

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1249	Low Cohort Default Rate Exemptions from Multiple Disbursement and Delayed Delivery	<p>6.4.A Multiple Disbursements and Low Cohort Default Rates</p> <p>7.7.B Multiple Disbursement</p> <p>8.7.D Delayed Delivery</p> <p>States that a school is exempt from delayed delivery of Stafford loans and, under certain conditions, multiple disbursement of Stafford and PLUS loans if the school's official cohort default rate is less than 15% for each of the three most recent fiscal years from which data are available.</p>	Federal	Loans first disbursed on or after October 1, 2011.
1250	Academic Competitiveness, National SMART, and TEACH Grant Programs	<p>6.7 Determining the Amount of Estimated Financial Assistance (EFA)</p> <p>8.7.H Delivery to Transfer Students</p> <p>Deletes references to ACG and National SMART grants in Manual text that discusses a school's responsibility for determining a student's eligibility for federal student aid, including a transfer student.</p> <p>Also aligns the Manual with existing regulations, which state that a school must also determine the amount of a student's scheduled TEACH grant award for the award year for which a TEACH grant is requested and the amount of any TEACH grant funds already delivered to the student for the award year.</p>	Federal	<p>For deletion of the reference to the ACG and National SMART grant programs, the 2011-2012 award year.</p> <p>For insertion of a reference to the TEACH grant program, July 1, 2008.</p>
1251	Additional Documentation Requested by the Guarantor	<p>13.1.G Additional Documentation Requested by the Guarantor</p> <p>States that a lender must allow a guarantor or the Department access to the lender's records for inspection and copying to verify the accuracy of the information provided by the lender in the claim request, to verify the right of the lender to receive or retain claim payments, to investigate a borrowers dispute or to enforce any right acquired by the guarantor or the Department.</p>	Correction	Retroactive to the implementation of the Common Manual.

COMMON MANUAL – FEDERAL POLICY PROPOSAL

Date: July 22, 2011

X	DRAFT	Comments Due	Aug 12
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Low Cohort Default Rate Exemptions from Multiple Disbursement and Delayed Delivery

AFFECTED SECTIONS: 6.4.A Multiple Disbursements and Low Cohort Default Rate Exemptions
7.7.B Multiple Disbursement
8.7.D Delayed Delivery

POLICY INFORMATION: 1249/Batch 179

EFFECTIVE DATE/TRIGGER EVENT: Loans first disbursed on or after October 1, 2011.

BASIS:

HEA §428G(a)(4) and (b)(3); §685.301(b)(6)(i)(A)(2)(ii); §685.303(b)(4)(i)(A)(2).

CURRENT POLICY:

Current policy states that a school is exempt from delayed delivery of Stafford loans and, under certain conditions, multiple disbursement of Stafford and PLUS loans if the school's official cohort default rate is less than 10% for each of the three most recent fiscal years for which data is available.

REVISED POLICY:

Revised policy states that a school is exempt from delayed delivery of Stafford loans and, under certain conditions, multiple disbursement of Stafford and PLUS loans if the school's official cohort default rate is less than 15% for each of the three most recent fiscal years for which data are available.

REASON FOR CHANGE:

This change is required to conform to regulatory changes that take effect on October 1, 2011.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 6.4.A of the July 2011 *Common Manual*, page 14, column 1, paragraph 2, as follows:

6.4.A

Multiple Disbursements and Low Cohort Default Rate Exemptions

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 deliver a Stafford or PLUS loan in a single installment only in the following cases:

- The school has a cohort default rate of less than ~~10%~~ 15% for each of the three most recent fiscal years for which data are available, and any one of the following conditions applies:

— . . .

— . . .

— . . .

[HEA §428G(a)(3)(4); ~~§682.604(c)(8)(i)~~ §685.301(b)(6)(i)(A)(2)(ii); 10-11 FSA Handbook, Volume 3, Chapter 1, p. 3-18]

Revise Subsection 7.7.B, page 13, column 1, paragraph 1, as follows:

7.7.B

Multiple Disbursement

Federal regulations require that a lender disburse each Stafford and PLUS loan according to the disbursement schedule provided by the school (see Section 6.4). . .

Exemptions to Multiple Disbursement Requirements

A Stafford or PLUS loan may be made in a single installment in the following cases:

- A loan first disbursed before July 1, 2010 ~~The loan~~ is made for a period of enrollment that is not more than one semester, trimester, or quarter, or for a school without standard terms, not more than 4 months, if the school's cohort default rate for each of the three most recently fiscal years for which information is available is less than 10%.
[HEA §428G(a)(3); §682.604(c)(8)(i)(A) and (B)(1)]
- The loan is made to a student enrolled in a study-abroad program. . .

Revise Subsection 8.7.D, page 15, column 2, paragraph 3, as follows:

Low Cohort Default Rate Exemptions

A school is not required to delay the delivery of the first disbursement of a Stafford loan made to a first-year undergraduate student who is a first-time borrower in the following cases:

- The school's official cohort default rate is less than ~~10%~~ 15% for each of the three most recent fiscal years for which data are available.
[HEA §428G(b)(1)(2); §685.303(b)(4)(i)(A)(2)]
- . . .

PROPOSED LANGUAGE - COMMON BULLETIN:

Low Cohort Default Rate Exemptions from Multiple Disbursement and Delayed Delivery

The July 2011 *Common Manual* has been revised to state that a school is exempt from delayed delivery for Stafford loans and, under certain conditions, multiple disbursement for Stafford and PLUS loans if the school's official cohort default rate is less than 15% for each of the most recent fiscal years for which data are available.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower may receive funds earlier, or in a single installment if he or she attends a school whose cohort default rate is less than the new, higher threshold for these exemptions.

School:

A school may need to make policy and procedural changes if it is eligible for delayed delivery and multiple disbursement exemptions under the new, higher threshold.

Lender/Service:

None.

Guarantor:

A guarantor may need to update training and other compliance support materials for schools.

U.S. Department of Education:

The Department may be required to update training and program review materials.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

October 28, 2010

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

jcs/edited-as

COMMON MANUAL – FEDERAL POLICY PROPOSAL

Date: July 22, 2011

X	DRAFT	Comments Due	Aug 12
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Academic Competitiveness, National SMART, and TEACH Grant Programs

AFFECTED SECTIONS: 6.7 Determining the Amount of Estimated Financial Assistance (EFA)
8.7.H Delivery to Transfer Students

POLICY INFORMATION: 1250/Batch 179

EFFECTIVE DATE/TRIGGER EVENT: For deletion of the reference to the ACG and National SMART grant programs, the 2011-2012 award year.

For insertion of a reference to the TEACH grant program, July 1, 2008.

BASIS:

HEA §401A(e); §668.19(a)(3); *Federal Register* dated June 23, 2008; DCL P-11-02.

CURRENT POLICY:

Current policy requires a school to consider the amount of an Academic Competitiveness Grant and National SMART grant that the school expects a student to receive when the school determines the student's eligibility for a Stafford or PLUS loan. For a transfer student, current policy requires the school to determine the student's scheduled Pell, ACG, or National SMART grant award and the amount of a Pell, ACG, or National SMART grant funds that have already been delivered to a student during the same award year at a prior school.

REVISED POLICY:

Revised policy deletes references to ACG and National SMART grants in Manual text that discusses a school's responsibility for determining a student's eligibility for federal student aid, including a transfer student.

Revised policy also aligns the Manual with existing regulations, which state that a school must also determine the amount of a student's scheduled TEACH grant award for the award year for which a TEACH grant is requested and the amount of any TEACH grant funds already delivered to the student for the award year.

REASON FOR CHANGE:

This change is necessary to acknowledge the statutory sunset of appropriations that fund new awards in the ACG and National SMART grant programs, and to provide alignment with existing regulations for determining a transfer student's eligibility for TEACH grant funds.

The Committee proposes to delete reference to the ACG and National SMART grant programs in Manual text concerning the return of Title IV funds as part of the last policy proposal batch of the Manual's 2011-2012 production year. A school may find it necessary to continue to refer to this text for a student who withdraws during a payment period or period of enrollment in which he or she received 2010-2011 award year funds from either program.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 6.7 of the July 2011 *Common Manual*, page 21, column 1, paragraph 5, as follows:

6.7

Determining the Amount of Estimated Financial Assistance (EFA)

As part of the loan certification process, the school must determine the estimated financial assistance (EFA) the student may receive from other sources. . .

A student's EFA includes all aid the student—or a parent on behalf of a dependent student—will receive for the loan period from federal, state, institutional, or other sources. Examples of aid that must be included in the EFA are scholarships, grants, financial need-based

employment income, and loans—including, but not limited to:

- . . .
- . . .
- . . .
- . . .
- . . .
- The estimated amount of other federal student aid—including, but not limited to, Federal Pell grant, ~~Academic Competitiveness grant, National SMART grant, TEACH grant,~~ and campus-based aid. . .

Revise Subsection 8.7.H, page 18, column 2, paragraph 3, as follows:

8.7.H
Delivery to Transfer Students

. . .

The school may not deliver Stafford or PLUS loan proceeds to a student or parent of a student who previously attended another eligible school until the school the student is attending determines, from information obtained through the National Student Loan Data System (NSLDS) or its successor system, all of the following:

- . . .
- . . .
- For the award year for which a Federal Pell grant, ~~an Academic Competitiveness grant (ACG), and/or a National SMART grant or a TEACH grant~~ is requested, the student's scheduled Federal Pell grant, ~~ACG, and/or National SMART or TEACH~~ grant award and the amount of any Pell grant, ~~ACG, and/or National SMART or TEACH~~ grant funds already delivered to the student.
[§668.19(a)(3)]
- . . .
- . . .

PROPOSED LANGUAGE - COMMON BULLETIN:

Academic Competitiveness, National SMART, and TEACH Grant Programs

The July 2011 *Common Manual* has been revised to delete references to ACG and National SMART grants in Manual text that discusses a school's responsibilities for determining a student's eligibility for federal student aid, including a transfer student.

Revised policy also aligns the Manual with existing regulations, which state that a school must determine the amount of a student's scheduled TEACH Grant award for the award year for which a TEACH grant is requested and the amount of any TEACH grant funds already delivered to the student for the award year.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A student formerly eligible for funds from the ACG or National SMART Grant programs may be required to borrow increased amounts of federal or private student loan funds.

School:

A school may need to revise its awarding and eligibility determination procedures.

Lender/Service:

None.

Guarantor:

A guarantor may need to revise its training and compliance tools for schools.

U.S. Department of Education:

The Department may find it necessary 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:

June 23, 2011

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 22, 2011

X	DRAFT	Comments Due	Aug 12
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Additional Documentation Requested by the Guarantor

AFFECTED SECTIONS: 13.1.G Additional Documentation Requested by the Guarantor

POLICY INFORMATION: 1251/Batch 179

EFFECTIVE DATE/TRIGGER EVENT: Retroactive to the implementation of the *Common Manual*.

BASIS:
§682.414(c)(2).

CURRENT POLICY:

Current policy does not include the requirement that a lender must allow a guarantor or the Department access to the lender's records for inspection and copying.

REVISED POLICY:

Revised policy states that a lender must allow a guarantor or the Department access to the lender's records for inspection and copying to verify the accuracy of the information provided by the lender in the claim request, to verify the right of the lender to receive or retain claim payments, to investigate a borrowers dispute or to enforce any right acquired by the guarantor or the Department.

REASON FOR CHANGE:

This update is necessary to include the long-standing requirement and clarify details that allow the guarantor or the Department access and inspection rights to ensure the guarantor and the Department have the ability to enforce the loan debt or for the guarantor to subrogate the loan.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 13.1.G of the July 2011 *Common Manual*, page 7, column 1, paragraph 1, as follows:

13.1.G

Additional documentation Requested by the Guarantor

There are several reasons why a guarantor may require a lender to provide additional information or documentation, such as:

- The guarantor requests additional information due to the subrogation of the loan.
- The borrower disputes the default determination, the loan amount, or other account information.
- The school disputes its cohort default rate.

For a loan that is subrogated to the Department or upon the request of the guarantor, the lender must provide the following within the guarantor's required time frame:

- A record of the lender's disbursement of Stafford and/or PLUS loan proceeds to the school for delivery to the borrower.
- If the promissory note was signed electronically, the name and location of the entity in possession of the original electronically signed promissory note.
[§682.409(c)(4)(vii) and (viii)]
- Any document that the guarantor or the Department determines necessary to verify the accuracy of the information provided by the lender in the claim request, to verify the right of the lender to receive or retain claim payments, to investigate a borrowers dispute, or to enforce any right acquired by the guarantor or the Department.

▲ Lenders may contact individual guarantors for more information on when the additional documentation is required.

PROPOSED LANGUAGE - COMMON BULLETIN:

Additional Documentation Requested by the Guarantor

The July 2011 *Common Manual* has been revised to include the long-standing requirement that a lender must provide a guarantor or the Department access to the lender's records in a timely fashion for inspection and copying to verify the accuracy of the information provided by the lender in the claim request, to verify the right of the lender to receive or retain claim payments, or to enforce any right acquired by the guarantor or the Department.

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:

American Student Assistance

DATE SUBMITTED TO CM POLICY COMMITTEE:

October 11, 2010

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PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

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