11.1.J.

Response:
The Committee agrees.

Change:
Subsection 11.1.J has been revised as suggested to remove the specific types of deferments, leaving the

requirement as applicable to all types of deferments.

nm/edited-rrl

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: April 15, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Apr 15

SUBJECT: **Economic Hardship Deferment Eligibility**

AFFECTED SECTIONS: **11.4.A Eligibility Criteria—Economic Hardship**
Appendix G

POLICY INFORMATION: **1158/Batch 168 (originally distributed in Batch 163)**

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

BASIS:
§682.210(s)(6); preamble to the *Federal Register* published October 23, 2008, page 63235.

CURRENT POLICY:
Current policy states that a borrower who is unemployed, incarcerated, disabled, or on a temporary unpaid leave of absence may qualify for an economic hardship deferment if he or she provides the lender with documentation of his or her income.

In addition, the current glossary entry for "economic hardship" includes reference to the debt-to-income ratio eligibility criterion.

REVISED POLICY:
Revised policy 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.

The policy is also revised to reflect the correct poverty guideline for a borrower residing in a foreign country, and amends the definition of "economic hardship" contained in the glossary to remove reference to the debt-to-income ratio eligibility criterion and to refer the reader to Subsection 11.4.A for a complete list of eligibility criteria for the deferment.

REASON FOR CHANGE:
The policy is being revised to align with the federal regulations in §682.210(s)(6), which were amended through the Final Rules published in the *Federal Register* on October 23, 2008.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Subsection 11.4.A, page 9, column 1, paragraph 5, as follows:

11.4.A
Eligibility Criteria—Economic Hardship

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

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

1. The borrower had been granted an economic hardship deferment under either the FDLP or Federal Perkins Loan Program for the period of time for which the borrower has requested an economic hardship deferment for his or her FFELP loan.

2. The borrower is receiving payment or benefit under a federal or state public assistance program, such as Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance.

[*Federal Register* dated June 29, 1994]

3. The borrower is working full time and has a monthly income that does not exceed the greater of *(a)* the minimum wage rate described in section 6 of the Fair Labor Standards Act of 1938 or *(b)* an amount equal to 150% of the poverty guideline applicable to the borrower's family size, as published annually by the Department of Health and Human Services pursuant to 42 U.S.C. §9902.2 *(see Note ~~1~~ below)*.

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

   -- Live with the borrower.

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

   Support includes money, gifts, loans, housing, food, clothes, car, medical and dental care, and payment of college costs.
   [§682.210(s)(6)(ix)]

4. The borrower is or will be serving as a Peace Corps volunteer.

A borrower who is or will be serving as a Peace Corps volunteer may be eligible for either a Peace Corps deferment or an economic hardship deferment. A Peace Corps deferment is available to a borrower who had an outstanding balance on a FFELP loan that was made before July 1, 1993, or who had an outstanding balance on a loan made before July 1, 1993, when he or she obtained a loan disbursed on or after July 1, 1993. An economic hardship deferment is available to a "new borrower" who had no outstanding balance on a FFELP loan as of the date he or she obtained a loan on or after July 1, 1993. Lenders are encouraged to offer forbearance to any borrower who has exceeded the deferment limit in completing his or her Peace Corps service.
[DCL GEN-98-16]

Note ~~1~~: A borrower is considered to be working full time if he or she is expected to be employed for at least three consecutive months at 30 or more hours per week. For a period of deferment granted under item 3 above, the lender must require the borrower to submit evidence showing the amount of the borrower's monthly income. <u>If the borrower does not have an income when applying for an economic hardship deferment under item 3, despite working full time as required, the borrower must provide a self-certifying statement, either on the deferment form or in a separate statement, indicating that he or she has no income.</u> A borrower's monthly income is the gross amount the borrower received from employment, if applicable, and from other taxable sources, or one-twelfth of the borrower's adjusted gross income (AGI), as recorded on the borrower's most recently filed federal income tax return. Non-taxable income such as child support, life insurance proceeds, and gifts and bequests that are not included in the computation of the AGI should not be treated as income for purposes of determining eligibility for an economic hardship deferment. ~~A borrower who is unemployed, incarcerated, disabled, or on a temporary unpaid leave of absence from work may qualify for an economic hardship deferment if he or she provides the lender with documentation of his or her income. Any borrower who does not have income when applying for an economic hardship deferment must provide a self-certifying statement, either on the deferment form or in a separate statement, indicating that he or she has no income.~~ If the borrower resides in a foreign country and submits proof of income in foreign currency, the amounts must be converted to U.S. dollars before the lender determines deferment eligibility. Deferment eligibility for <u>a</u> borrower~~s with foreign income~~ <u>not residing in a state identified in the poverty guidelines</u> ~~will be~~ <u>is based on the</u> poverty guideline~~s~~ for the ~~last state in which the borrower resided~~ <u>48 contiguous states</u>.
[§682.210(s)(6)]

Revise Appendix G, page 7, column 2, paragraph 1, as follows:

Economic Hardship: A period during which the borrower is ~~working full time but is earning an amount that does not exceed the greater of the minimum wage or 150% of the poverty line for the borrower's family size. Economic hardship also exists if a borrower's monthly payments on federal education loans are equal to or greater than 20% of the borrower's monthly income, as defined~~ experiencing financial difficulty in making his or her student loan payments due to a qualifying condition that is recognized in ~~FFELP~~ federal regulations. See Subsection 11.4.A for a list of the eligibility criteria for the economic hardship deferment.

PROPOSED LANGUAGE - COMMON BULLETIN:

Economic Hardship Deferment Eligibility

The *Common Manual* has been updated to remove the ability of a borrower to qualify for an economic hardship deferment based solely on being unemployed, incarcerated, disabled, or on a temporary leave of absence from work, if the condition begins on or after July 1, 2009.

In addition, the Manual is revised to reflect that for a borrower not residing in a state that is identified in the poverty guidelines (i.e., a borrower living abroad), deferment eligibility is based on the poverty guideline for the 48 contiguous states.

Finally, the definition of "economic hardship" contained in Appendix G has been revised to remove the debt-to-income ratio eligibility criterion and to refer the reader to Subsection 11.4.A for a complete list of the eligibility criteria for the deferment.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower who is unemployed, incarcerated, disabled, or on a temporary unpaid leave of absence is no longer eligible for an economic hardship deferment based solely on that condition, if the condition begins on or after July 1, 2009.

School:

A school may need to revise counseling materials provided to borrowers that outline the eligibility criteria for the economic hardship deferment.

Lender/Servicer:

A lender may need to revise procedures to ensure that economic hardship deferments based on a condition that begins on or after July 1, 2009, are based on the eligibility criteria outlined above and not based solely on the borrower being unemployed, incarcerated, disabled, or on temporary unpaid leave of absence from work. A lender may wish to provide borrowers in these situations with information about the income-based repayment plan or other program benefits designed to help manage student loan debt.

Guarantor:

A guarantor may need to revise program review procedures to ensure that borrowers granted an economic hardship deferment based on a condition that begins on or after July 1, 2009, receive the deferment based on the eligibility criteria outlined above and not based solely on the borrower being unemployed, incarcerated, disabled, or on a temporary unpaid leave of absence from work.

U.S. Department of Education:

The Department may need to revise program review procedures to ensure borrowers granted an economic hardship deferment based on a condition that begins on or after July 1, 2009, receive the deferment on the eligibility criteria outlined above and not based solely on the borrower being unemployed, incarcerated, disabled, or on a temporary leave of absence from work.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

August 28, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
April 8, 2010

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

Comments Received From (Original distribution in Batch 163):
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. 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 asked that the Basis be expanded to include "October 23, 2008 *Federal Register*, page 63235" since the preamble language on this page explains the Department's position on allowing a non-working person to continue to receive an economic hardship deferment if their condition began prior to July 1, 2009.

Response:
The Committee agrees.

Change:
The Basis has been revised to include reference to the *Federal Register* page as requested by the commenter.

COMMENT:
Two commenters suggested changes to the Revised Policy statement and Common Bulletin language to clarify that a borrower who is disabled, unemployed, incarcerated, or on a temporary leave of absence from work could continue to qualify for an economic hardship deferment under one of the remaining conditions.

Response:
The Committee agrees.

Change:
The Revised Policy statement and Common Bulletin language have been revised as follows:

Revised Policy:

> Revised policy removes the ability of a borrower ~~who is~~ to qualify for an economic hardship deferment based solely on being unemployed, incarcerated, disabled, or on a temporary unpaid leave of absence from work ~~to qualify for an economic hardship deferment~~ if the condition begins on or after July 1, 2009.

Common Bulletin:

> The *Common Manual* has been updated to remove the ability of a borrower ~~who is~~ to qualify for an economic hardship deferment based solely on being unemployed, incarcerated, disabled, or on a temporary unpaid leave of absence from work ~~to qualify for an economic hardship deferment~~ if the condition begins on or after July 1, 2009.

COMMENT:
Three commenters noted that the language in Subsection 11.4.A related to the poverty guideline used for borrowers residing in a foreign country needs to be updated to reflect the regulatory changes in §682.210(s)(6)(iii)(B) that were included in the October 23, 2008, Final Rule.

Response:
The Committee agrees.

Change:
The language in the last sentence of the *Note* in Subsection 11.4.A has been revised as follows:

> *Note*: . . . Deferment eligibility for borrowers ~~with foreign income~~ not residing in a state identified in the poverty guidelines ~~will be~~ is based on the poverty guideline~~s~~ for the ~~last state in which the borrower resided~~ 48 contiguous states.

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

COMMENT:
After this policy was submitted to the Governing Board for approval at its December meeting, the Committee received a comment that required additional research and consideration. The commenter was concerned that the proposal was not taking into account situations where a borrower may meet the requirement of being employed full time, yet has no income as a result of economic conditions. Examples are: 1) borrowers who are employed full time and paid solely on commission and are experiencing financial difficulties such that they have no income; or 2) small business owners who are only able to pay staff and not take any compensation themselves. The commenter stated that as written, the policy may not allow a lender to grant such borrowers an economic hardship deferment.

Response:
The Committee agreed to re-evaluate the policy in light on the commenter's concerns and the policy is being re-distributed to the community for comment in Batch 168.

Comments Received From (Revised Version Distributed in Batch 168):
AES/PHEAA, ASA, Great Lakes, HESC, IBR Workgroup, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, and USA Funds.

Responses to Comments
Most of the commenters supported this redistributed proposal as written. 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 suggested adding the word "shows" to the second paragraph where the proposal advises what is needed from the borrower to determine his/her eligibility.

Response:
The Committee agrees.

Change:
The word "shows" has been added to the second paragraph of the Proposed Language.

nm/edited-rrl

COMMON MANUAL – FEDERAL POLICY PROPOSAL

Date: April 15, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Apr 15

SUBJECT: **Loan Disclosures during Delinquency**

AFFECTED SECTIONS: **12.1.A Lender Disclosure Requirements**

POLICY INFORMATION: **1193/Batch 168**

EFFECTIVE DATE/TRIGGER EVENT: Loans that become delinquent on or after July 1, 2010.

BASIS:
Federal Register dated October 29, 2009, p. 55993.

CURRENT POLICY:
Current policy states that when a borrower is 60 days delinquent, the lender must provide a notice to the borrower that includes all the following information:

- The date on which the loan will default if no payment is made.
- The minimum payment the borrower must make to avoid default.
- A description of borrower options to avoid default, including a description of, and the requirements for obtaining, a deferment or a forbearance and an explanation of any relevant fees or costs associated with such options.
- Loan discharge options for which the borrower may be eligible.
- Additional resources of which the lender is aware, including nonprofit organizations, advocates, and counselors (including the Department's Student Loan Ombudsman) from which the borrower may receive advice and assistance on loan repayment.

REVISED POLICY:
Revised policy incorporates Final Rule clarifications to two of these disclosure requirements, which state that:

- The minimum payment to avoid default disclosed to a borrower must be as of the date of the lender's notice, and must include the payment amount needed either to bring the loan current or to pay the loan in full.
- A lender must provide resources of which it is aware from which the borrower may receive *additional* advice and assistance on loan repayment.

Revised policy also incorporates guidance that states that a lender must send this disclosure notice to a borrower within five days of the date the borrower becomes 60 days delinquent, unless the lender has sent a similar notice to that borrower within the preceding 120 days.

REASON FOR CHANGE:
This change is made to comply with the changes provided in the Final Rules, *Federal Register* dated October 29, 2009.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Subsection 12.1.A, page 1, column 2, paragraph 3, as follows:

12.1.A
Lender Disclosure Requirements

When a borrower is 60 days delinquent, the lender must provide a notice with all of the following information in simple and understandable terms:

- . . .
- As of the date of the notice, ~~T~~the minimum payment the borrower must make to avoid default, including the payment amount needed either to bring the loan current or to pay the loan in full.
- . . .
- . . .
- Additional resources of which the lender is aware from which the borrower may receive additional advice and assistance on loan repayment, including nonprofit organizations, advocates, and counselors (including the Student Loan Ombudsman of the U.S. Department of Education) ~~where the borrower may receive advice and assistance on loan repayment~~.

The lender must provide this disclosure notice within five days of the date the borrower becomes 60 days delinquent, unless the lender has sent a similar notice to that borrower within the preceding 120 days.
[HEA §433(e)(1); §682.205(c)(5)]

PROPOSED LANGUAGE - COMMON BULLETIN:
Lender Disclosures during Delinquency
The *Common Manual* has been revised to incorporate Final Rule clarifications to two of the disclosures a lender must provide to a borrower who is 60 days delinquent. These clarifications state that:

- The minimum payment to avoid default disclosed to a borrower must be as of the date of the lender's notice, and must include the payment amount needed to either bring the loan current or to pay the loan in full.
- A lender must provide resources of which it is aware where the borrower may receive *additional* advice and assistance on loan repayment.

Revised policy also incorporates guidance that states a lender must send this disclosure notice to a borrower within five days of the date the borrower becomes 60 days delinquent, unless the lender has sent a similar notice to that borrower within the preceding 120 days.

GUARANTOR COMMENTS:
None.

IMPLICATIONS:
Borrower:
A borrower receives detailed information on his or her delinquent loan in a more timely manner, and may understand better what is required to bring the loan current.

School:
None.

Lender/Servicer:
A lender may need to update the information it discloses to a delinquent borrower.

Guarantor:
A guarantor may need to update its program review parameters.

U.S. Department of Education:
The Department may need to update its program review parameters.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
October 29, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
April 8, 2010

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

Comments Received From:
AES/PHEAA, ASA, Great Lakes, HESC, IBR Workgroup, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, and USA Funds.

Responses to Comments

All commenters supported this proposal as written. We appreciate the review of all the commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

sf/edited-tmh

COMMON MANUAL – FEDERAL POLICY PROPOSAL

Date: April 15, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Apr 15

SUBJECT: **Loan Disclosures – Consolidation Loans**

AFFECTED SECTIONS: **15.3.A Providing Consolidation Loan Information**
15.4 Disbursement

POLICY INFORMATION: **1194/Batch 168**

EFFECTIVE DATE/TRIGGER EVENT: Loan applications distributed on or after July 1, 2010.

BASIS:
§682.205(i); §682.206(f); *Federal Register* dated October 29, 2009, p. 55993.

CURRENT POLICY:
Current policy requires that a lender disclose all of the following information to a prospective Consolidation loan borrower, in simple and understandable terms, at the time the lender provides an application:

- Whether consolidation would result in loss of benefits (e.g., loan forgiveness, cancellation, and deferment) under the FFELP or the Federal Direct Loan Program.
- Whether consolidation would result in the loss of benefits (e.g., interest-free periods, deferment, and cancellation) under the Federal Perkins Loan Program.
- Available repayment plans.
- Options to prepay (e.g., request a shorter repayment period, change repayment plans).
- That benefit programs may vary among lenders.
- The consequences of default.
- That applying for the Consolidation loan does not obligate the borrower to take the Consolidation loan.

REVISED POLICY:
Revised policy incorporates a Final Rule clarification that states that in disclosing the potential loss of loan benefits to a prospective Consolidation loan borrower, these benefits include, *but are not limited to*, loan forgiveness, cancellation, deferment, and a reduced interest rate.

Revised policy also incorporates an additional disclosure requirement in which a lender must disclose to a borrower the process and deadline for canceling a Consolidation loan. After receiving all information necessary to make a Consolidation loan and prior to making any payments to the holder(s) of the underlying loans, the lender must notify the borrower of his or her option to cancel the Consolidation loan. The lender must provide the borrower a deadline of at least 10 days from the date of the notice to cancel the loan and may not disburse the loan until that deadline has passed without an indication from the borrower of the intent to cancel.

REASON FOR CHANGE:
This change is made to comply with final rule changes published in the *Federal Register* dated October 29, 2009.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Subsection 15.3.A, page 6, column 1, paragraph 3, as follows:

15.3.A

Providing Consolidation Loan Information

The lender must disclose all of the following information to a prospective Consolidation loan borrower in simple and understandable terms, at the time the lender provides a Consolidation application~~, all of the following information~~:

- For a borrower who is considering consolidating a FFELP or ~~Federal~~ Direct loan(s), whether consolidation would result in a loss of loan benefits, including, but not limited to, loan forgiveness, cancellation, ~~and~~ deferment, or a reduced interest rate, through the FFELP or Federal Direct Loan Program (FDLP).
- . . .
- . . .
- . . .
- . . .
- . . .
- That by applying for a Consolidation loan, the borrower is not obligated to take the Consolidation loan.
- The process and deadline for canceling the Consolidation loan (see Section 15.4).

[HEA §428C(b)(1)(F); §682.205(i)]

Revise Section 15.4, page 10, column 2, paragraph 3, as follows:

15.4
Disbursement

~~The lender may disburse a Consolidation loan u~~Upon receiving the borrower's signed application and promissory note and completed loan verification certificates (LVCs) from the holder(s) of all the loans to be consolidated~~.~~ and prior to making any payments to the holders of the underlying loans, the lender must notify a borrower of his or her option to cancel a Consolidation loan. The lender must also provide the borrower a deadline of at least 10 days from the date of the notice to notify the lender that he or she wishes to cancel the loan. If the lender does not receive the cancellation request from the borrower on or before the deadline, and the lender has received the necessary signed notes and LVCs, the lender may disburse the Consolidation loan. In disbursing the loan, the consolidating lender must pay to each holder of a loan that is being consolidated the outstanding principal balance plus any accrued unpaid interest, late charges (as certified on the LVC), and collection costs, as applicable.
[§682.206(f)]

PROPOSED LANGUAGE - COMMON BULLETIN:
Lender Disclosures – Consolidation Loans
The *Common Manual* has been revised to incorporate a Final Rule clarification that states that in disclosing the potential loss of loan benefits to a prospective Consolidation loan borrower, these benefits include, *but are not limited to*, loan forgiveness, cancellation, deferment, and a reduced interest rate.

Revised policy also incorporates an additional disclosure requirement in which a lender must disclose to a borrower the process and deadline for canceling a Consolidation loan. After receiving all information necessary to make a Consolidation loan and prior to making any payments to the holder(s) of the underlying loans, the lender must notify the borrower of his or her option to cancel the Consolidation loan. The lender must provide the borrower a deadline of at least 10 days from the date of the notice to cancel the loan and may not disburse the loan until that deadline has passed without an indication from the borrower of the intent to cancel.

GUARANTOR COMMENTS:
None.

IMPLICATIONS:
Borrower:
A borrower will receive additional information about the impact that loan consolidation may have on an existing loan(s) and repayment and may understand better that applying for a loan does not mean that he or she is required to actually obtain the loan.

School:
None.

Lender/Servicer:
A lender will need to update the information it discloses to a prospective Consolidation loan borrower and to establish additional procedures to monitor each Consolidation loan application for the requisite 'waiting period' in case the borrower chooses to cancel the loan application. The lender also must establish procedures to delay the disbursement of a Consolidation loan until the end of the cancellation deadline.

Guarantor:
A guarantor may need to update its program review parameters.

U.S. Department of Education:
The Department may need to update its program review parameters.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
October 29, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
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Responses to Comments

Most commenters supported this proposal as written. We appreciate the review of all the commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

COMMENT:

One commenter recommended rewording the first sentence under Subsection 15.3.A to provide clarity, as follows:

> The lender must disclose all of the following information to a prospective Consolidation loan borrower in simple and understandable terms, at the time the lender provides a Consolidation application~~, all of the following information~~:

Response:

The Committee agrees.

Change:
The sentence has been revised as noted above.

sf/edited-tmh