

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1216	Teacher Loan Forgiveness Eligibility <i>This policy proposal originally appeared in Batch 170. Due to substantive changes made as the result of comments received, the Policy Committee is distributing this proposal to the community for a second review.</i>	13.9.A Teacher Loan Forgiveness Program 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.	Guarantor	Teacher loan forgiveness applications or forbearance requests received by a lender on or after January 1, 2011, for new borrowers after October 1, 1998, unless implemented earlier by the guarantor or lender.
1223	Civil Legal Assistance Attorney Student Loan Repayment Program	2.3.C Common Forms 13.9.C Loan Repayment Program for Civil Legal Assistance Attorneys Adds information about this repayment program that was provided in the <i>Federal Register</i> dated July 7, 2010.	Federal	July 7, 2010.
1224	Exceptional Performer Claim Designation	13.1.A Claim Filing Requirements Appendix G Removes and revises language in Subsection 13.1.A that outlines the exceptional performer designation on the Claim Form and removes the Appendix G definition of exceptional performer.	Correction	Claims originally filed by a lender on or after October 1, 2007.
1225	Prorated Stafford Annual Loan Limits	Figure 6-4 Removes information regarding proration calculations for Stafford annual loan limits.	Organizational	Not applicable.

COMMON MANUAL – GUARANTOR POLICY PROPOSAL

Date: September 10, 2010

X	DRAFT	Comments Due	Oct 1
	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 172

EFFECTIVE DATE/TRIGGER EVENT: Teacher loan forgiveness applications or forbearance requests received by a lender on or after January 1, 2011, for new borrowers after October 1, 1998, unless implemented earlier by the guarantor or lender.

BASIS:
§682.216(a); Private guidance from Jon Utz of the Department dated May 14, 2010.

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:

Note: *This policy proposal was previously distributed in Batch 170.*

Revise Subsection 13.9.A of the *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. A borrower must pay in full or obtain a full loan discharge on a FFELP or FDLP loan(s) that has an outstanding balance as of October 1, 1998, in order to qualify for teacher loan forgiveness on a subsequent loan(s) that the borrower obtains after October 1, 1998. In addition, if a borrower obtains a FFELP or FDLP loan(s) after October 1, 1998, while an outstanding balance remains on a loan the borrower obtained on or before October 1, 1998, the borrower must pay in full or obtain a full loan discharge on all of the borrower's outstanding loans in order to qualify for teacher loan forgiveness on any subsequent loan.

For this purpose, paid in full does not include paid in full through consolidation.

Example: A borrower received a Stafford loan on September 1, 1998, and a subsequent Stafford loan on August 26, 1999. The 1998 loan is not eligible for teacher loan forgiveness because the borrower obtained the loan on or before October 1, 1998. The loan made on August 26, 1999, is not eligible for teacher loan forgiveness because the borrower had an outstanding balance on a FFELP or FDLP loan obtained on or before October 1, 1998, 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 all other eligibility criteria are met, because on the date that the borrower obtained the 2004 loan, the 1998 and 1998 loans were paid in full. If, however, the borrower paid in full the 1998 loan but did not pay in full the 1999 loan before the borrower obtained the subsequent loan on January 6, 2004, the 2004 loan would *not* be eligible for teacher loan forgiveness.

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

PROPOSED LANGUAGE - COMMON BULLETIN:

Teacher Loan Forgiveness Eligibility

The *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 borrower must pay the loan in full or obtain a full loan discharge in order to qualify for teacher loan forgiveness on a subsequent loan(s) that the borrower obtains after October 1, 1998. In addition, if a borrower obtains a FFELP or FDLP loan(s) after October 1, 1998, while an outstanding balance remains on a loan the borrower obtained on or before October 1, 1998, the borrower must pay in full or obtain a full loan discharge on *all* of the borrower's outstanding loans in order to qualify for teacher loan forgiveness on any subsequent loan(s). For this purpose, paid in full does not include paid in full through consolidation. An example is included to illustrate this concept.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Servicer:

None.

Guarantor:

None.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

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

Comments Received from:

AES/PHEAA, ASA, EdFund, FAME, Great Lakes, HESAA (NJ), HESC (NY), NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLISA, TG, USA Funds, and VSAC.

Responses to Comments

Many commenters supported this proposal as written. Other commenters recommended only 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 stated that the original, draft policy proposal was insufficiently clear as to whether both of the earlier loans, or only the pre-October 1, 1998, must be considered discharged or paid in full for the January 6, 2004 to be considered dischargeable. This commenter requested clarification about what happens if only the pre-October 1, 1998, loan is paid in full but the August 26, 1999, remains outstanding at the time the borrower obtains a new, subsequent loan.

Two other commenters requested that the proposed policy be modified to specifically state that if the borrower had not paid in full the 1999 loan at the time the 2004 loan was made, the 2004 loan would be ineligible for teacher loan forgiveness. The latter two commenters provided private guidance from the Department, dated May 14, 2010, to support this clarification, and provided suggested text to accomplish this clarification:

- . . . In the case of a borrower with an outstanding balance on a FFELP or FDLP loan on October 1, 1998, or on a FFELP or FDLP loan made after October 1, 1998, while a FFELP or FDLP loan made on or before October 1, 1998, was still outstanding, the loan's outstanding balance must be considered paid in full, other than through consolidation, or discharged ~~as of~~ prior to the date the borrower obtains a new loan after October 1, 1998, in order for the new loan to qualify for teacher loan forgiveness.

Three commenters requested a clarification of the proposed policy to state that "paid in full" does not include payment by consolidation. In other words, a borrower is not eligible for teacher loan forgiveness on the portion of a consolidation loan made after October 1, 1998, that repays a loan(s) first disbursed on or before October 1, 1998. Two of these commenters referred the Committee to the Department's private guidance, which also includes this clarification. All three commenters suggested different ways to accomplish this clarification in the proposed policy text.

Response:

The Committee agrees with all of the commenters noted above that it is prudent to align the proposed policy text with the interpretation of the "new borrower" definition offered by the Department's private guidance and the clarification regarding the meaning of "paid in full" as it relates to consolidation. If the Committee follows established precedent for advancing proposed policy based on private guidance from the Department, the effective date of these changes would align with the retroactive date of the private guidance, May 14, 2010. However, the Committee is aware that a significant segment of the community did not subscribe to all of the interpretations included in this guidance. Lenders, servicers, and guarantors that were previously unaware of the Department's interpretations should not be adversely affected by its retroactive enforcement. Similarly, borrowers who were previously granted a teacher loan forgiveness benefit based on a good faith interpretation that differed from what is described in this private guidance should not be harmed.

In the process of reviewing modifications suggested by the commenters, the Committee notes that the example's reference to "pre-October 1, 1998" is not entirely accurate. According to the Department's comment response to the NCHELP Program Operations Committee Forms Workgroup, Teacher Loan Forgiveness Application subgroup, ". . . regulations at 34 CFR 682.215(a) and 34 CFR 685.217(a) state that loan forgiveness is available only to a borrower who has no outstanding balance on a FFEL or Direct Loan program loan **'on [emphasis added] October 1, 1998** or who has no outstanding balance on the date he or she obtains a loan **after [emphasis added] October 1, 1998**'. . . Under the law and regulations, a borrower who took out a loan on October 1, 1998 does not qualify for loan forgiveness under this program. These provisions

reflect the statutory definition of 'new borrower' in Sec. 103 of the Higher Education Act of 1965, as amended (the HEA)."

Change:

The Committee has adopted the Department's private guidance as an additional Basis for this proposal. However, the Committee has reclassified the policy proposal type from "Correction" to "Guarantor," and established a prospective triggering event that clarifies the ineligibility of a borrower with a loan made on October 1, 1998, as follows:

Teacher loan forgiveness applications or forbearance requests received by a lender on or after ~~July 1, 2001, January 1, 2011, from for~~ new borrowers ~~on or after October 1, 1998, unless implemented earlier by the guarantor or lender.~~

The proposed policy text has been modified to capture the intent of the commenters' specific suggestions for change but reduce complexity, as follows:

- 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 prior to the date the borrower obtains a new loan after October 1, 1998. A borrower must pay in full or obtain a full loan discharge on a FFELP or FDLP loan(s) that has an outstanding balance as of October 1, 1998, in order to qualify for teacher loan forgiveness on a subsequent loan(s) that the borrower obtains after October 1, 1998. In addition, if a borrower obtains a FFELP or FDLP loan(s) after October 1, 1998, while an outstanding balance remains on a loan the borrower obtained on or before October 1, 1998, the borrower must pay in full or obtain a full loan discharge on all of the borrower's outstanding loans in order to qualify for teacher loan forgiveness on any subsequent loan.

For this purpose, paid in full does not include paid in full through consolidation.

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 FFELP or FDLP loan obtained on or before 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 all other eligibility criteria are met, because on the date that the borrower obtained this the 2004 loan, the 1998 and 1999 loans made on September 1, 1998, was were paid in full. If, however, the borrower paid in full the 1998 loan but did not pay in full the 1999 loan before the borrower obtained the subsequent loan on January 6, 2004, the 2004 loan would not be eligible for teacher loan forgiveness.

Corresponding adjustments have been made to the Revised Policy and Common Bulletin.

COMMENT:

One commenter questioned whether the new, last sentence of bullet one under the subheading "Eligibility Criteria" was saying the same thing as existing text in sentence one of the same bullet that reads, ". . .had no outstanding balance on a FFELP or FDLP loan on the date he or she obtained a loan after October 1, 1998." The commenter opined that if the Committee considered the new language more clear, it replace, not supplement, existing text. The commenter also indicated support for the example.

Response:

The Committee thanks the commenter for supporting the example.

The existing text of bullet 1 is Departmentally-approved language used to describe the "new borrower" definition for the purpose of teacher loan forgiveness eligibility on the Teacher Loan Forgiveness Application. The new, proposed language endeavors to further clarify how this definition is practically applied to a borrower with an outstanding balance on a loan as of October 1, 1998, who obtains subsequent loans after October 1,

1998. For these reasons, the Committee believes that the existing first sentence of the bullet must be retained, and that the new language is not purely repetitive.

Change:

None.

COMMENT:

One commenter requested that the Example explain why the loan first disbursed on September 1, 1998, is not eligible for teacher loan forgiveness.

Response:

The Committee agrees.

Change:

The Example has been further modified to read as follows:

Example: A borrower received a Stafford loan on September 1, 1998, and a subsequent Stafford loan on August 26, 1999. The 1998 loan is not eligible for teacher loan forgiveness because the borrower obtained the loan on or before October 1, 1998. The loan made on August 26, 1999, is not eligible for teacher loan forgiveness because the borrower had an outstanding balance on a FFELP or FDLP loan obtained on or before October 1, 1998, as of the date the borrower obtained the newer loan. . .

COMMENT:

One commenter recommended that the Committee replace all references to FDLP throughout the Manual with the term “Direct Loans,” as this term is more commonly used.

Response:

The Committee agrees that the term “Direct Loans” is more commonly used than the acronym FDLP. The Committee will take this recommendation under advisement and consult with its Editing Chair to evaluate the scope and impact of this suggestion.

Change:

None.

Note: *Due to significant and substantive changes the Committee made to this policy proposal in response to comments received from the community, the Committee will redistribute this policy proposal in Batch 172 for additional community review and comment.*

jcs/edited-ch

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: September 10, 2010

X	DRAFT	Comments Due	Oct 1
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Civil Legal Assistance Attorney Student Loan Repayment Program

AFFECTED SECTIONS: 2.3.C Common Forms
13.9.C Loan Repayment Program for Civil Legal Assistance Attorneys

POLICY INFORMATION: 1223/Batch 172

EFFECTIVE DATE/TRIGGER EVENT: July 7, 2010.

BASIS:

Federal Register Notice dated July 7, 2010, including links from the notice to the Civil Legal Assistance Attorney Student Loan Repayment Program Questions and Answers and the 2010 Civil Legal Assistance Attorney Student Loan Repayment Program Application to Participate and Service Agreement form.

CURRENT POLICY:

Current policy about this repayment program was derived from language in the Higher Education Opportunity Act (HEOA), P.L. 110-315.

REVISED POLICY:

Revised policy adds information about this repayment program that was provided in the *Federal Register* dated July 7, 2010.

REASON FOR CHANGE:

These changes are being made to align language in Subsections 2.3.C and 13.9.C with information provided in the *Federal Register* dated July 7, 2010.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 2.3.C, page 14, column 1, paragraph 3, as follows:

Loan Discharge/Forgiveness Forms

- Civil Legal Assistance Attorney Student Loan Repayment Program Application to Participate and Service Agreement
- Loan Discharge Application: School Closure
- Loan Discharge Application: False Certification of Ability to Benefit
- Loan Discharge Application: False Certification (Disqualifying Status)
- Loan Discharge Application: False Certification (Unauthorized Signature/Unauthorized Payment)
- Discharge Application: Total and Permanent Disability
- Loan Discharge Application: Unpaid Refund
- Loan Discharge Application: Spouses and Parents of September 11, 2001 Victims
- Teacher Loan Forgiveness Application
- Teacher Loan Forgiveness Forbearance Form

13.9.C

Loan Repayment Program for Civil Legal Assistance Attorneys Student Loan Repayment Program

The Loan Repayment Program for Civil Legal Assistance Attorneys Student Loan Repayment Program is intended to encourage a qualified individual to enter and continue employment as a civil legal assistance attorney. The Department will repay portions of a qualifying student loan on behalf of the borrower. Receipt of a benefit under this program does not entitle the borrower to a refund of payments made on the loan.

[HEA §428L]

~~To qualify for loan repayment, a borrower must be employed full time as a civil legal assistance attorney and must not be in default on the loan for which repayment is sought. Upon completion of the period of service under the initial written agreement, a borrower may enter into an additional agreement with the Department that may require the borrower to remain employed as a civil legal assistance attorney for less than three years. The Department will grant loan repayment under this program on a first-come, first-served basis and repayment is contingent on the availability of annual federal appropriations. Congress appropriated funds for the This program for FY 2010 is currently not funded through the Consolidated Appropriations Act of 2010 (P.L.111-117).~~

[HEA §428L; *Federal Register* dated July 7, 2010]

Eligibility Criteria

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

- ~~The borrower must have a A-qualifying loan, for the Loan Repayment Program for Civil Legal Assistance Attorneys is a loan made, insured, or guaranteed under the or Federal Perkins Loan Program, and includes a Federal Consolidation loan or Federal Direct Consolidation loan to the extent that such a loan was used to repay any of the following:~~
- ~~A subsidized Federal Direct Stafford loan, an unsubsidized Federal Direct Stafford loan, or a Federal Direct Grad PLUS loan.~~
- ~~A subsidized Stafford loan, an unsubsidized Stafford loan, or a Grad PLUS loan.~~
- ~~A Federal Perkins loan.~~

A qualifying loan does not include any of the following:

- ~~A PLUS loan made to the parent of a dependent student.~~
- ~~A Federal Direct PLUS loan made to the parent of a dependent student.~~
- ~~Any loan other than a FFELP, Federal Direct, or Federal Perkins loan (e.g., a HEAL, HPSL, etc.).~~
- The borrower must not be in default on a loan for which repayment is sought.
- The borrower must be employed as a civil legal assistance attorney.
- The borrower must be continually licensed to practice law.
- The borrower must execute a service agreement with the Department.
- The borrower may not, for the same service, receive a reduction of the loan amount

under both the Civil Legal Assistance Attorney Student Loan Repayment Program and the Loan Forgiveness for Service in Areas of National Need Program, or the Public Service Loan Forgiveness Program.
[HEA §428L; *Federal Register* dated July 7, 2010]

Program Requirements

To request loan repayment, a borrower must complete the Civil Legal Assistance Attorney Student Loan Repayment Program Application To Participate and Service Agreement form and submit it to the Department. The service agreement will include, at a minimum, each of the following requirements:

- The borrower will remain employed full time as a civil legal assistance attorney for at least 3 years, unless involuntarily separated from that employment.
- If the borrower is involuntarily separated from employment because of misconduct, or voluntarily separates from employment before the end of the required 3-year service period, the borrower will repay the Department the amount of any benefits the borrower has received under the service agreement.
- If the borrower is required to repay an amount to the Department and fails to repay the amount, the Department or another agency may recover the sum according to methods that are provided by law for the recovery of amounts owed to the federal government.
- The Department may waive portions of the required recoverable amount if it is shown that the recovery of the amount would be contrary to the public interest.
- The Department will make student loan payments on the qualifying loan(s) for the period of the service agreement, subject to the availability of appropriations.

[HEA §428L; *Federal Register* dated July 7, 2010]

Amount Paid by the Department

If the borrower qualifies, the Department will repay the lender up to \$6,000 of the outstanding balance of the borrower's student loan obligation in any calendar year. The maximum amount of repayment benefits that a borrower may receive under this program is \$40,000. The Department will give priority in each fiscal year to a borrower who meets each of the following qualifications:

- The borrower has practiced law for 5 years or less and, for not less than 90% of the time in that legal practice, has served as a civil legal assistance attorney.
- The borrower has received repayment benefits under this program during the previous fiscal year.
- The borrower has completed less than 3 years of the first required period of service specified for the borrower in the written agreement with the Department.

The Department will send any approved payment amount first to the holder of the borrower's highest outstanding unsubsidized loan. If the borrower has no outstanding unsubsidized loan, the approved payment amount will be sent to the holder of the borrower's highest outstanding subsidized loan.

[HEA §428L; *Federal Register* dated July 7, 2010]

~~When implemented, a borrower will be eligible to receive repayment benefits under this program by entering into a written agreement with the Department. The agreement will include, at a minimum, each of the following requirements:~~

- ~~• The borrower will remain employed full time as a civil legal assistance attorney for at least 3 years, unless involuntarily separated from that employment.~~

- ~~If the borrower is involuntarily separated from employment because of misconduct, or voluntarily separates from employment before the end of the required 3-year service period, the borrower will repay the Department the amount of any benefits the borrower has received under the agreement.~~
- ~~If the borrower is required to repay an amount to the Department and fails to repay the amount, the Department or another agency may recover the sum according to methods that are provided by law for the recovery of amounts owed to the federal government.~~
- ~~The Department may waive portions of the required recoverable amount if it is shown that the recovery of the amount would be contrary to the public interest.~~
- ~~The Department will make student loan payments on the qualifying loan(s) for the period of the written agreement, subject to the availability of appropriations.~~

~~Receipt of a benefit under this program does not entitle the borrower to a refund of payments made on the loan. In addition, no borrower may, for the same service, receive a reduction of the loan amount under both this loan repayment program and the Loan Forgiveness Program for Service in Areas of National Need Program or the Public Service Loan Forgiveness Program under the Federal Direct Loan Program.~~
~~[HEA §428L]~~

Applicable Definitions

In the context of the Civil Legal Assistance Attorney Student Loan Repayment Program provisions, the following definitions apply:

- Civil legal assistance attorney means an attorney who is a full-time employee of one of the following:
 - A nonprofit organization that provides legal assistance, without a fee, with respect to civil matters to low-income individuals.
 - A protection and advocacy system or client assistance program that provides legal assistance to clients with respect to civil matters and that receives funding under—
 1. Subtitle C of Title I of the Developmental Disabilities Assistance and Bill of Rights Act of 2000 (42 U.S.C. 15041 et seq.).
 2. Section 112 or 509 of the Rehabilitation Act of 1973 (29 U.S.C. 732, 794e).
 3. Part A of Title I of the Protection and Advocacy for Individuals with Mental Illness Act (42 U.S.C. 10801 et seq.).
 4. Section 5 of the Assistive Technology Act of 1998 (29 U.S.C. 3004).
 5. Section 1150 of the Social Security Act (42 U.S.C. 1320b-21).
 6. Section 1253 of the Public Health Service Act (42 U.S.C. 300d-53).
 7. Section 291 of the Help America Vote Act of 2002 (42 U.S.C. 15461).
- Employee means an individual who, under Federal tax law, is considered an employee of the non-profit organization, protection and advocacy system, or client assistance program.
- Full-time employment means working in qualifying employment in one or more jobs for the greater of:
 - An annual average of at least 30 hours per week.

- Unless the qualifying employment is with two or more employers, the number of hours the employer considers full-time.

Vacation or leave time provided by the employer or leave taken for a condition that is a qualifying reason under the Family and Medical Leave Act of 1993, (29 U.S.C. 2612(a)(1) and (3)) is not considered in determining the average hours worked on an annual basis.

- Involuntary separation due to misconduct means termination from employment which results in the borrower not being eligible to receive unemployment benefits under applicable state law.
- Non-profit organization means an organization, under section 501(c)(3) of the Internal Revenue Code, which is exempt from taxation under section 501(a) of the Internal Revenue Code.
- Qualifying loan means a Perkins, FFELP, or FDLP Loan, excluding parent PLUS loans made under the FFEL and Direct Loan Programs and Federal Consolidation Loans and Direct Consolidation Loans that repaid a parent PLUS loan.
- A qualifying joint Consolidation Loan is eligible. However if only one of the two borrowers meets the eligibility requirements, the repayment applies only to the remaining balance of the joint Consolidation loan that is attributable to the loans originally received by the borrower who performed the qualifying employment.
- Year means a consecutive 12-month period that begins on a date identified by the Department that is on or after the date of the signed written service agreement between the borrower and the Department.

[HEA §428L; *Federal Register* dated July 7, 2010]

PROPOSED LANGUAGE - COMMON BULLETIN:

Civil Legal Assistance Attorney Student Loan Repayment Program

The *Common Manual* has been updated with detailed information about the Civil Legal Assistance Attorney Student Loan Repayment Program that was published in the *Federal Register* on July 7, 2010, including links from the notice to the Civil Legal Assistance Attorney Student Loan Repayment Program Questions and Answers document and the 2010 Civil Legal Assistance Attorney Student Loan Repayment Program Application to Participate and Service Agreement.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower may be eligible to have a qualifying loan repaid through the Civil Legal Assistance Attorney Student Loan Repayment Program.

School:

A school may need to update its student loan repayment program materials.

Lender/Servicer:

A lender may need to update its student loan repayment program materials.

Guarantor:

A guarantor may need to update its student loan repayment program materials.

U.S. Department of Education:

The Department may need to update its student loan repayment program materials as well as procedures to insure that applications submitted by borrowers are viewed and funds are committed by the close of the 2010 fiscal year end date for which appropriations have been made.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

June 3, 2010

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

ma/edited-chh

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: September 10, 2010

X	DRAFT	Comments Due	Oct 1
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Exceptional Performer Claim Designation

AFFECTED SECTIONS: 13.1.A Claim Filing Requirements
Appendix G

POLICY INFORMATION: 1224/Batch 172

EFFECTIVE DATE/TRIGGER EVENT: Claims originally filed by a lender on or after October 1, 2007.

BASIS:

HEA §428(c)(1), §428I, and §438(b)(5), as amended by the College Cost Reduction and Access Act (P.L. 110-84).

CURRENT POLICY:

Current policy in Subsection 13.1.A contains language that outlines the exceptional performer designation on the Claim Form and Appendix G contains the definition of “exceptional performer.”

REVISED POLICY:

Revised policy removes and revises language in Subsection 13.1.A that outlines the exceptional performer designation on the Claim Form and removes the Appendix G definition of exceptional performer.

REASON FOR CHANGE:

Policy proposal 1005 in Batch 147 removed most of the language regarding the exceptional performer designation. This proposal removes and revises language pertaining to exceptional performer designation on the Claim Form. Information regarding the exceptional performer designation can be found in the History Appendix.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 13.1.A, page 1, column 2, paragraph 1, as follows:

Claim Form

The Claim Form is designed to be used by a lender to request claim reimbursement. All loans included on the Claim Form must have the same loan type (i.e., Stafford, PLUS, SLS, or Consolidation), due date, interest-paid-through date, lender ID, and, if available, claim review status.

The Claim Form and instructions include three separate claim-filing statuses: exceptional performer status, eliminated on October 1, 2007, per statutory changes from the College Cost Reduction and Access Act, standard review status, and program review status. The claim-filing status the guarantor or Department assigns determines both the method by which the lender's claims will be reviewed and paid and the documentation and information the lender will be required to provide in the claim file.

The current claim review statuses are defined as follows:

- ~~The Exceptional Performer Status is defined in regulation and assigned by the Department. Lenders designated as exceptional performers may file claims using documentation requirements outlined in Subsection 13.1.D. Such claims are not subject to additional review for due diligence, conversion to repayment, or timely filing requirements except as determined to be necessary by the guarantor or the Department as part of the general program oversight responsibility. Bankruptcy claims filed by a lender designated as an exceptional performer are subject to review for the lender's compliance with standard bankruptcy policies and requirements. The lender's failure to comply with those requirements may result in the guarantor's return~~

~~of the bankruptcy claim to the lender, or, if the claim has been purchased, the lender's repurchase of the loan(s). (See Subsection 13.8.A for more information regarding bankruptcy servicing requirements.) This designation was eliminated on October 1, 2007, per statutory changes from the College Cost Reduction and Access Act (P.L. 110-84). See History Appendix for more information.~~

- *The Standard Review Status . . .*
- *The Program Review Status . . .*

. . .

Revise Appendix G, page 9, column 1, paragraph 1, as follows:

~~*Exceptional Performer:* a designation conferred upon a qualified lender, servicer, or guarantor by the Department of Education for an exceptional level of performance in requesting such status and meets all statutory and regulatory requirements. This designation was eliminated on October 1, 2007, per statutory changes from the College Cost Reduction and Access Act (P.L. 110-84). See Appendix H for more information.~~

PROPOSED LANGUAGE - COMMON BULLETIN:

Exceptional Performer Claim Designation

The *Common Manual* has been revised to remove unnecessary language that relates to the exceptional performer designation that was eliminated by the College Cost Reduction and Access Act. Information about the exceptional performer designation can be found in the History Appendix.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Servicer:

None.

Guarantor:

None.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

October 26, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

ma/edited-chn

COMMON MANUAL - ORGANIZATIONAL POLICY PROPOSAL

Date: September 10, 2010

X	DRAFT	Comments Due	Oct 1
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Prorated Stafford Annual Loan Limits

AFFECTED SECTIONS: Figure 6-4 Stafford Annual and Aggregate Loan Limits for Undergraduate Students

POLICY INFORMATION: 1225/Batch 172

EFFECTIVE DATE/TRIGGER EVENT: Not applicable.

BASIS:
None.

CURRENT POLICY:
Currently, Figure 6-4 contains information regarding proration calculations for Stafford annual loan limits.

REVISED POLICY:
Revised policy removes information regarding proration calculations for Stafford annual loan limits from Figure 6-4.

REASON FOR CHANGE:
This change is being made to remove redundant language from the Manual. Information regarding proration calculations for Stafford annual loan limits can be found in Figure 6-5, Prorated Stafford Annual Loan Limits. This proposal is a result of a comment made to Policy Proposal 1155 in Batch 162.

PROPOSED LANGUAGE - COMMON MANUAL:
Revise Subsection 6.11.A, Figure 6-4, page 34, as follows:

See attached chart.

PROPOSED LANGUAGE - COMMON BULLETIN:
Prorated Stafford Annual Loan Limits

The *Common Manual* has been updated by removing redundant information from Figure 6-4, Stafford Annual and Aggregate Loan Limits for Undergraduate Students. Information regarding proration calculations for Stafford annual loan limits can be found in Figure 6-5, Prorated Stafford Annual Loan Limits.

GUARANTOR COMMENTS:
None.

IMPLICATIONS:
Borrower:
None.

School:
None.

Lender/Service:
None.

Guarantor:
None.

U.S. Department of Education:
None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
October 26, 2010

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PROPOSAL DISTRIBUTED TO:
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Interested Industry Groups and Others

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**Stafford Annual and Aggregate Loan Limits
for Undergraduate Students**

Figure 6-4

<u>Length of Program or Final Period of Enrollment</u>			
	Program of study of at least a full academic year in length	One-year program of study with less than a full academic year remaining	Program of study of less than one academic year
Preparatory Coursework for Undergraduate Program			
Base Stafford eligibility (subsidized and unsubsidized)	\$2,625	N/A	N/A
Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to obtain a PLUS loan)	N/A	N/A	N/A
Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan)	\$6,000	N/A	N/A
First-Year Undergraduates			
Base Stafford eligibility (subsidized and unsubsidized)	\$3,500	Proportional Proration Calculation #1	Proportional Proration Calculation #2
Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to obtain a PLUS loan)	\$2,000	Proportional Proration Calculation #1	Proportional Proration Calculation #2
Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan)	\$6,000	Proportional Proration Calculation #1	Proportional Proration Calculation #2
<u>Length of Program or Final Period of Enrollment</u>			
	Program of study of at least a full academic year in length	Program of study with less than a full academic year remaining	
Second-Year Undergraduates			
Base Stafford eligibility (subsidized and unsubsidized)	\$4,500	Proportional Proration Calculation #1	
Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to obtain a PLUS loan)	\$2,000	Proportional Proration Calculation #1	
Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan)	\$6,000	Proportional Proration Calculation #1	
Third-Year and Beyond Undergraduates			
Base Stafford eligibility (subsidized and unsubsidized)	\$5,500	Proportional Proration Calculation #1	
Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to obtain a PLUS loan)	\$2,000	Proportional Proration Calculation #1	
Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan)	\$7,000	Proportional Proration Calculation #1	

Teacher Certification Coursework or Preparatory Coursework for Graduate or Professional Program

Base Stafford eligibility (subsidized and unsubsidized)	\$5,500	Proportional Proration Calculation #1
Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to obtain a PLUS loan)	N/A	N/A
Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan)	\$7,000	N/A

Proportional Proration Calculation #1
Multiply the following ratio by the applicable Stafford annual loan limit for a full academic year:

$$\frac{\text{Number of semester, trimester, quarter, or clock hours enrolled}}{\text{Number of semester, trimester, quarter, or clock hours in academic year}}$$

[§682.204(a)(ii) and (d)(ii)]

Proportional Proration Calculation #2
Multiply the lesser of the following ratios by \$3,500 for base Stafford annual loan limit, and by \$2,000 (for a dependent student) or \$6,000 (for an independent student or a dependent student whose parent is unable to obtain a PLUS loan) for additional unsubsidized Stafford annual loan limit:

$$\frac{\text{Number of semester, trimester, quarter, or clock hours enrolled}}{\text{Number of semester, trimester, quarter, or clock hours in academic year}}$$

or

$$\frac{\text{Number of weeks enrolled in program}}{\text{Number of weeks in academic year}}$$

[§682.204(a)(iii) and (d)(iii)]

Dependent Undergraduate Students

The total amount of subsidized and unsubsidized Stafford loans made for any academic year to a dependent undergraduate student enrolled in undergraduate or graduate preparatory coursework, or teacher certification coursework, may not exceed the “base Stafford eligibility” specified above for that student’s grade level. The total amount of subsidized and unsubsidized Stafford loans made for any academic year to a dependent, first-year and beyond undergraduate student may not exceed the “base Stafford eligibility” specified above for that student’s grade level plus an “additional unsubsidized Stafford eligibility” amount of \$2,000. A dependent undergraduate student’s unpaid principal amount of subsidized and unsubsidized Stafford loans (including all Direct Stafford loans received or any portion of an outstanding Consolidation loan that paid in full a Stafford or Direct Stafford loan) may not exceed \$31,000. Of the total amount borrowed, no more than \$23,000 may consist of subsidized Stafford loan funds.
[HEA §428(b)(1)(B)(i); HEA §428H(d)(3); §682.204(b)(1) and (c)(1); DCL GEN-08-08]

If a dependent undergraduate student’s parent is unable to obtain a PLUS loan (because the parent has adverse credit or other exceptional circumstances exist that are documented by the FAA), the total amount of subsidized and unsubsidized Stafford loans for any academic year may not exceed the “base Stafford eligibility” plus the “additional unsubsidized Stafford eligibility” specified above for that student’s grade level. Only one parent need be unable to obtain a PLUS loan for the student to be eligible for the additional loan funds. See Subsection 6.15.D for more information. The student’s aggregate unpaid principal amount of all Stafford loans (including all Direct Stafford loans received or any portion of any outstanding Consolidation loan that paid in full a Stafford, SLS, or Direct Stafford loan) may not exceed \$57,500 for undergraduate study. Of the total amount borrowed, no more than \$23,000 may consist of subsidized Stafford loan funds.
[HEA §428(b)(1)(B)(ii); HEA §428H(d)(4)(A) and (B); §682.204(b)(1) and (e)(1); §682.204(d); DCL GEN-08-08]

Independent Undergraduate Students

The total amount of subsidized and unsubsidized Stafford loans for any academic year may not exceed the “base Stafford eligibility” plus the “additional unsubsidized Stafford eligibility” specified above for that student’s grade level. An independent undergraduate student’s unpaid principal amount of all Stafford loans (including all SLS and Direct Stafford loans received or any portion of an outstanding Consolidation loan that paid in full a Stafford, SLS, or Direct Stafford loan) may not exceed \$57,500 for undergraduate study. Of the total amount borrowed, no more than \$23,000 may consist of subsidized Stafford loan funds.
[HEA §428(d)(4); HEA §428H(d)(4)(B); §682.204(b)(1) and (e)(1); DCL GEN-08-08]