

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1213	Determining Current-Year and Prior-Year Charges	<b><u>8.7.I</u></b> <b><u>Delivery Methods</u></b>  Provides the definition of and explains how to determine current-year and prior-year charges for the purpose of determining if a school may pay minor, prior-year charges with current-year Title IV funds.	Federal	Prior-year charges paid by a school with current-year funds on or after September 8, 2009.
1214	30-Day Payment Due Date Extension for PLUS Loans	<b><u>10.5.B</u></b> <b><u>PLUS and SLS Loan First Payment Due Date</u></b>  States that the 30-day payment due date extension, to comply with the repayment disclosure requirement, is applicable to PLUS loans.	Federal	Effective for disclosures provided on or after July 1, 2010.
1215	Definition of Institution-Affiliated Organization	<b><u>Appendix G</u></b>  Clarifies that an institution-affiliated organization does not include a lender with respect to any education loan the lender secures, makes, or otherwise extends to the school's students or their families.	Federal	July 1, 2010.
1216	Teacher Loan Forgiveness Program	<b><u>13.9.A</u></b> <b><u>Teacher Loan Forgiveness Program</u></b>  Clarifies that, in the case of a borrower with an outstanding balance on a FFELP or FDLP loan on October 1, 1998, the loan's outstanding balance must be considered paid in full or discharged as of the date the borrower obtains a new loan after October 1, 1998.	Correction	Teacher loan forgiveness applications received by a lender on or after July 1, 2001, from new borrowers on or after October 1, 1998.
1217	Remitting Consolidation Loan Rebate Fee Payments	<b><u>15.7</u></b> <b><u>Remitting Consolidation Loan Rebate Fee Payments</u></b>  Provides a current address for mailing Consolidation Loan rebate fees by check and a current process for remitting Consolidation Loan rebate fees through the Automated Clearinghouse (ACH).	Correction	Effective for Consolidation Loan rebate fee payments made by: <ul style="list-style-type: none"> <li>• ACH on and after September 9, 2007.</li> <li>• Check on and after October 1, 2007.</li> </ul>
1218	Lender Loan Disbursement	<b><u>7.7.A</u></b> <b><u>Lender Loan Disbursement</u></b>  Deletes redundant and incomplete references to rules that a school must use in establishing a disbursement schedule from Manual text that addresses lender loan disbursement.	Organizational	Upon approval by the <i>Common Manual</i> Governing Board.

# COMMON MANUAL – FEDERAL POLICY PROPOSAL

Date: July 23, 2010

X	DRAFT	Comments Due	Aug 13
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** Determining Current-Year and Prior-Year Charges

**AFFECTED SECTIONS:** 8.7.I Delivery Methods

**POLICY INFORMATION:** 1213/Batch 170

**EFFECTIVE DATE/TRIGGER EVENT:** Prior-year charges paid by a school with current-year funds on or after September 8, 2009.

**BASIS:**  
§668.164(d)(2) and (e); DCL GEN-09-11; 09-10 FSA Handbook, Volume 4, Chapter 4, pp. 4-11.

**CURRENT POLICY:**  
Current policy provides for payment of minor prior-year charges with current year Title IV funds. Current policy does not specify how a school determines current-year and prior-year charges for this purpose.

**REVISED POLICY:**  
Revised policy provides the definition of and explains how to determine current-year and prior-year charges for the purpose of determining whether a school may pay minor, prior-year charges with current-year Title IV funds. Revised policy also clarifies that a school that charges, at the beginning of the program, the total cost of a program that is greater than an academic year in length is required to apportion the amount of charges to each year, and this apportionment determines what are considered current-year and prior-year charges.

**REASON FOR CHANGE:**  
This change is being made to clarify the requirements related to paying minor, prior-year charges.

## PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 8.7.I, of the July 2010 *Common Manual*, page 15, column 2, paragraph 2, as follows:

### *Limitation on Payment of Minor, Prior-Year Charges with Current-Year Title IV Funds*

The sum of all minor, prior-year charges for tuition, fees, room, board, and with the student's or parent borrower's authorization, educationally related activities that are paid with Title IV funds from the current year must not exceed \$200.  
~~§668.164(d)(2)}~~

For the purpose of determining whether a school may pay minor, prior-year charges with Title IV funds from the current year, the costs of education and other services a school provides to a student are associated with the "year" for which they are provided. If a student's aid package includes a FFELP or Direct loan, the "year" is the loan period. "Current-year" charges are charges for tuition, fees, room and board, and other educationally related activities that the school assessed for the current loan period. "Prior-year" charges are charges for tuition, fees, room and board, and other educationally related activities that the school assessed for any loan period that immediately precedes the current loan period. If the student does not have a FFELP or Direct loan, the "year" is the award year, and costs for the current year are defined as charges for education and services provided during the current award year.

A school that charges, at the beginning of a program, the total costs of a program that is more than one academic year in length must apportion the program's total charges to each applicable "year" (i.e., each loan period or award year, as appropriate) to determine what, if any, minor, prior-year charges may be paid with current-year Title IV funds. Institutional charges allocated to each year or portion of a year would be based on the education and services the school provides to the student during the period of time associated with each year or portion of a year. This apportionment determines the amount of charges applicable to

the current and prior years. Charges for books, equipment, supplies, or other materials could be allocated on a pro rata basis, or alternatively, could be allocated to the period in which the school requires the student to purchase them. The school must also use the portion of the program's total charges that it allocates to each "year" for the purpose of determining whether the student has a credit balance of Title IV funds (see Subsection 8.8).

A school that charges all program costs at the beginning of a program that is greater than an academic year in length must include the program's total costs in the cost of attendance for the loan period in which those charges are assessed. The cost of attendance for any subsequent loan period must not include any program costs that are assessed at the beginning of the program. For more information, see Subsection 6.5.  
[§668.164(d)(2) and (e); DCL GEN-09-11; 09-10 FSA Handbook, Volume 4, Chapter 4, pp. 4-11]

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Determining Current-Year and Prior-Year Charges**

The July 2010 *Common Manual* is being revised to clarify that for the purpose of determining whether a school may pay minor, prior-year charges with Title IV funds from the current year, the costs of education and other services a school provides to a student are associated with the "year" for which they are provided. If a student's aid package includes a FFELP or Direct loan, the "year" is the loan period. "Current-year" charges are charges for tuition, fees, room and board, and other educationally related activities that the school assessed for the current loan period. "Prior-year" charges are charges for tuition, fees, room and board, and other educationally related activities that the school assessed for any loan period that immediately precedes the current loan period. If the student does not have a FFELP or Direct loan, the "year" is the award year, and costs for the current year are defined as charges for education and services provided during the current award year.

If a school charges, at the beginning of a program, the total costs of a program that is more than one academic year in length, the school must apportion the program's total charges to each applicable "year" in order to determine what, if any, minor prior-year charges may be paid with current-year Title IV funds. Institutional charges allocated to each year or portion of a year would be based on the education and services the school provides to the student during the period of time associated with each year or portion of a year. This apportionment determines the amount of charges applicable to the current and prior years. Charges for books, equipment, supplies, or other materials could be allocated on a pro rata basis, or alternatively, could be allocated to the period in which the school requires the student to purchase them. The school must also use the portion of the program's total charges that it allocates to each "year" for the purpose of determining whether the student has a credit balance of Title IV funds.

A school that charges all program costs at the beginning of a program that is greater than an academic year in length must include the program's total costs in the cost of attendance for the loan period in which those charges are assessed. The cost of attendance for any subsequent loan period must not include any program costs that are assessed at the beginning of the program.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

A borrower's ability to use current year funds to pay minor prior-year charges may be limited, depending on the period for which the school certifies the current and prior loan.

*School:*

A school's ability to use current-year funds to pay minor prior-year charges may be limited for a FFELP or Direct loan borrower, depending on the period for which a school certifies the current and prior loan. A school that charges all program costs up front for a program of greater than an academic year in length may be required to update its policies and procedures to ensure that it appropriately determines current-year and prior-year charges.

*Lender/Servicer:*

None.

*Guarantor:*

A guarantor may need to amend its program review procedures.

*U.S. Department of Education:*

The Department may need to amend its program review procedures.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

January 12, 2010

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

om/edited -aes

# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: July 23, 2010

X	DRAFT	Comments Due	Aug 13
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** 30-Day Payment Due Date Extension for PLUS Loans

**AFFECTED SECTIONS:** 10.5.B PLUS and SLS Loan First Payment Due Date

**POLICY INFORMATION:** 1214/Batch 170

**EFFECTIVE DATE/TRIGGER EVENT:** Effective for disclosures provided on or after July 1, 2010.

**BASIS:**  
§682.209(a)(2)(v).

**CURRENT POLICY:**  
Current policy states that the 30-day payment due date extension to comply with the repayment disclosure requirement is not applicable to PLUS loans.

**REVISED POLICY:**  
Revised policy states that the 30-day payment due date extension to comply with the repayment disclosure requirement is applicable to PLUS loans.

**REASON FOR CHANGE:**  
This proposal provides compliance with the regulatory change published in the *Federal Register*, dated October 29, 2009.

## PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 10.5.B of the 2010 *Common Manual*, page 7, column 1, paragraph 3, as follows:

In each case, the preceding time frames may be extended for up to 30 days on a PLUS and SLS loan if an extension is necessary for the lender to comply with the requirement that a repayment notification disclosure be sent to the borrower no less than 30 days before the first payment is due. ~~This extension is not applicable to PLUS loans.~~  
[HEA §433(b); §682.209(a)(2) and (3); DCL 96-G-287/96-L-186 Q&A #17-#19]

## PROPOSED LANGUAGE - COMMON BULLETIN:

### 30-Day Payment Due Date Extension for PLUS Loans

The July 2010 *Common Manual* has been revised to state that the first payment due date on a PLUS loan may be extended for an additional 30 days if an extension is necessary for the lender to comply with the repayment disclosure requirement.

**GUARANTOR COMMENTS:**  
None.

## IMPLICATIONS:

### Borrower:

The proposed change ensures that the borrower will receive the repayment disclosure at least 30 days before the first payment due date.

*School:*  
None.

### Lender/Servicer:

The proposed change assists the lender/servicer in complying with the requirement to provide the repayment disclosure at least 30 days before the first payment due date.

*Guarantor:*

The guarantor may need to revise program review requirements.

*U.S. Department of Education:*

The Department may need to revise program review requirements.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

AES

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

July 13, 2010

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

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# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: July 23, 2010

X	DRAFT	Comments Due	Aug 13
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** Definition of Institution-Affiliated Organization

**AFFECTED SECTIONS:** Appendix G

**POLICY INFORMATION:** 1215/Batch 170

**EFFECTIVE DATE/TRIGGER EVENT:** July 1, 2010.

**BASIS:**  
§601.2 Definition of *Institution-Affiliated Organization*.

## CURRENT POLICY:

Current policy states that an institution-affiliated organization is one that is directly or indirectly related to a school that is engaged in the practice of recommending, promoting, or endorsing education loans for students attending that school or their families, and provides a non-exclusive list of examples.

## REVISED POLICY:

Revised policy clarifies that an institution-affiliated organization does not include a lender with respect to any education loan the lender secures, makes, or otherwise extends to the school's students or their families.

## REASON FOR CHANGE:

This change is necessary to incorporate final rules published in the *Federal Register* dated October 28, 2009.

## PROPOSED LANGUAGE - COMMON MANUAL:

Revise Appendix G of the July 2010 *Common Manual*, page 13, column 2, paragraph 3, as follows:

**Institution-Affiliated Organization:** Any organization directly or indirectly related to a school that is engaged in the practice of recommending, promoting, or endorsing education loans for students attending that school or their families. Such an organization may include an alumni organization; athletic organization; foundation; or social, academic, or professional organization of a school. An institution-affiliated organization does not include a lender with respect to any education loan the lender secures, makes, or otherwise extends to the school's students or their families.

## PROPOSED LANGUAGE - COMMON BULLETIN:

### Definition of Institution-Affiliated Organization

Based on final rules published in the *Federal Register* dated October 28, 2009, the July 2010 *Common Manual* has been revised to clarify the glossary definition of institution-affiliated organization. An institution-affiliated organization does not include a lender with respect to any education loan the lender secures, makes, or otherwise extends to the school's students or their families.

## GUARANTOR COMMENTS:

None.

## IMPLICATIONS:

*Borrower:*

None.

*School:*

A school need not monitor a lender who secures, makes, or extends an education loan to the school's students or their families for compliance with code of conduct or preferred lender arrangement requirements that would be imposed on an institution-affiliated organization that recommends or promotes the lender's education loan.

*Lender/Service:*

A lender that secures, makes, or otherwise extends to a school's students or their families is not subject to the same requirements as an institution-affiliated organization that recommends or promotes the lender's education loan.

*Guarantor:*

A guarantor may need to clarify its program review procedures.

*U.S. Department of Education:*

The Department may need to clarify its program review procedures.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

March 16, 2010

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

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# COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: July 23, 2010

X	DRAFT	Comments Due	Aug 13
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

## SUBJECT:

Teacher Loan Forgiveness Eligibility

## AFFECTED SECTIONS:

13.9.A Teacher Loan Forgiveness Program

## POLICY INFORMATION:

1216/Batch 170

## EFFECTIVE DATE/TRIGGER EVENT:

Teacher loan forgiveness applications received by a lender on or after July 1, 2001, from new borrowers on or after October 1, 1998.

## BASIS:

§682.216(a).

## CURRENT POLICY:

Current policy states that to be eligible for teacher loan forgiveness, a borrower must have had no outstanding balance on a FFELP or FDLP loan on October 1, 1998, or had no outstanding balance on a FFELP or FDLP loan on the date he or she obtained a loan after October 1, 1998.

## REVISED POLICY:

Revised policy clarifies that, in the case of a borrower with an outstanding balance on a FFELP or FDLP loan on October 1, 1998, the loan's outstanding balance must be considered paid in full or discharged as of the date the borrower obtains a new loan after October 1, 1998, in order for the new loan to qualify for teacher loan forgiveness. Revised policy includes an example to illustrate this concept.

## REASON FOR CHANGE:

This change is necessary to provide clarity.

## PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Subsection 13.9.A of the July 2010 *Common Manual*, page 58, column 2, paragraph 4, as follows:

### Eligibility Criteria

To be eligible for loan forgiveness under this program, a borrower must meet all of the following criteria:

- The borrower must have had no outstanding balance on a FFELP or FDLP loan on October 1, 1998, or had no outstanding balance on a FFELP or FDLP loan on the date he or she obtained a loan after October 1, 1998. In the case of a borrower with an outstanding balance on a FFELP or FDLP loan on October 1, 1998, the loan's outstanding balance must be considered paid in full or discharged as of the date the borrower obtains a new loan after October 1, 1998, in order for the new loan to qualify for teacher loan forgiveness.

**Example:** A borrower received a Stafford loan on September 1, 1998, and a subsequent Stafford loan on August 26, 1999. The loan made on August 26, 1999, is not eligible for teacher loan forgiveness because the borrower had an outstanding balance on a pre-October 1, 1998, FFELP or FDLP loan as of the date the borrower obtained the newer loan. In this example, the borrower paid both loans in full on June 3, 2002. The borrower obtained a subsequent Stafford loan on January 6, 2004. The 2004 Stafford loan is eligible for teacher loan forgiveness, provided other eligibility criteria are met, because on the date that the borrower obtained this loan, the loan made on September 1, 1998, was paid in full.

- ...
- ...

- ...
- ...

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Teacher Loan Forgiveness Eligibility**

The July 2010 *Common Manual* has been updated to clarify that, in the case of a borrower with an outstanding balance on a FFELP or FDLP loan on October 1, 1998, the loan's outstanding balance must be considered paid in full or discharged as of the date the borrower obtains a new loan after October 1, 1998, in order for the new loan to qualify for teacher loan forgiveness. An example is included to illustrate this concept.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

None.

*School:*

None.

*Lender/Service:*

None.

*Guarantor:*

None.

*U.S. Department of Education:*

None.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

Iowa Student Loan

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

July 2, 2010

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

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# COMMON MANUAL - CORRECTIONAL POLICY PROPOSAL

Date: July 23, 2010

X	DRAFT	Comments Due	Aug 13
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** Remitting Consolidation Loan Rebate Fee Payments

**AFFECTED SECTIONS:** 15.7 Interest Payment Rebate Fee

**POLICY INFORMATION:** 1217/Batch 170

**EFFECTIVE DATE/TRIGGER EVENT:** Effective for Consolidation loan rebate fee payments made by:

- ACH on and after September 9, 2007.
- Check on and after October 1, 2007.

**BASIS:**

Dear Colleague Letter FP-07-11 dated November 20, 2007; Remitting Funds Through ACH Q & A'S; Financial Management System FFEL Lender Reporting System *Funds Remittance Guide*, Version 9.0, dated September 4, 2007.

**CURRENT POLICY:**

Current policy provides an out-of-date address for mailing Consolidation loan rebate fees by check and an out-of-date process for remitting Consolidation loan rebate fees through the Automated Clearinghouse (ACH).

**REVISED POLICY:**

Revised policy provides a current address for mailing Consolidation loan rebate fees by check and a current process for remitting Consolidation Loan rebate fees through the Automated Clearinghouse (ACH).

**REASON FOR CHANGE:**

This purpose for this proposal is to update the Manual with currently accurate information for lenders and servicers.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Section 15.7 of the 2010 *Common Manual*, page 16, column 2, paragraph 5, as follows:

*Submitting the Fee*

A lender or servicer may send its monthly Consolidation loan rebate fee payment to the Department electronically using the Automated Clearinghouse (ACH). These payments are remitted through Federal Student Aid's Financial Management System by using the Pay.gov functionality. The Consolidation Loan Rebate Fee Report and Remittance Form is included in the electronic process.

Alternatively, a holder may remit its monthly fee by a check payable to the U.S. Department of Education, with the notation for "Consolidation loan fee." Checks and the FFEL Consolidation Loan Rebate Fee Report and Remittance Forms are ~~should be~~ mailed to:

U.S. Department of Education  
P.O. Box 979066374584  
~~St. Louis, MO 63197-9000~~ Pittsburgh, PA 15251-7584

~~Alternatively, a holder may send its fee to the Department electronically, using the Automated Clearinghouse (ACH). Payments by ACH should be transmitted to:~~

~~Mellon Bank  
RTN# 0430-0026-1  
ACCT# 9116165~~

~~The holder should include with its payment a cover letter identifying the holder's name, the~~

~~holder's lender identification number (LID), the month to which the fees apply, and the amount of unpaid principal and interest on which the fee was calculated.~~

Payments must be received within 30 days of the end of the month for which the fee is calculated. For example, fees for the month of February must be submitted by March 30. [HEA §428C(f); DCL FP-07-11;DCL 93-G-248]

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Remitting Consolidation Loan Rebate Fee Payments**

The July 2010 *Common Manual* has also been updated with the online payment option for remitting the monthly Consolidation Loan Rebate Fee through Federal Student Aid's Financial Management System by using the Pay.gov functionality.

The Manual has also been updated with the following address for remitting the monthly Fee by check payments mailed to the:

U.S. Department of Education  
P.O. Box 979066  
St. Louis, MO 63197-9000

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

None.

*School:*

None.

*Lender/Service:*

None.

*Guarantor:*

None.

*U.S. Department of Education:*

None.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

AES

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

July 13, 2010

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee  
CM Guarantor Designees  
Interested Industry Groups and Others

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# COMMON MANUAL – ORGANIZATIONAL POLICY PROPOSAL

Date: July 23, 2010

X	DRAFT	Comments Due	Aug 13
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** Lender Loan Disbursement

**AFFECTED SECTIONS:** 7.7.A Earliest Date for Disbursement

**POLICY INFORMATION:** 1218/Batch 170

**EFFECTIVE DATE/TRIGGER EVENT:** Upon approval by the *Common Manual* Governing Board.

**BASIS:**  
§682.207.

## CURRENT POLICY:

Current policy states that a lender should be aware of rules that a school must use in establishing a disbursement schedule. Current policy provides an incomplete list of such rules, which are found in their entirety in Section 6.4.

## REVISED POLICY:

Revised policy deletes redundant and incomplete references to rules that a school must use in establishing a disbursement schedule from Manual text that addresses lender loan disbursement. Existing Manual text makes it clear that the school, not the lender, is the party responsible for establishing a disbursement schedule. Revised policy preserves cross-references for the lender to Figure 8-4 and Section 6.4 for more information about the rules that a school must use to establish that schedule.

## REASON FOR CHANGE:

This change is necessary to eliminate redundancy within the Manual.

## PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Subsection 7.7.A of the July 2010 *Common Manual*, page 12, column 2, as follows:

### 7.7.A Earliest Date for Disbursement

A lender or its disbursing agent must not disburse a Stafford or PLUS loan before obtaining a valid Master Promissory Note (MPN), a disbursement scheduled provided by the school, and except with the guarantor's prior approval, a guarantee disclosure from the guarantor.

The lender must disburse the loan according to the original schedule provided by the school, or any modifications the school wishes to make to that schedule. If a lender cannot comply with the scheduled dates (for example, the date for the first disbursement has elapsed when the lender receives the guarantee disclosure), the lender may disburse the proceeds on the earliest possible date after the disbursement date requested by the school. The lender may not, under any circumstances, disburse proceeds earlier than the school's scheduled dates. For more information on how a school schedules disbursement dates, see Section 6.4. For more information about the earliest dates that loan funds may be disbursed and delivered, see Figure 8-4.

### ~~Rules That Schools Use in Establishing a Disbursement Schedule~~

~~Although schools are responsible for establishing a disbursement schedule that provides for disbursements to be made on a payment period basis, lenders should be aware that federal regulations prohibit the making of a loan's first disbursement earlier than:~~

- ~~• 13 days before the first day of the first payment period for a loan disbursed by EFT or master check.~~

- ~~30 days before the first day of the first payment period for a loan disbursed by individual check.~~
- ~~The 28<sup>th</sup> day of the first payment period if the student is a first-year undergraduate, first-time borrower and the school is subject to the delayed delivery provisions for such students, and the loan is disbursed by EFT or master check.~~

~~See Figure 8-4 for information on the earliest dates that loan funds may be disbursed and delivered.~~

- ~~The first day of the first payment period if the student is subject to the delayed delivery provisions and the loan is disbursed by individual check.~~

~~If the loan period for a Stafford or PLUS loan consists of one payment period, and the school is required to schedule multiple disbursements (see Subsection 7.7.B), the school must schedule the second or subsequent disbursement so that the disbursement is delivered no earlier than the calendar midpoint between the first and last scheduled days of class in the loan period.~~

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

- ~~13 days before the first day of any subsequent payment period for a loan that is disbursed by EFT or master check.~~
- ~~30 days before the first day of any subsequent payment period for a loan disbursed by individual check.~~

~~{§668.167(a); §682.207(b)(1)(iii)}~~

#### **PROPOSED LANGUAGE - COMMON BULLETIN:**

##### **Lender Loan Disbursement**

The July 2010 *Common Manual* has been updated to remove redundant and incomplete information about rules that a school must use in establishing a disbursement schedule from text that addresses lender loan disbursement. Existing Manual text makes it clear that the school, not the lender, is the party responsible for establishing the disbursement schedule. Revised policy preserves existing cross-references for the lender to Section 6.4 for detailed information about the rules a school must use to schedule disbursements, and to Figure 8-4 for more information about the earliest dates that loan funds may be disbursed and delivered.

#### **GUARANTOR COMMENTS:**

None.

#### **IMPLICATIONS:**

*Borrower:*

None.

*School:*

None.

*Lender/Service:*

None.

*Guarantor:*

None.

*U.S. Department of Education:*

None.

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**To be completed by the Policy Committee**

#### **POLICY CHANGE PROPOSED BY:**

Batch 170/July 23, 2010

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Out for Comment 1218/L082 170

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

July 13, 2010

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Interested Industry Groups and Others

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