COMMON MANUAL
Unified Student Loan Policy

Summary of Changes Approved September through December 2009

This summary lists changes made since the 2009 Annual Update of the *Common Manual* was printed.
Change bars denote the latest policy changes, which were approved December 17, 2009.
Changes made before the 2009 Annual Update was printed are shown in Appendix H of the Manual.

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
Chapter 2: About the FFELP			
2.1.B Types of Loans Available 2.2.A Origination	Removes the terms “creditworthy” and “creditworthiness” and replaces them with terminology related to not having adverse credit in the context of an applicant’s or endorser’s eligibility for a PLUS loan. Also removes the term “creditworthiness” and replaces it with “credit standards” in the context of a lender’s independent credit criteria for a Stafford or PLUS applicant. In addition, the text describing existing policy that any debt discharged in bankruptcy during the 5-year period before the date of the credit report must be considered in determining a PLUS applicant’s adverse credit was added to Subsection 7.1.C.	Retroactive to the implementation of the *Common Manual.*	1144/161
2.3.C Common Forms	States that a lender must submit a completed FFELP Ineligible Borrower and Identity Theft Supplemental form to accompany the FFELP Claim Form to support and provide additional information and documentation necessary to request claim reimbursement for an ineligible borrower discharge or a discharge due to false certification as a result of a crime of dentity theft.	Claims filed by the lender on or after January 1, 2010, unless implemented earlier by the lender.	1136/160
2.3.C Common Forms	States that a lender must provide certain electronic signature and disbursement information when filing a total and permanent disability claim that is not based on a determination by the Department of Veterans Affairs (VA). The required information must be submitted via the FFELP Assignment Support Supplemental Form (TPD-Specific worksheet).	Total and permanent disability claims that are not based on a determination by the Department of Veterans Affairs and that are filed by the lender on or after January 1, 2010, unless implemented earlier by the guarantor.	1142/161
Chapter 3: Lender Participation			
3.4.C Permitted and Prohibited Activities	Permits a lender to provide entrance counseling services. The school’s staff must be in control of the counseling, whether in person or via electronic capabilities. The counseling must not promote the products and services of any specific lender.	Entrance counseling provided by a lender on behalf of a school on or after August 14, 2008.	1137/160
3.5.F Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections	Permits a U.S. passport card as an acceptable document to confirm a student’s or borrower’s citizenship, or to correct a date of birth or first name.	Publication of the 09-10 FSA Handbook, Volume 1, for citizenship verification. June 1, 2009, for correction of a first name change or date of birth.	1148/162

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
Chapter 5: Borrower Eligibility			
5.2.A Citizenship Data Match	Permits a U.S. passport card as an acceptable document to confirm a student's or borrower's citizenship, or to correct a date of birth or first name.	Publication of the 09-10 FSA Handbook, Volume 1, for citizenship verification. June 1, 2009, for correction of a first name change or date of birth.	1148/162
5.4.A Conditional Discharge of a Prior Loan Due to Total and Permanent Disability Figure 5-1 Effect of Title IV Loan Status on Student Aid Eligibility	States that in addition to current requirements, a borrower whose prior Title IV loan(s) is in a conditional discharge status due to an initial determination that the borrower is totally and permanently disabled must do the following before a school may certify a new Stafford or PLUS loan for the borrower: Submit a request to the Department's Conditional Discharge Disability Unit indicating that the loan(s) that is currently in a conditional discharge status be returned to repayment status and advise the school that the process of returning the conditionally discharged debt to repayment status has been initiated. Revised policy also states that before a school may certify a new loan for a borrower whose prior Title IV loan(s) is in a conditional discharge status due to total and permanent disability, the school must confirm that the borrower has initiated the process to return the conditionally discharged debt to repayment status. The school also must determine whether the status of the loan (default or non-default) will trigger additional requirements before it certifies a new loan for the borrower. Revised policy also states that a school must not deliver any new loan funds until it confirms that the conditionally discharged loan(s) has been returned to repayment status.	New loan requests received by a school on or after August 28, 2009.	1149/162

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
Chapter 6: School Certification			
6.2 Determining the Loan Period 6.3.A Credit-Hour Programs Offered in Modules 6.3.B Credit-Hour Programs With Standard Terms or with Nonstandard Terms That Are Substantially Equal in Length 6.3.C Credit-Hour Programs with Nonstandard Terms That Are Not Substantially Equal in Length 6.4.B When Disbursements May Be Scheduled Figure 6-3 First Disbursement Timeline	Clarifies a school's options for defining the structure of a modular program and the effect of the school's choices on the frequency of annual loan limits, the definition of a payment period, a student's eligibility for additional funds due to a grade level increase within an academic year, the minimum loan period, the scheduling of disbursements, and the delivery of loan funds.	Effective for the delivery of the second disbursement of a Stafford or PLUS loan certified for a single term of a standard term-based program or a program with nonstandard terms that are substantially equal and at least 9 weeks of instructional time in length (SE9W) on or after September 29, 2009, unless implemented earlier by the school. Effective with the publication of the October 2005 Blue Book for the definition of "module". Effective with the publication of the 04-05 Handbook for: • Defining the structure of a credit-hour program offered in modules. • Disbursement scheduling and delivery in a credit-hour program offered in modules, with the exception of the second delivery of a loan made for a single term in a standard term-based program or a program with nonstandard terms that are SE9W. • Progressing to the next payment period in a non-term-based credit-hour program offered in modules. • The prohibition against making a late first delivery of Stafford or PLUS loan funds to a student enrolled in a term-based credit-hour program offered in modules who withdraws or drops to less-than-half-time enrollment without ever beginning half-time attendance in the term. Effective for official and unofficial withdrawal determinations made by the school on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999, for the payment period used to calculate the percentage of the period completed for a student who withdraws from a standard term-based program offered in modules.	1157/163
6.7 Determining the Amount of Estimated Financial Assistance (EFA)	Excludes all federal veterans' education benefits from estimated financial assistance (EFA) for determining eligibility for a Stafford or PLUS loan. Revised policy provides an updated list of federal veterans' education benefits that are excluded.	July 1, 2009	1138/160

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
6.11.A Stafford Annual Loan Limits 6.11.D Increased Unsubsidized Stafford Loan Limits for Health Profession Students	Deletes reference to the bachelor of pharmacology and graduate of allied health programs as those for which an enrolled student may receive increased unsubsidized Stafford loan limits available to health profession students.	For deletion of the bachelor of pharmacology program, publication date of the 07-08 FSA Handbook. For deletion of the graduate of allied health program, publication date of the 00-01 FSA Handbook.	1145/161
Figure 6-4 Stafford Annual and Aggregate Loan Limits for Undergraduate Students	Corrects Figure 6-4 to indicate that proration is “not applicable” to the base Stafford annual loan limit for a student enrolled in a period of teacher certification coursework or graduate preparatory coursework that is less than an academic year in length.	Publication date of Volume 8 of the 02-03 FSA Handbook.	1152/162
6.11.D Increased Unsubsidized Stafford Loan Limits for Health Profession Students	Deletes the reference to a student receiving a Health Education Assistance Loan Program (HEAL) loan for any portion of the same loan period as the increased unsubsidized Stafford annual loan limit available to a health profession student.	October 1, 1998	1139/160
6.11.E Exceeding Loan Limits	Clarifies that even after a school documents that a Stafford borrower who inadvertently exceeded an annual or aggregate loan limit has taken one of the necessary actions to regain Title IV eligibility, the borrower may not be eligible to receive additional Stafford loan funds, depending on the circumstances, and provides examples.	Retroactive to the implementation of the *Common Manual.*	1153/162
6.11.F Prorated Loan Limits	Provides an illustrative chart outlining the process for when and how a school must calculate prorated undergraduate Stafford annual loan limits.	Not Applicable.	1155/162
6.15 School Certification of the Loan	States that in addition to current requirements, a borrower whose prior Title IV loan(s) is in a conditional discharge status due to an initial determination that the borrower is totally and permanently disabled must do the following before a school may certify a new Stafford or PLUS loan for the borrower: Submit a request to the Department’s Conditional Discharge Disability Unit indicating that the loan(s) that is currently in a conditional discharge status be returned to repayment status and advise the school that the process of returning the conditionally discharged debt to repayment status has been initiated. Revised policy also states that before a school may certify a new loan for a borrower whose prior Title IV loan(s) is in a conditional discharge status due to total and permanent disability, the school must confirm that the borrower has initiated the process to return the conditionally discharged debt to repayment status. The school also must determine whether the status of the loan (default or non-default) will trigger additional requirements before it certifies a new loan for the borrower. Revised policy also states that a school must not deliver any new loan funds until it confirms that the conditionally discharged loan(s) has been returned to repayment status.	New loan requests received by a school on or after August 28, 2009.	1149/162

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
6.15.D Additional Unsubsidized Stafford Loan Certification for a Dependent Student	Clarifies that if a parent is approved for a PLUS loan, the student is not eligible for the additional unsubsidized Stafford loan funds available to an independent student.	Publication date of Volume 3 of the 06-07 FSA Handbook, unless implemented earlier by the guarantor.	1150/162
6.16 Applying for Federal Stafford and PLUS Loans	Removes the terms "creditworthy" and "creditworthiness" and replaces them with terminology related to not having adverse credit in the context of an applicant's or endorser's eligibility for a PLUS loan. Also removes the term "creditworthiness" and replaces it with "credit standards" in the context of a lender's independent credit criteria for a Stafford or PLUS applicant. In addition, the text describing existing policy that any debt discharged in bankruptcy during the 5-year period before the date of the credit report must be considered in determining a PLUS applicant's adverse credit was added to Subsection 7.1.C.	Retroactive to the implementation of the *Common Manual.*	1144/161
Chapter 7: Loan Origination			
7.1.A General Determinations 7.1.B Creditworthiness 7.1.C Effect of Bankruptcy on Creditworthiness 7.2.A Lender Responsibilities under a Master Promissory Note	Removes the terms "creditworthy" and "creditworthiness" and replaces them with terminology related to not having adverse credit in the context of an applicant's or endorser's eligibility for a PLUS loan. Also removes the term "creditworthiness" and replaces it with "credit standards" in the context of a lender's independent credit criteria for a Stafford or PLUS applicant. In addition, the text describing existing policy that any debt discharged in bankruptcy during the 5-year period before the date of the credit report must be considered in determining a PLUS applicant's adverse credit was added to Subsection 7.1.C.	Retroactive to the implementation of the *Common Manual.*	1144/161
Chapter 8: Loan Delivery			
8.2.C School's Notice of Credit to Student's Account 8.2.D School's Notice of Borrower's Right to Cancel Loan Disbursed by EFT or Master Check	Clarifies that a school must honor a borrower's cancellation request when that request is received within certain time frames after the school sends a notice advising the borrower of the right to cancel the loan. Notice of the right to cancel the loan is part of the notice of credit to the student's account.	Loans disbursed on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.	1154/162

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
8.7 Delivering Loan Funds at Eligible Schools	States that in addition to current requirements, a borrower whose prior Title IV loan(s) is in a conditional discharge status due to an initial determination that the borrower is totally and permanently disabled must do the following before a school may certify a new Stafford or PLUS loan for the borrower: Submit a request to the Department's Conditional Discharge Disability Unit indicating that the loan(s) that is currently in a conditional discharge status be returned to repayment status and advise the school that the process of returning the conditionally discharged debt to repayment status has been initiated. Revised policy also states that before a school may certify a new loan for a borrower whose prior Title IV loan(s) is in a conditional discharge status due to total and permanent disability, the school must confirm that the borrower has initiated the process to return the conditionally discharged debt to repayment status. The school also must determine whether the status of the loan (default or non-default) will trigger additional requirements before it certifies a new loan for the borrower. Revised policy also states that a school must not deliver any new loan funds until it confirms that the conditionally discharged loan(s) has been returned to repayment status.	New loan requests received by a school on or after August 28, 2009.	1149/162

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
8.7.B Delivering Second and Subsequent Disbursements 8.7.C Early Delivery 8.7.E Late Delivery 8.7.F Delivery in Credit-Hour Programs Offered in Modules 8.7.G Delivery to Borrowers in Special Circumstances Figure 8-4 Earliest Disbursement and Delivery Dates	Clarifies a school's options for defining the structure of a modular program and the effect of the school's choices on the frequency of annual loan limits, the definition of a payment period, a student's eligibility for additional funds due to a grade level increase within an academic year, the minimum loan period, the scheduling of disbursements, and the delivery of loan funds.	Effective for the delivery of the second disbursement of a Stafford or PLUS loan certified for a single term of a standard term-based program or a program with nonstandard terms that are substantially equal and at least 9 weeks of instructional time in length (SE9W) on or after September 29, 2009, unless implemented earlier by the school. Effective with the publication of the October 2005 Blue Book for the definition of "module". Effective with the publication of the 04-05 Handbook for: • Defining the structure of a credit-hour program offered in modules. • Disbursement scheduling and delivery in a credit-hour program offered in modules, with the exception of the second delivery of a loan made for a single term in a standard term-based program or a program with nonstandard terms that are SE9W. • Progressing to the next payment period in a non-term-based credit-hour program offered in modules. • The prohibition against making a late first delivery of Stafford or PLUS loan funds to a student enrolled in a term-based credit-hour program offered in modules who withdraws or drops to less-than-half-time enrollment without ever beginning half-time attendance in the term. Effective for official and unofficial withdrawal determinations made by the school on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999, for the payment period used to calculate the percentage of the period completed for a student who withdraws from a standard term-based program offered in modules.	1157/163

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
Chapter 9: School Reporting Responsibilities and the Return of Title IV Funds			
9.1 Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections	States that when the school becomes aware of a discrepancy with a student's or parent borrower's Social Security Number (SSN), date of birth, or first name, the school must attempt to obtain documentation of the correct SSN, date of birth, or first name. The school must notify the guarantor of any change made to the SSN, date of birth, or first name as a result of obtaining documentation, and must notify the lender of any change to the SSN. Revised policy also states that if the school is unable to obtain a copy of an acceptable source document to resolve the discrepancy of an SSN, it must notify both the lender and guarantor. The school must also instruct the lender to cease disbursement, and the school may not deliver FFELP funds to the student until the school determines the correct SSN.	July 1, 1996	1140/160
9.1 Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections	Permits a U.S. passport card as an acceptable document to confirm a student's or borrower's citizenship, or to correct a date of birth or first name.	Publication of the 09-10 FSA Handbook, Volume 1, for citizenship verification. June 1, 2009, for correction of a first name change or date of birth.	1148/162

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
9.4 Withdrawal Dates 9.5.A Return Amounts for Title IV Grant and Loan Programs	Clarifies a school's options for defining the structure of a modular program and the effect of the school's choices on the frequency of annual loan limits, the definition of a payment period, a student's eligibility for additional funds due to a grade level increase within an academic year, the minimum loan period, the scheduling of disbursements, and the delivery of loan funds.	Effective for the delivery of the second disbursement of a Stafford or PLUS loan certified for a single term of a standard term-based program or a program with nonstandard terms that are substantially equal and at least 9 weeks of instructional time in length (SE9W) on or after September 29, 2009, unless implemented earlier by the school. Effective with the publication of the October 2005 Blue Book for the definition of "module". Effective with the publication of the 04-05 Handbook for: • Defining the structure of a credit-hour program offered in modules. • Disbursement scheduling and delivery in a credit-hour program offered in modules, with the exception of the second delivery of a loan made for a single term in a standard term-based program or a program with nonstandard terms that are SE9W. • Progressing to the next payment period in a non-term-based credit-hour program offered in modules. • The prohibition against making a late first delivery of Stafford or PLUS loan funds to a student enrolled in a term-based credit-hour program offered in modules who withdraws or drops to less-than-half-time enrollment without ever beginning half-time attendance in the term. Effective for official and unofficial withdrawal determinations made by the school on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999, for the payment period used to calculate the percentage of the period completed for a student who withdraws from a standard term-based program offered in modules.	1157/163

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Chapter 10: Loan Servicing			
10.8.D Income-Based Repayment Schedule	States that for purposes of determining whether a borrower has a partial financial hardship (PFH) under IBR, the borrower may provide the lender with either a signed copy of the page(s) of the borrower's most recent federal income tax return that contains the borrower's adjusted gross income (AGI), or the tax transcript information from the Internal Revenue Service (IRS) that contains the AGI and other tax return information. The policy further explains that to obtain a tax transcript from the IRS, the borrower may either submit a signed consent form (IRS Form 4506-T) directly to the lender (which will then forward it to the IRS), or the borrower may submit the 4506-T form directly to the IRS and request that the information be sent directly to either the lender or the borrower.	Income-based repayment (IBR) plan requests received by the lender on or after July 1, 2009.	1143/161
Chapter 11: Deferment and Forbearance			
Figure 11-1 Deferment Eligibility Chart	Incorporates into the Deferment Eligibility Chart, Figure 11-1, the new in-school and post-enrollment deferment options for parent PLUS and Grad PLUS borrowers whose loans were first disbursed on or after July 1, 2008.	PLUS loans first disbursed on or after July 1, 2008.	1151/162
Chapter 13: Claim Filing, Discharge, and Forgiveness			
13.1.D Claim File Documentation	Requires a lender to provide to the guarantor documentation supporting the granting of a reduced interest rate under the Servicemembers Civil Relief Act if, at the time the lender files a claim with the guarantor, the borrower, comaker, or endorser is receiving this benefit. This documentation includes the borrower's written request for the reduced interest rate and the applicable military orders.	Claims filed by the lender on or after January 1, 2010, unless implemented earlier by the lender.	1135/160
13.1.D Claim File Documentation	States that a lender must submit a completed FFELP Ineligible Borrower and Identity Theft Supplemental form to accompany the FFELP Claim Form to support and provide additional information and documentation necessary to request claim reimbursement for an ineligible borrower discharge or a discharge due to false certification as a result of a crime of dentity theft.	Claims filed by the lender on or after January 1, 2010, unless implemented earlier by the lender.	1136/160
13.1.D Claim File Documentation	States that a lender must provide certain electronic signature and disbursement information when filing a total and permanent disability claim that is not based on a determination by the Department of Veterans Affairs (VA). The required information must be submitted via the FFELP Assignment Support Supplemental Form (TPD-Specific worksheet).	Total and permanent disability claims that are not based on a determination by the Department of Veterans Affairs and that are filed by the lender on or after January 1, 2010, unless implemented earlier by the guarantor.	1142/161

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
13.6.A Default Claims	Provides instruction for a lender in a case when, after filing a default claim, the lender receives documentation that the loan(s) qualifies for a different type of claim payment.	Requests for unpaid refund loan discharge received by the lender on or after July 1, 2000. Requests for false certification loan discharge as a result of the crime of identity theft received by the lender on or after July 1, 2006. Requests for loan discharge for a spouse or parent of a victim of the September 11, 2001, terrorist attacks received by the lender on or after October 29, 2007.	1156/163
13.8.G Total and Permanent Disability	States that in addition to current requirements, a borrower whose prior Title IV loan(s) is in a conditional discharge status due to an initial determination that the borrower is totally and permanently disabled must do the following before a school may certify a new Stafford or PLUS loan for the borrower: Submit a request to the Department's Conditional Discharge Disability Unit indicating that the loan(s) that is currently in a conditional discharge status be returned to repayment status and advise the school that the process of returning the conditionally discharged debt to repayment status has been initiated. Revised policy also states that before a school may certify a new loan for a borrower whose prior Title IV loan(s) is in a conditional discharge status due to total and permanent disability, the school must confirm that the borrower has initiated the process to return the conditionally discharged debt to repayment status. The school also must determine whether the status of the loan (default or non-default) will trigger additional requirements before it certifies a new loan for the borrower. Revised policy also states that a school must not deliver any new loan funds until it confirms that the conditionally discharged loan(s) has been returned to repayment status.	New loan requests received by a school on or after August 28, 2009.	1149/162
Chapter 15: Federal Consolidation Loans			
15.3.C Reviewing the Loan Verification Certificate	States that a joint Consolidation loan cannot be reconsolidated under either the the FFELP or the Direct Loan Program. Revised policy also specifies that an existing single Federal Consolidation loan may be reconsolidated under the Direct Loan Program without adding other eligible loans under certain situations listed in Section 15.2.	Loan verification certificates received by the lender on or after August 14, 2008.	1141/160
Appendix G: Glossary			
Additional Unsubsidized Stafford Loan	Aligns the definition of "Additional Unsubsidized Stafford Loan" with the loan limits in Subsection 6.11.A and Figure 6-4.	Stafford loans first disbursed on or after July 1, 2008, for loan periods that include or begin on or after July 1, 2008.	1147/161

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
Endorser	Removes the terms "creditworthy" and "creditworthiness" and replaces them with terminology related to not having adverse credit in the context of an applicant's or endorser's eligibility for a PLUS loan. Also removes the term "creditworthiness" and replaces it with "credit standards" in the context of a lender's independent credit criteria for a Stafford or PLUS applicant. In addition, the text describing existing policy that any debt discharged in bankruptcy during the 5-year period before the date of the credit report must be considered in determining a PLUS applicant's adverse credit was added to Subsection 7.1.C.	Retroactive to the implementation of the *Common Manual.*	1144/161
Estimated Financial Assistance (EFA)	Excludes all federal veterans' education benefits from estimated financial assistance (EFA) for determining eligibility for a Stafford or PLUS loan. Revised policy provides an updated list of federal veterans' education benefits that are excluded.	July 1, 2009	1138/160

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
Module	Clarifies a school's options for defining the structure of a modular program and the effect of the school's choices on the frequency of annual loan limits, the definition of a payment period, a student's eligibility for additional funds due to a grade level increase within an academic year, the minimum loan period, the scheduling of disbursements, and the delivery of loan funds.	Effective for the delivery of the second disbursement of a Stafford or PLUS loan certified for a single term of a standard term-based program or a program with nonstandard terms that are substantially equal and at least 9 weeks of instructional time in length (SE9W) on or after September 29, 2009, unless implemented earlier by the school. Effective with the publication of the October 2005 Blue Book for the definition of "module". Effective with the publication of the 04-05 Handbook for: • Defining the structure of a credit-hour program offered in modules. • Disbursement scheduling and delivery in a credit-hour program offered in modules, with the exception of the second delivery of a loan made for a single term in a standard term-based program or a program with nonstandard terms that are SE9W. • Progressing to the next payment period in a non-term-based credit-hour program offered in modules. • The prohibition against making a late first delivery of Stafford or PLUS loan funds to a student enrolled in a term-based credit-hour program offered in modules who withdraws or drops to less-than-half-time enrollment without ever beginning half-time attendance in the term. Effective for official and unofficial withdrawal determinations made by the school on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999, for the payment period used to calculate the percentage of the period completed for a student who withdraws from a standard term-based program offered in modules.	1157/163

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
Appendix H: History of the FFELP and the *Common Manual*			
H.1 History of the FFELP and the Common Manual	Removes the terms “creditworthy” and “creditworthiness” and replaces them with terminology related to not having adverse credit in the context of an applicant’s or endorser’s eligibility for a PLUS loan. Also removes the term “creditworthiness” and replaces it with “credit standards” in the context of a lender’s independent credit criteria for a Stafford or PLUS applicant. In addition, the text describing existing policy that any debt discharged in bankruptcy during the 5-year period before the date of the credit report must be considered in determining a PLUS applicant’s adverse credit was added to Subsection 7.1.C.	Retroactive to the implementation of the *Common Manual*.	1144/161

6.2 Determining the Loan Period

The loan period is the period of enrollment for which a Stafford or PLUS loan is intended. The loan period must coincide with a bona fide academic term established by the school for which school charges are generally assessed (i.e., semester, trimester, quarter, length of the student's program, or the school's academic year).
[§682.200(b)]

The maximum period for which a school may certify a loan is an academic year. See Section 6.1 for more information about how the academic year is defined and used to determine and certify the appropriate loan amount for a student enrolled in a standard term-based, nonstandard term-based, or non-term-based credit-hour program, and for a clock-hour program.

The maximum period for which a school may certify a Stafford or PLUS loan is the calendar period of time in which the student is expected to successfully complete the credit or clock hours and the instructional weeks in the Title IV academic year definition for any of the following programs:

- A non-term-based credit-hour program.
- A clock-hour program.
- A nonstandard term-based, credit-hour program that does not have substantially equal terms.
- A nonstandard term-based, credit-hour program that has substantially equal terms that are not all at least nine weeks in length.

For a student who attends such a program on at least a half-time but less-than-full-time basis, otherwise progresses in the program at a slower rate, or takes an approved leave of absence, the loan period may be longer than the loan period for a student attending the same program who progresses at a normal pace.

> Example: A school offers a non-term-based, credit-hour program of one academic year in length. The Title IV academic year definition for the program, and the program's length, is 24 semester credit hours and 40 instructional weeks, which requires the normal, full-time student 10 months to complete. For such a student, the loan period is 10 months in length (i.e., the calendar period required for the student to successfully complete the number of credit hours and instructional weeks in the program/academic year). However, for a student who enrolls in the program on a less-than-full-time basis (but at least half-time) the loan period may be 15 months, (i.e., the calendar period necessary for the student to successfully complete the number of credit hours and instructional weeks in the program/academic year at a slower pace).

[§682.603(g)(2)(i)]

In a program that measures academic progress in credit hours and uses standard terms~~,~~ (i.e., a semester, trimester, or quarter system)~~,~~, or ~~in a credit-hour program~~ one that uses nonstandard terms that are substantially equal in length *and* at least ~~nine~~ 9 weeks of instructional time in length (SE9W), the minimum period for which a school may certify a loan is a single academic term (~~e.g.~~i.e., a semester, trimester, quarter, or nonstandard term that is SE9W). In such a program that is offered in modules, the minimum period for which a school may certify a loan is a single academic term, including a case when a student does not enroll in all of the modules within the term.
[§682.603~~(f)~~(g)(1)(i)(A); ~~08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-77~~ 09-10 FSA Handbook, Volume 3, Chapter 6, p. 3-95][1]

In a clock-hour program, a non-term-based credit-hour program, a credit-hour program with nonstandard terms that are not SE9W (i.e., the terms are not substantially equal, or each term is not at least nine weeks of instructional time in length), or a program with a combination of standard or nonstandard terms that does not qualify to use an SAY, the minimum period for which a school may certify a loan is:

- The lesser of the length of the student's program at the school, the school's academic year, or the student's final period of study at the school.
  [§682.603(f)(1)(i)(B); 08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-78]
- The lesser of the student's final period of study or the remaining portion of the prior school's final academic year if all of the following criteria are met:
  - A student transfers to a new school from a prior school (not a student who transfers between programs at the same school).

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student's cost of attendance for the loan period, provided that the student completed the fall term on at least a half-time basis. The school must ensure that a loan period including a retroactive period does not exceed the maximum allowable loan period as described above, and meets applicable criteria for determining the frequency of Stafford annual loan limits (see Section 6.1 and Figure 6-2). If a student attended during a retroactive period on a less-than-half-time basis, a school must not include the retroactive period in the loan period or that retroactive period's costs in the cost of attendance for the loan period. [08-09 FSA Handbook, Volume 1, Chapter 1, pp. 1-10, 1-13, and 1-14, and Volume 4, Chapter 2, p. 4-50 and 4-51]

6.3
Determining Payment Periods

The payment period is the basis on which a school must schedule and deliver disbursements for a particular loan period. The payment period begins on the first day of regularly scheduled classes. A payment period is determined by the structure of the school's academic program.

For the purpose of determining payment periods, the following definitions apply:

- Substantially equal in length – terms are substantially equal in length if no term in the program is more than two weeks of instructional time longer than any other term in that program.
- Successful completion – a student successfully completes credit hours or clock hours if the school considers the student to have passed the coursework associated with those hours.

6.3.A
Credit-Hour Programs Offered in Modules

A school that offers a credit-hour program in modules has several options for defining the program's structure: standard-term-based, nonstandard term-based with terms that are substantially equal in length *and* at least 9 weeks of instructional time in length (SE9W), nonstandard term-based with terms that are *not* SE9W, or non-term-based. A school may group modules together and treat the entire period of combined modules as a single term. For example, a school may group three consecutive modules of 5 weeks of instructional time each to create a standard term of 15 weeks of instructional time, or group four consecutive modules of 4 weeks of instructional time each to create a standard term of 16 weeks of instructional time.

A school may treat a program that is offered in modules as a program that consists of nonstandard terms. For example, in a program that offers courses in consecutive modules of 5 weeks of instructional time, the school may treat each module as a 5-week nonstandard term. In addition, a school may treat a program that consists of modules as a non-term-based program.

For a program that is offered in standard terms, a school may combine a short nonstandard term with an adjacent standard term. The combination of the short nonstandard term and the standard term may be treated as a single, standard term composed of two modules. For example, an interim period of 4 weeks of instructional time that begins and ends between a program's standard semesters, each of which consist of 15 weeks of instructional time, may be treated as part of one of the two standard semesters. The result is a single term of 19 instructional weeks consisting of one module of 4 and one module of 15 weeks of instructional time that the school may treat as a standard semester. A school that chooses this option must provide the same treatment for all Title IV aid to students enrolled in the program. A school must include all hours in which a student enrolls during the shorter module as part of the student's total enrollment for the standard term and include costs that the student incurs during the shorter module, as appropriate, in the student's cost of attendance. [09-10 FSA Handbook, Volume 3, Chapter 1, p. 3-4 to 3-6]

The structure that a school chooses for a credit-hour program offered in modules affects all of the following:

- The definition of an academic year that determines the frequency of Stafford annual loan limits (see Subsection 6.1.B).
- The definition of a payment period (see Subsections 6.3.B through 6.3.F).
- A student's eligibility for additional loan funds due to a grade level increase within an academic year (see Subsection 6.11.A).
- The minimum period for which a loan may be certified (see Section 6.2).
- The disbursement schedule for a Stafford or PLUS loan (see Section 6.4).
- The delivery time frames for a Stafford or PLUS loan (see Section 8.7).[1]

[1] Policy 1157 (Batch 163), approved December 17, 2009

For example, if a school treats a program consisting of consecutive modules of 5 weeks of instructional time as a program offered in standard terms (in which each term is 15 weeks of instructional time composed of three consecutive, 5-week modules), the school must apply the rules for determining the frequency of Stafford annual loan limits and the minimum period for which a loan may be certified as it would in a standard term-based program. However, if the school chooses to treat such a program as one that is offered in nonstandard terms of 5 instructional weeks each, the school must apply the rules for determining the frequency of Stafford annual loan limits and the minimum period for which a loan may be certified as it would in a nonstandard term-based program with terms that are *not* SE9W (i.e., all of the terms in the program are not substantially equal in length, or the terms are not all at least 9 weeks of instructional time in length).

~~6.3.A~~
~~Credit-Hour Programs With Standard Terms or with Nonstandard Terms That Are Substantially Equal in Length~~

6.3.B
Credit-Hour Programs With Standard Terms or with Nonstandard Terms That Are Substantially Equal in Length

For an eligible program that measures progress in credit hours and has standard academic terms, or has nonstandard terms that are substantially equal in length, the payment period is the academic term (semester, trimester, quarter, or nonstandard term). In such a program that is offered in modules, the payment period is an academic term, including a case when a student does not enroll in all of the modules within the term.
[§668.4(a)]

~~6.3.B~~
~~Standard Term-Based Credit-Hour Programs Offered in Modules~~

~~For an eligible program that combines a series of modules into a semester, trimester, or quarter and measures progress in credit hours, the payment period includes all of the modules the student was scheduled to attend in the semester, trimester, or quarter beginning with the module that included the student's first day of attendance. The following criteria apply to programs offered in modules:~~

- ~~Some or all of the courses in the program are offered in modules that are scheduled sequentially rather than concurrently. (The modules may overlap.)~~
- ~~Two or more modules make up a standard term at the institution (e.g., a 12-week term is offered in three 4-week modules).~~
- ~~A student may begin his or her program of study at the beginning of any module in the term.~~
- ~~A student may skip one or more modules in the term.~~
- ~~A student must enroll up front in all modules he or she plans to attend within the term, although he or she may subsequently add or drop a course.~~
~~[DCL GEN-00-24]~~

~~A school may use a scheduled academic year (SAY) or a borrower-based academic year (BBAY) for a standard term-based program comprised of modules that is offered in a traditional academic year calendar. See Subsection 6.1.B for more information about the use of a SAY and a BBAY in a standard term-based, credit-hour program that is offered in a traditional academic year calendar.~~[1]

6.3.C
Credit-Hour Programs with Nonstandard Terms That Are Not Substantially Equal in Length

For an eligible program that measures progress in credit hours and has nonstandard terms that are not substantially equal in length, the payment period varies, depending on the length of the program, or the remaining portion of the program.

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For an eligible program that is one academic year or less in length, the following applies:

- The first payment period is the period of time in which the student successfully completes half of the credit hours in the program *and* half of the number of weeks of instructional time in the program.
- The second payment period is the period of time in which the student successfully completes the remainder of the program.

For an eligible program that is more than one academic year in length, the following applies for the first academic year and for any subsequent full academic year:

- The first payment period is the period of time in which the student successfully completes half of the credit hours and half the number of weeks of instructional time in the academic year.
- The second payment period is the period of time in which the student successfully completes the remainder of the academic year.

For any remaining portion of an eligible program that is more than one-half of an academic year in length, but less than a complete academic year, the following applies:

- The first payment period is the period of time in which the student successfully completes half of the credit hours and half the number of weeks of instructional time in the remaining portion of the program.
- The second payment period is the period of time in which the student successfully completes the remainder of the program.

A school must ensure that the student successfully completes a payment period before the school may deliver a subsequent disbursement of Stafford or PLUS loan funds to the student. A student does not progress to the subsequent payment period until the student successfully completes the number of credit hours and the number of weeks of instructional time in the current payment period. In a credit-hour program with nonstandard terms that are not substantially equal in length that is offered in modules, a student's failure to successfully complete one or more courses within a module may delay the student's successful completion of the payment period.
[09-10 FSA Handbook, Volume 3, Chapter 1, p. 3-17][1]

For any remaining portion of an eligible program that is less than one-half of an academic year in length, the payment period is the remainder of the program; however, loan funds must be delivered in at least two disbursements, unless the school is exempt from the multiple disbursement requirement as a result of a low cohort default rate (see Subsection 7.7.B).
[§668.4(b)]

6.3.D Clock-Hour Programs or Non-Term-Based Credit-Hour Programs

For an eligible program that measures progress in clock hours, or a program that measures progress in credit hours and does not have academic terms, the payment period varies, depending on the length of the program or the remaining portion of the program.

For an eligible program that is one academic year or less in length, the following applies:

- The first payment period is the period of time in which the student successfully completes half the clock hours or credit hours *and* half the number of weeks of instructional time in the program.
[§668.4(c)(1)(i)]
- The second payment period is the period of time in which the student successfully completes the remainder of the program.
[§668.4(c)(1)(ii)]

For an eligible program that is more than one academic year in length, the following applies for the first academic year and any subsequent full academic year:

- The first payment period is the period of time in which the student successfully completes half the clock hours or credit hours *and* half the number of weeks of instructional time in the academic year.
[§668.4(c)(2)(i)(A)]
- The second payment period is the period of time in which the student successfully completes the remainder of the academic year.
[§668.4(c)(2)(i)(B)]

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For any remaining portion of an eligible program that is more than one half of an academic year in length, but less than a complete academic year, the following applies:

- The first payment period is the period of time in which a student successfully completes half the clock hours or credit hours and half the number of weeks of instructional time remaining in the program. [§668.4(c)(2)(ii)(A)]

- The second payment period is the period of time in which the student completes the remainder of the program. [§668.4(c)(2)(ii)(B)]

A school must ensure that the student successfully completes a payment period before the school may deliver a subsequent disbursement of Stafford or PLUS loan funds to the student. A student does not progress to a subsequent payment period until the student successfully completes the number of credit or clock hours and the number of weeks of instructional time in the current payment period. In a non-term-based credit-hour program that is offered in modules, a student's failure to successfully complete one or more courses within a module may delay the student's successful completion of the payment period.

> **Example:** A student enrolls in a non-term-based credit-hour program that is one academic year in length. The school defines the academic year for this program as 24 semester credit hours and 30 weeks of instructional time, consisting of two payment periods of 12 semester credit hours and 15 weeks of instructional time. The program is offered in a series of six modules of 5 weeks of instructional time. In each module, the student enrolls in a single course for which the student will earn 4 semester credit hours. The student fails the course offered in the first 4-hour module in the first payment period of the program. The student cannot progress to the subsequent payment period until he or she has successfully completed 12 semester credit hours in 3 *subsequent* modules.

[09-10 FSA Handbook, Volume 3, Chapter 1, p. 3-21][1]

For any remaining portion of an eligible program that is not more than one half an academic year, the payment period is the remainder of that program; however, loan funds must be delivered in at least two disbursements, unless the school is exempt from the multiple disbursement requirement as a result of a low cohort default rate (see Subsection 7.7.B). [§668.4(c)(2)(iii)]

If a school is unable to determine when a student has completed half the clock hours or credit hours in a program, academic year, or the remainder of a program, the student is considered to begin the second payment period of the program, academic year, or the remainder of a program at the later of:

- The date, as determined by the school, that the student has successfully completed one-half of the academic coursework in the program, academic year, or the remainder of the program. [§668.4(c)(3)(i)]

- The date when the student successfully completed half of the number of weeks of instruction in the program, academic year, or the remainder of the program. [§668.4(c)(3)(ii)]

6.3.E Excused Absences in Clock-Hour Programs

For the purposes of determining whether a student has successfully completed the clock hours in a payment period, a school may count an excused absence (an absence the student does not have to make up) if:

- The school has a written policy that permits excused absences.

- The number of excused absences under the written policy for purposes of determining payment periods does not exceed the lesser of:
  - The school's accrediting agency's excused absence policy.
  - The excused absence policy of any state agency that licenses or legally authorizes the school to operate in the state.
  - Ten percent of the clock hours in the payment period.

[§668.4(e)]

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- 30 days before the first day of any subsequent payment period for a loan disbursed by individual check. [§668.167(a)(3)(ii)]

If the first disbursement would occur on or after the date on which the second or subsequent disbursement could be made, the first and second disbursements, or the first and subsequent disbursements, may be combined (see Subsection 7.7.A.).
[§682.207(d)]

Earliest Disbursement Scheduling Rules for Credit-Hour Programs Offered in Modules

When a student is enrolled in a credit-hour program offered in modules but the student will not attend the first module in a payment period, the date the school uses to determine when Stafford or PLUS loan funds may be disbursed is the starting date of the first module in the payment period that the school expects the student to attend.
[09-10 FSA Handbook, Volume 3, Chapter 1, p. 3-21]

For a Stafford loan disbursed by EFT or master check, the earliest date for which a first disbursement by the lender may be scheduled for a student enrolled in a credit-hour program offered in modules is:

- The 28th day of the first module that the student will actually attend if the student is a first-year undergraduate, first-time borrower and the school is subject to delayed delivery provisions for such students.

- 13 days before the first day of the first module that the student will actually attend for all other borrowers, including a first-year undergraduate, first-time borrower at a school that is not subject to delayed delivery (see Subsection 8.7.D).

For a Stafford loan disbursed by individual check, the earliest date for which a first disbursement by the lender may be scheduled for a student enrolled in a credit-hour program offered in modules is:

- The first day of the first module that the student will actually attend if the student is a first-year undergraduate, first-time borrower and the school is subject to delayed delivery provisions for such students.

- 30 days before the first day of the first module that the student will actually attend for all other borrowers, including a first-year undergraduate, first-time borrower at a school that is not subject to delayed delivery (see Subsection 8.7.D).

For a PLUS loan, the earliest date for which a first disbursement by the lender may be scheduled for a student enrolled in a credit-hour program offered in modules is:

- 13 days before the first day of the first module that the student will actually attend for a loan disbursed by EFT or master check.

- 30 days before the first day of the first module that the student will actually attend for a loan disbursed by individual check.

If the loan period for a Stafford or PLUS loan consists of one payment period and does not qualify for a multiple disbursement exemption (see Subsection 6.4.A), the school must schedule the second disbursement so that it is delivered no earlier than the *later of* the calendar midpoint between the first and last scheduled days of class of the loan period, or the first day of the first subsequent module that the student will actually attend, in the following types of programs:

- A standard term-based, credit-hour program.

- A nonstandard term-based, credit-hour program in which all of the terms are substantially equal *and* at least 9 weeks of instructional time in length (SE9W).

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

- 13 days before the first day of the first module that the student will actually attend in any subsequent payment period for a loan disbursed by EFT or master check.

- 30 days before the first day of the first module that the student will actually attend in any subsequent payment period for a loan disbursed by individual check.[1]

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First Disbursement Timeline

Figure 6-3

Note: the earliest disbursement dates below may not apply to a student enrolled in a credit-hour program offered in modules. See Subsection 6.4.B for more information.[1]

Standard Disbursement

Delayed Disbursement

(for first-year, first-time undergraduate Stafford borrowers attending schools subject to delayed delivery provisions)

A school may request the first disbursement (Stafford or PLUS loan) of an individual check up to 30 days before the first day of the first payment period.

30 days before

A school may request the first disbursement (Stafford or PLUS loan) of an EFT or master check disbursement up to 13 days before the first day of the first payment period.

13 days before

First Day of First Payment Period

A school may request the first disbursement of an individual check no earlier than the first day of the first payment period

28th day of first payment period

A school may request the first disbursement of an EFT or master check disbursement no earlier than the 28th day of the first payment period

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8.7.B Delivering Second and Subsequent Disbursements

Generally, t~~T~~ime frames for issuing second or subsequent disbursements are dictated by the loan period and the school's methods for measuring the student's academic progress.
[§682.604(c)(6) and (7)]

The earliest delivery dates below for a second and subsequent disbursement may not apply to a student enrolled in a credit-hour program offered in modules. See Subsection 8.7.F for more information.[1]

One Payment Period

If the loan period consists of only one payment period, the school may not deliver a second or subsequent disbursement earlier than:

- The calendar midpoint between the first and last scheduled days of class for the loan period in the following types of programs:
  - A standard term-based, credit-hour program.
  - A nonstandard term-based, credit-hour program in which all of the terms are at least nine weeks and substantially equal in length.
- The date the student successfully completes half of the credit or clock hours (or half of the academic coursework) *and* half of the weeks of instructional time in the loan period in the following types of programs:
  - A nonstandard term-based, credit-hour program that does not have substantially equal terms.
  - A nonstandard term-based, credit-hour program that has terms substantially equal in length, but are not all at least nine weeks in length.
  - A non-term-based, credit-hour program.
  - A clock-hour program.

[§682.604(c)(6)(ii)]

Credit Hours—Standard or Substantially Equal Terms

The school may not deliver a second or subsequent disbursement earlier than 10 days before the first day of any payment period for an eligible program that measures academic progress in credit hours and that uses a standard semester, trimester, or quarter system, or for programs that do not use a standard semester, trimester, or quarter system but that use terms that are substantially equal in length for a loan period.

Terms are substantially equal in length if no term within the loan period is more than two weeks longer than any other term in that loan period.
[§682.603(f)(1)(i)(A); §682.604(c)(6)(i)]

Clock-Hour Programs or Credit-Hour Programs With No Terms or Unequal Terms

The school may not deliver a second or subsequent disbursement for an eligible program that measures academic progress in clock hours, or measures academic progress in credit hours and either does not use terms, or does not use terms that are substantially equal in length for a loan period, until the later of:

- The date the student successfully completes half of the credit or clock hours in the loan period.
  [§682.604(c)(6)(ii)(B)]
- The date the student successfully completes one half of the number of weeks of instructional time in the loan period.
  [§682.604(c)(6)(i) and (ii)]

Clock Hours

The school may not deliver a second or subsequent disbursement for an eligible program that measures academic progress in clock hours, until the later of:

- The calendar midpoint between the first and last scheduled days of class for the loan period.
  [§682.604(c)(8)(i)]
- The date the student completes one half of the clock hours in the loan period.
  [§668.164(f); §682.604(c)(8)(ii)]

In determining whether the student has completed clock hours in a payment period, a school may include clock hours for which the student has an excused absence if the

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school has a written policy that permits excused absences and the number of excused absences does not exceed the lesser of:

- The number of excused absences permitted under the policy of the school's accrediting agency. [§668.164(b)(3)(ii)(A)]
- The number of excused absences permitted under the policy of any state agency that licenses the school or legally authorizes the school to operate in the state. [§668.164(b)(3)(ii)(B)]
- 10% of the clock hours in the payment period. [§668.164(b)(3)(ii)(C)]

8.7.C Early Delivery

The school may deliver a registered student's loan proceeds before the first day of classes (unless the student is subject to delayed delivery) after verifying that the student is registered at least half time and, for a continuing student, is maintaining satisfactory academic progress (SAP). [§668.164(f)]

Credit-Hour Programs Using Standard Terms

If the student is enrolled in a credit-hour program that is offered in semester, trimester, or quarter academic terms, the earliest a school may directly pay or credit the account of a registered student not subject to delayed delivery, or pay the parent borrower in the case of a parent PLUS loan, is 10 days before the first day of the payment period. [§668.164(f)(1)]

Clock-Hour and Nonstandard Term-Based Programs

If the student is enrolled in a clock-hour program or a credit-hour program that is not offered in semester, trimester, or quarter academic terms, the earliest a school may directly pay or credit the account of a registered student who is not subject to delayed delivery, or pay the parent borrower in the case of a parent PLUS loan, is the later of:

- 10 days before the first day of the payment period. [§668.164(f)(2)(i)]
- The date the student completes the previous payment period for which the student received FFELP proceeds. [§668.164(f)(2)(ii)]

See Figure 8-4 for information on the earliest dates that loan funds may be disbursed and delivered. Refer to Subsection 8.7.B for additional provisions related to second or subsequent disbursements. See Subsection 8.7.F for more information about special delivery rules that apply to a student who is enrolled in a credit-hour program offered in modules.[1]

Applying Estimated Amounts

When a school credits an estimated amount of school funds to a student's account in advance of the receipt of FFELP proceeds, and this occurs earlier than 10 days before the first day of the payment period, the Department considers the loan proceeds to have been delivered on the 10th day before the first day of the payment period. If the school does not record the advance funds as an estimated amount, the Department considers the delivery to have occurred on the date the school recorded the credit to the student's account at the school.
[§668.164(a)(2)]

8.7.D Delayed Delivery

Unless exempt (see the following paragraphs), a school must not deliver the first disbursement of a Stafford loan to a first-year undergraduate student who is a first-time borrower (that is, an undergraduate student who is enrolled in the first year of a program of study and who has not previously received a Stafford [FFELP or Direct] or SLS loan) until the student completes the first 30 days of his or her program of study. Delivery includes crediting proceeds to the student's account as well as delivering proceeds directly to the student. Before the delivery of proceeds, the school must confirm the student's eligibility.
[HEA §428G(b)(1);§668.164(f)(3); §682.604(c)(5)]

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

Low Cohort Default Rate Exemption

A school whose cohort default rate is less than 10% for each of the three most recent fiscal years for which data are available is exempt from the requirement to delay delivery of funds to first-year undergraduate students who are first-time borrowers.
[HEA §428G(b)(1)]

[1] Policy 1157 (Batch 163), approved December 17, 2009

funds, as applicable. However, the borrower must sign the MPN before a lender may make a late disbursement. [DCL GEN-05-16]

Disbursements Exceed Loan Eligibility

If the total amount of the late disbursement and all prior disbursements exceeds the student's loan eligibility for the period in which the student was enrolled and eligible, as determined by the financial aid administrator (FAA), the school must return the balance of the borrower's loan proceeds to the lender with a notice certifying the following:

- The beginning and ending dates of the loan period or payment period during which the student was enrolled and eligible.
  [§682.604(e)(2)(i)]
- The amount of loan funds the student or parent borrower is eligible to receive for that loan period or payment period.
  [§682.604(e)(2)(ii)]

See Subsection 8.7.F for information about conditions for late delivery to a student enrolled in a credit-hour program offered in modules. For information on late disbursement requirements for lenders, see Subsection 7.7.G. For information on preventing overawards, see Subsection 6.15.A.

8.7.F Delivery in Credit-Hour Programs Offered in Modules

When a student is enrolled in a credit-hour program offered in modules (see Subsection 6.3.A) but the student will not attend the first module in a payment period, the date the school uses to determine when Stafford or PLUS loan funds may be delivered is the starting date of the first module in the payment period that the school expects the student to attend. For example, the earliest that a school may deliver loan funds to a student who begins enrollment in the second of three 5-week modules that comprise a payment period is 10 days prior to the first day of the second module (or the 31st day of the second module for a Stafford loan that the school certifies for a borrower who is subject to delayed delivery).
[09-10 FSA Handbook, Volume 3, Chapter 1, p. 3-21]

A borrower subject to delayed delivery (see Subsection 8.7.D) who is enrolled in a module that is less than 30 days in length is not eligible to receive Stafford loan funds until the student completes the first 30 days of his or her program of study. This may result in the school delivering the funds during a subsequent module or, in the case of a term-based program offered in modules, during the next full term.

If the loan period for a Stafford or PLUS loan consists of one payment period and does not qualify for a multiple disbursement exemption (see Subsection 6.4.A), the school must deliver the second disbursement no earlier than the *later of* the calendar midpoint between the first and last scheduled days of class of the loan period, or the first day of the first subsequent module that the student will actually attend, in the following types of programs:

- A standard term-based, credit-hour program.
- A nonstandard term-based, credit-hour program in which all of the terms are at least 9 weeks and substantially equal in length.

A school must ensure that it does not deliver the proceeds of a Stafford loan, a parent PLUS loan, or a Grad PLUS loan to a student who has lost his or her eligibility to receive the loan. If a student enrolled in a term-based credit-hour program offered in modules has not received the first disbursement of a Stafford or PLUS loan and the student drops to less-than-half-time enrollment or withdraws before beginning attendance on at least a half-time basis, the school must not make a late delivery, or as applicable, a post-withdrawal disbursement of loan funds to the student. [09-10 FSA Handbook, Volume 5, Chapter 2, p. 5-79]

~~8.7.F Delivery to Borrowers in Special Circumstances~~

8.7.G Delivery to Borrowers in Special Circumstances[1]

A school may be restricted from delivering funds to a student under certain circumstances or until such circumstances are resolved. This subsection details the actions a school must take in each of those situations.

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~~Payment Rules for Modular Programs and Mini-Sessions~~

~~A student who is enrolled in a modular program (see Subsection 6.3.B) is not eligible to receive FFELP loan funds until the first module that he or she will actually attend. For example, the earliest that a school may deliver loan funds to a student who begins enrollment in the second of three five-week modules that comprise a payment period is 10 days prior to the first day of the second module (or 30 days after the date the second module begins if the borrower is subject to delayed delivery).~~
~~[08-09 FSA Handbook, Volume 4, Chapter 2, p. 4-50]~~

~~A borrower subject to delayed delivery (see Subsection 8.7.D) who is enrolled in a summer or winter mini-session that is less than 30 days in length is not eligible to receive Stafford loan funds until the student completes the first 30 days of his or her program of study. This may result in the school delivering the funds during a subsequent mini-session or during the next full term.~~
~~[§668.164(f)(3)]~~[1]

Leaves of Absence

A school may neither credit a student's account nor deliver loan proceeds to the student or parent borrower while the student is on an approved leave of absence. If the student returns from an approved leave of absence on at least a half-time basis within 10 business days of the school's receipt of loan proceeds by EFT or master check, or within 30 days of the school's receipt of loan proceeds by individual check, the school may credit a student's account or deliver loan proceeds to the borrower. If the school returns loan proceeds received while the student is on an approved leave of absence, the school may request that the lender reissue those loan proceeds to coincide with the student's scheduled return from the approved leave of absence. For more information on the delivery of loan proceeds to a student on an approved leave of absence, see Section 9.3.
[§668.167(b); §682.604(c)(4)]

Bankruptcy

If the school is notified by the lender of a bankruptcy action and is instructed to return any Title IV loan funds that have not been released to the borrower, the school must immediately return any undelivered funds to the lender. In addition, if the school receives notification that a Stafford or PLUS borrower has filed a bankruptcy action after the school certified the loan but before the funds have been delivered to the borrower, the school should return any undelivered funds to the lender. The school must include an explanation that the funds are being returned because the borrower has filed for bankruptcy and must attach a copy of any documentation it possesses regarding the bankruptcy. The school is *not* required to ask borrowers, as part of the loan certification or delivery process, whether they have filed for bankruptcy.

Temporary Change in Enrollment Status

If, before the delivery of the proceeds of a disbursement to the student, the student temporarily ceases to be enrolled at least half time, the school may deliver the proceeds of that disbursement and any subsequent disbursement to the student if the school determines and documents in the student's file all of the following:

- That the student has resumed enrollment on at least a half-time basis.
  [§682.604(b)(2)(iv)(A)]

- The student's revised cost of attendance (COA).
  [§682.604(b)(2)(iv)(B)]

- That the student continues to qualify for the entire amount of the loan, notwithstanding any reduction in the student's COA caused by the student's temporary cessation of enrollment at least half time.
  [§682.604(b)(2)(iv)(C)]

Unverified Social Security Number

If the Social Security number (SSN) has not been verified, and a FFELP loan has been guaranteed for the student, the school must instruct the lender and guarantor to cease further disbursements of the loan until the Department or the school determines that the student's SSN is correct. If the student fails to verify the SSN within the delivery time frames in Subsection 8.7.A, the school must return to the lender the affected FFELP loan disbursements for the student.
[§668.36]

1. Policy 1157 (Batch 163), approved December 17, 2009

~~8.7.G~~
~~Delivery to Transfer Students~~

8.7.H
Delivery to Transfer Students[1]

A Stafford or PLUS loan may be used only to cover the cost of attendance (COA) at the school that certifies the borrower's eligibility for the loan. If a student transfers between schools, both the student's COA and estimated financial assistance (EFA) may change substantially at the new school, and the change could affect the borrower's eligibility for the loan. Under these circumstances, unless the borrower is eligible for a late disbursement or a post-withdrawal disbursement, neither the student nor the parent borrower is eligible to receive the undisbursed loan funds that were guaranteed for the student's attendance at the previous school. The student or parent borrower seeking additional Stafford or PLUS loan funds must reapply at the new school. For information on post-withdrawal disbursements, see Subsection 9.5.A. For information on late disbursements, see Subsection 7.7.G.

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:

- The student is not in default on any Title IV program loan.
  [§668.19(a)(1)]

- The student does not owe an overpayment on any Title IV program grant or Federal Perkins loan.
  [§668.19(a)(2)]

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

- The outstanding principal balance of loans made to the student under each of the Title IV loan programs.
  [§668.19(a)(4)]

- The amount of, and loan period for, loans made to the student under each of the Title IV loan programs for the academic year for which Title IV aid is requested.
  [§668.19(a)(5)]

For a student who transfers from one school to another during the same award year (i.e., a current-year transfer student), the school to which the student transfers must request or access from the NSLDS updated information about that student in order to determine the student's eligibility for Stafford or PLUS loan proceeds. The school must wait for 7 days following its request to the NSLDS. However, if, before the end of the 7-day period, the school receives the information from the NSLDS in response to its request or obtains that information itself by directly accessing the NSLDS, the school may deliver the loan proceeds as long as the student is otherwise eligible. A school is not required to respond to a request for a paper financial aid transcript.
[§668.19(b)(1) and (2)]

~~8.7.H~~
~~Delivery Methods~~

8.7.I
Delivery Methods[2]

A school may deliver loan proceeds using any of the following methods:

- Crediting the proceeds to the student's account at the school.
  [§668.164(d)]

- Issuing a check or other instrument to the borrower that requires endorsement or certification. The school may issue a check by releasing or mailing it to the borrower or by notifying the student that it is available for immediate pickup at a specified location at the school. If the school notifies the student that the check is available to pick up, and the student does not pick up the check within 21 days of the date of that notification, the school must immediately mail the check to the borrower, initiate an electronic funds transfer (EFT) of those funds to the borrower's bank account, or return the funds to the lender.
  [§668.164(c)(1)]

1. Policy 1157 (Batch 163), approved December 17, 2009

2. Policy 1157 (Batch 163), approved December 17, 2009

Earliest Disbursement and Delivery Dates

Figure 8-4

Note: the earliest disbursement and delivery dates below may not apply to a student enrolled in a credit-hour program offered in modules. See Subsections 6.4.B and 8.7.F for more information.[1]

<table>
<tr><th rowspan="2">Disbursement Method</th><th colspan="2">Not Subject to Delayed Delivery[1]</th><th colspan="2">Subject to Delayed Delivery[2]</th></tr>
<tr><th>Earliest Disbursement Date</th><th>Earliest Delivery Date</th><th>Earliest Disbursement Date</th><th>Earliest Delivery Date</th></tr>
<tr><td>Individual Check</td><td>30 days before first day of payment period</td><td rowspan="2">10 days before first day of payment period</td><td>1st day of first payment period</td><td rowspan="2">31st day of first payment period</td></tr>
<tr><td>EFT or Master Check</td><td>13 days before first day of payment period</td><td>28th day of first payment period</td></tr>
<tr><td></td><td>§682.207(b)(1)(iii)
§668.167(a)(1)(ii) and (2)(ii)
§682.604(c)</td><td>§668.164(f)(1)</td><td>§668.167(a)(1)(ii) and (2)(i)</td><td>§668.164(a) and (f)
§682.604(c)(5)</td></tr>
</table>

1 Applies to disbursement and delivery of all loan proceeds at credit-hour schools with programs offered in semester, trimester, or quarter academic terms. Clock- or credit-hour schools with programs not offered in semester, trimester, or quarter academic terms should see Subsection 8.7.C for applicable disbursement and delivery requirements.

2 Applies to the first disbursement of a Stafford loan made to a student who is enrolled in the first year of an undergraduate study program and who has not previously received a Stafford or SLS loan (see Subsection 8.7.D).

Delivery of Credit Balances

Figure 8-5

Disbursement Method	Latest Delivery Date
Individual Check, EFT, or Master Check	No later than 14 days after: • The first day of the payment period if the credit balance occurs on or before the first day of the payment period. [§668.164(e)(2)] • The date the credit balance occurs if the credit balance occurs after the first day of the payment period. [§668.164(e)(1)] • The date the school receives the student or parent borrower's notice to cancel his or her authorization to have the school manage the credit balance. [§668.165(b)(4)(iii)]

1. Policy 1157 (Batch 163), approved December 17, 2009

As an alternative to the preceding dates, the school may use one of the following as a withdrawal date when a student does not initiate the withdrawal process:

- The last date of participation by the student in an academically related activity as documented by the school. "Academically related activities" include, but are not limited to: exams, tutorials, computer-assisted instruction, academic counseling, turning in class assignments, or attending study groups assigned by the school.

  The school's documentation of such activities must contain confirmation that the student participated. [§668.22(c)(3)(i) and (ii)]

- The date, as determined by the school, when circumstances beyond the student's control occurred (such as illness, accident, or grievous personal loss), prevented him or her from providing official notification to the school. [§668.22(c)(1)(iv); DCL GEN-98-28]

A school must have procedures in place to identify and resolve instances in which a student's attendance cannot be confirmed through the end of the payment period or period of enrollment, as applicable. These instances constitute unofficial withdrawals.

If a student does not earn a passing grade in at least one class in which he or she was enrolled, the school may not presume that the student completed the payment period or period of enrollment, as applicable. If the school cannot confirm the student's attendance through the end of the payment period or period of enrollment, as applicable, the school must use either the midpoint of the period or the student's last day of participation in an academically related activity—as documented by the school—as the student's withdrawal date.
[DCL GEN-04-03; 08-09 FSA Handbook, Volume 5, Chapter 2, pp. 5-71 to 5-72]

Withdrawals From Standard Term-Based Programs Offered in Modules

When a student withdraws from a standard term-based program ~~comprised of a series of~~ offered in modules, the school must determine if a return of Title IV funds calculation is necessary based on the following criteria. (See ~~Section 6.4~~ Subsection 9.5.A for information ~~regarding~~ about the principles that apply to a withdrawal from a standard term-based program~~s~~ offered in modules.)

- If the student withdraws after the completion of at least one course in one of the modules within the term, the student is not considered to have withdrawn for return of Title IV funds purposes and a return calculation is not required. ~~However, other regulatory provisions concerning eligibility for awards and recalculation may apply.~~ A school is not required to perform a return of Title IV funds calculation or return a Stafford or PLUS loan disbursement that the school had previously delivered to a student who dropped to less than half-time enrollment resulting from the student's failure to begin attendance in all subsequent modules in a term. In such a case, the student was scheduled to attend on at least a half-time basis during the term at the time the school delivered Stafford or PLUS loan funds.

  If a student's withdrawal after completing at least one course in one module within a term results in the student's failure to begin attendance in the number of credit hours for which a Pell grant was awarded, a school must recalculate the student's eligibility for the Pell grant and campus-based funds based on a revised cost of attendance and enrollment status. See the 09-10 FSA Handbook, Volume 5, Chapter 2, and Volume 3, Chapter 3, for more information.

- ~~If the student withdraws prior to the completion of at least one course in one module, the student is considered to have withdrawn for return of Title IV funds purposes and a return calculation is required unless the student provides confirmation to the school — subsequent to his or her withdrawal from the course — that he or she plans to attend a module later in that term. The school may not rely on registration information obtained from the student prior to his or her withdrawal.~~

- ~~If the student withdraws prior to the completion of at least one course in one module and provides confirmation that he or she plans to attend a subsequent module within the term but then fails to do so, the student is considered to have withdrawn as of the date that would have applied if the student had not indicated his or her intent to return in a subsequent module within the term.~~[1]

1. Policy 1157 (Batch 163), approved December 17, 2009

- If the student withdraws prior to the completion of at least one course in one module, the ~~payment period used to calculate the return of Title IV funds must include all of the calendar days in all of the modules in the term~~ student is considered to have withdrawn and the return of Title IV funds requirements apply, with one exception noted in the bullet immediately below. ~~The payment period begins on the student's first day of attendance and ends on the last day of classes of the last module that the student was scheduled to attend. For example, if the school's term consists of 3 modules of 5 weeks each or 35 calendar days, and the student only enrolled in 2 modules, the denominator in the calculation of the percentage of the payment period completed would be 70 days, not 105 days. See Subsection 9.5.A.~~ If a student withdraws before beginning attendance on at least a half-time basis, the school must not include an undelivered Stafford or PLUS loan disbursement in aid that could have been disbursed for the purpose of the return of Title IV funds calculation. The student is not eligible to receive a post-withdrawal disbursement of Stafford or PLUS loan funds. If a student's withdrawal prior to the completion of at least one course in one module results in the student's failure to begin attendance in the number of credit hours for which a Pell grant was awarded, the school must recalculate the student's eligibility for a Pell grant and campus-based funds based on a revised cost of attendance and enrollment status before the school performs the return of Title IV funds calculation. The school then performs a return of Title IV funds calculation using the student's revised Pell grant and campus-based award. See the 09-10 FSA Handbook, Volume 5, Chapter 2, and Volume 3, Chapter 3, for more information.

- If the student withdraws prior to the completion of at least one course in one module and the student provides confirmation to the school—subsequent to his or her withdrawal from the course—that he or she plans to attend a module later in that term, the student is not considered to have withdrawn for return of Title IV funds purposes. The school may not rely solely on registration information obtained from the student prior to his or her withdrawal.

- If the student withdraws prior to the completion of at least one course in one module and provides confirmation that he or she plans to attend a subsequent module within the term but then fails to do so, the student is considered to have withdrawn as of the date that would have applied if the student had not indicated his or her intent to return in a subsequent module within the term.

See Subsection 9.5.A for additional information about the values used to calculate the percentage of the payment period completed when a student withdraws from a standard term-based program using modules.
[DCL GEN-00-24; 09-10 FSA Handbook, Volume 5, Chapter 2, pp. 5-78 to 5-80][1]

Documenting and Reporting Withdrawal Dates

The school must maintain documentation of the withdrawal date as of the date the school determines the student withdrew.
[§668.22(c)(4)]

The school must report the withdrawal date to the lender. This date determines the beginning of the borrower's grace period or repayment period. A withdrawal date must consist of month, day, and year.
[§682.605(b) and (c)]

Date of Determination of a Student's Withdrawal Date

The date of determination (i.e., the date on which the school makes the determination that the student has withdrawn) is a critical component in the return of Title IV funds calculation. This date is determined as follows:

- For a student who provides official notification of his or her withdrawal, the date of determination is the later of:
  - The student's withdrawal date, as determined by a school that is not required to take attendance.
  - The date the student notified the school that he or she withdrew.
    [§668.22(l)(3)(i)]
- For a student who does not provide notification of his of her withdrawal to the school, the date of determination is the date on which the school becomes aware that the student ceased attendance.
  [§668.22(l)(3)(ii)]

1. Policy 1157 (Batch 163), approved December 17, 2009

In the event of a school's closing, termination, suspension of operations, or change in ownership, the school or the school's new owners must continue to comply with the requirements for the return of Title IV funds for any Title IV recipient who withdraws.
[§668.26(b)(7)]

9.5.A Return Amounts for Title IV Grant and Loan Programs

If a student has completed more than 60% of the payment period, he or she is considered to have earned 100% of the Title IV grant and loan aid received for the payment period. In this case, no funds need to be returned to the Title IV aid programs.
[§668.22(e)(2)(ii)]

However, if a student withdraws before completing more than 60% of the payment period or period of enrollment, the amount of any Title IV loan and grant aid the student received for the payment period (or period of enrollment) must be recalculated to reflect the portion of the payment period that he or she completed prior to withdrawal. The unearned Title IV loan and grant aid for the percentage of the payment period not completed must be returned to the applicable Title IV aid programs.
[§668.22(e)(2)(i)]

Determining the Percentage of Payment Period/Period of Enrollment Completed

Standard Term-Based Credit-Hour Programs ~~with Semesters, Trimesters, or Quarters~~

Calculations for the return of Title IV funds must be based upon the payment period.
[§668.22(e)(5)(i)]

Standard Term-Based Credit-Hour Programs Offered in Modules

Special principles apply when determining the appropriate values used in the calculation of the percentage of the payment period completed a standard term-based program offered in modules has the following characteristics:

- Some or all of the courses in the program are offered in modules that are scheduled sequentially rather than concurrently. (The modules may overlap.)
- Two or more modules make up a standard term at the institution (e.g., a 12-week term is offered in three 4-week modules).
- A student may begin his or her program of study at the beginning of any module in the term.
- A student may skip one or more modules in the term.
- A student must enroll up front in all modules he or she plans to attend within the term, although he or she may subsequently add or drop a course.

[DCL GEN-00-24; 09-10 FSA Handbook, Volume 5, Chapter 2, pp. 5-78 and 5-79]

If a student withdraws from such a program without completing at least one course in one module, the payment period used in the denominator to calculate the percentage of the payment period completed includes the number of calendar days in all of the modules the student was scheduled to attend in the semester, trimester or quarter. The payment period begins on the first day of the first module that the student was scheduled to attend and ends on the last day of classes of the last module that the student was scheduled to attend. For example, if the school's term consists of three modules of 5 weeks or 35 calendar days each, and the student only enrolled in two modules, the denominator in the calculation of the percentage of the payment period completed would be 70 days, not 105 days. The number of calendar days used in the numerator begins on the first day of the first module that the student actually attended in the term, ends on the last day the student was in attendance, and includes only the number of calendar days during which the student was in attendance.
[DCL GEN-00-24; 09-10 FSA Handbook, Volume 5, Chapter 2, p. 5-79]

Non-Term-Based Programs and Nonstandard Term-Based Credit-Hour Programs[1]

Calculations for the return of Title IV funds may be based upon the period of enrollment, rather than the payment period. Schools must consistently use either the payment period or the period of enrollment as the basis for all

1. Policy 1157 (Batch 163), approved December 17, 2009

Conversion to Repayment

A lender that repurchases a loan must immediately establish a repayment schedule with the borrower that meets the requirements applicable to other FFELP loans of the same type (see Subsection 10.5.D). The schedule must be sent to the borrower no more than 60 days and the first payment due date must be no more than 75 days after the lender considers the repurchase to be complete (e.g., the date the repurchase check is sent to the guarantor, the date the lender receives the loan file from the guarantor, or the date the lender receives collateral from the guarantor).
[§682.209(a)(3)(ii)(D)]

13.6
Default

FFELP agreements between lenders and guarantors establish that the guarantor will reimburse the lender for all or part of the loan balance for a loan on which a borrower defaults.

13.6.A
Default Claims

In order to collect insurance on a defaulted loan, the lender must file a timely and accurate default claim with the guarantor.

Payments after Default

If the lender receives a payment from or on behalf of the borrower before the date it files a default claim, the payment must be accepted and applied to the loan to reduce the delinquency or eliminate the default.

If the lender receives a payment after a default claim has been filed but before the claim has been purchased, the lender must determine whether the claim should be recalled (see Subsection 13.2.B). If the claim is not recalled, the payment should be held until the claim payment is received and then forwarded to the guarantor within 30 days of receiving the claim payment.

Some guarantors have additional or alternate requirements. These requirements are noted in Appendix C.

A payment received after a default claim has been purchased must be forwarded to the guarantor for processing within 30 days of receipt. The payment should be clearly marked as a borrower payment received before claim payment.

Interest-Only Claims

Lenders may accrue or capitalize outstanding interest on FFELP loans whenever the borrower fails to fulfill his or her agreement to make interest-only payments during a period of deferment or forbearance. A lender may not file a claim solely on the basis of delinquent interest-only payments—except when those payments are the result of an income-sensitive repayment schedule or a reduced-payment forbearance. For more information regarding collection activities on reduced-payment forbearance payments, see Section 12.4.
[§682.202(b); DCL 90-G-175]

Forwarding Documentation of Other Claim Types

If, after filing a default claim, the lender receives documentation that the loan(s) qualifies for a different type of claim payment, ~~To ensure that another claim type is not inadvertently purchased as a default claim,~~ the lender must forward the applicable documentation to the guarantor ~~—~~ within 30 days of receipt. The lender must forward ~~—~~any acceptable notification (including all supporting documentation) that demonstrates that ~~any~~ one of the following situations ~~have~~ has occurred:

- The borrower has died or the student for whom a parent PLUS loan was obtained has died.
- The borrower has ~~became~~ become totally and permanently disabled.
- The borrower has filed any type of bankruptcy.
- The borrower ~~should have been declared~~ has been determined to be ineligible for the loan.
- The borrower ~~was~~ is entitled to loan discharge or partial discharge due to: ~~the school closing or false certification.~~
  - School closure.
  - An unpaid refund.
  - False certification by the school.
  - False certification as a result of the crime of identity theft.
  - The borrower qualifies as an eligible spouse or parent of a victim of the September 11, 2001, terrorist attacks.[1]

[1] Policy 1156 (Batch 163), approved December 17, 2009

The guarantor may alter the original claim type to reflect the new status or may return the claim for additional information, if applicable.

If a lender receives information indicating that a borrower has filed a bankruptcy petition on the loan, the lender should follow the additional instructions outlined in Subsection 13.8.A.

If a lender receives information indicating an unpaid refund, or information that the borrower may qualify as an eligible spouse or parent of a victim of the September 11, 2001, terrorist attacks, the lender should follow the additional instructions outlined in Subsections 13.8.F and 13.8.H.[1]

Filing Time Frames for Default Claims

A lender is strongly encouraged to file a default claim on or after the 300th day of delinquency and may not file a default claim before the 271st day of delinquency for loans with monthly installments. For a loan with installments due less frequently than monthly (e.g., quarterly), a lender is strongly encouraged to file a default claim on or after the 360th day of delinquency and may not file a default claim before the 331st day of delinquency.

The last day a lender may file a default claim and remain within the timely filing guidelines for a loan with monthly installments is the 360th day of delinquency. For a delinquent account scheduled for repayment in installments less frequent than monthly (e.g., quarterly), the lender must file the default claim by the 420th day of delinquency. Failure to submit a default claim by the 360th day, or 420th day if applicable, will result in a timely filing violation and the cancellation of the guarantee on the loan.
[§682.406(a)(5)]

A lender may attempt to cure a timely filing violation; if successful, the lender is entitled to resubmit the claim (see Subsection 14.5.D). However, the claim will be subject to an interest penalty, and the lender will be required to repay all interest benefits and special allowance payments for amounts received or otherwise payable after the 330th day of delinquency.

13.6.B
Ineligible Borrower Claims

A loan for which the borrower is ineligible due to the borrower's or student's error (see Subsection 5.16.A) is treated as a default if the borrower fails to repay the full amount due within 30 days after the final demand letter is mailed.
[§682.412(e)]

A lender must file an ineligible borrower claim for the entire outstanding loan amount on or after the 30th day, and no later than the 120th day, after the date it mailed the final demand letter.
[§682.412(e)(2)]

Because a loan for which a borrower is determined to be ineligible loses eligibility for interest benefits, the amount of interest refunded to the Department becomes borrower accrued interest and may be capitalized. For claim payment purposes, this interest is treated like any other delinquent interest.
[§682.412(e)(1)]

For information on claim documentation, see Subsection 13.1.D.

If an ineligible borrower claim is filed after 120 days from the date a timely final demand letter is mailed, the guarantor will purchase the claim with an interest penalty.

13.7
Rehabilitation of Defaulted FFELP Loans

To be eligible to rehabilitate a defaulted FFELP loan, a borrower must enter into a rehabilitation agreement with the guarantor or a collection agency acting on its behalf. A borrower who receives loan funds for which he or she is ineligible due solely to his or her error may not rehabilitate the ineligible funds or otherwise have his or her Title IV eligibility reinstated until the ineligible funds are repaid in full. A borrower may not include in a rehabilitation agreement a loan on which a judgment has been obtained or a loan on which the borrower has been convicted of, or has pled *nolo contendere* or guilty to, a crime involving fraud in obtaining Title IV funds. A loan may be rehabilitated only once. Any loan included in a rehabilitation agreement on or after August 14, 2008, may not be included in a future rehabilitation agreement. A borrower may include in a rehabilitation agreement another defaulted loan that has not previously been rehabilitated on or after August 14, 2008.
[HEA §428F(a)(5); §682.405(a)(1); DCL GEN-08-12/FP-08-10]

▲ Contact the guarantor for information about its rehabilitation program. See Section 1.5 for contact information.

1. Policy 1156 (Batch 163), approved December 17, 2009

Lender Participation Questionnaire for New Lenders: The application form that a lender must complete and return to the Department before receiving approval to participate in the FFELP.

Lender's Interest and Special Allowance Request and Report (LaRS Report): An accounting mechanism that a lender uses to report to the Department the loans that it has made and to request from the Department interest benefits and special allowance that it has earned. The federal origination and lender fees that the lender must pay to the Department are usually deducted from the amount that the Department owes the lender for interest benefits and special allowance. The lender may submit the report using the automated Lender Reporting System or the paper form. See Appendix A.

Limitation: The continuation of a school's eligibility to participate in the guarantor's programs, subject to compliance with special conditions or restrictions established by agreement with the Department or the guarantor. See Subsection 18.1.A.

LLR: See Lender of Last Resort (LLR)

Loan Assignment: See Assignment

Loan Period: The period of time for which a loan is certified.

Loan Proceeds: The amount of loan funds that have been guaranteed.

Loan Sale: The change in ownership of a loan from one eligible FFELP lender or holder to another lender or holder.

Loan Transfer: Any action that results in a change of the system used to monitor or conduct collection activities on the loan, such as a change in servicer. See Subsections 3.4.B and 3.5.E.

Location Cure Procedure: See Intensive Collection Activities (ICA)

M

Mandatory Administrative Forbearance: Forbearance that a lender is required to grant in certain cases. See Section 11.23 and Figure 11-2 for comprehensive information about cases in which mandatory administrative forbearance is applicable, and a description of a lender's responsibilities in each case.

Mandatory Forbearance: Forbearance that a lender is required to grant in certain cases. See Section 11.24 and Figure 11-2 for comprehensive information about cases in which mandatory forbearance is applicable, and a description of a lender's responsibilities in each case.

Master Check: A single check issued from a lender or disbursing agent to a school that includes loan disbursements for two or more borrowers; a nonelectronic process for transferring funds that mirrors electronic funds transfer (EFT).

Master Promissory Note (MPN): See Federal Stafford Loan Master Promissory Note (Stafford MPN) and Federal PLUS Loan Application and Master Promissory Note (PLUS MPN)

Module: A course or group of courses offered for a period of time that is different (usually shorter) than the program's quarter, trimester, semester, other academic term, or period of enrollment.
[The Blue Book, October 2005, Appendix A, p. A-54][1]

MPN: See Master Promissory Note (MPN)

Multiple Disbursements: Disbursement at predesignated times of a Federal Stafford or PLUS loan—usually in two or more installments of approximately equal increments. See Subsection 7.7.B.

N

National and Community Service Trust Act: The federal legislation that created a national and community service program, including AmeriCorps. The program is administered by the Corporation for National Service.

National Council of Higher Education Loan Programs (NCHELP): A nationwide network of guarantors, secondary markets, lenders, loan servicers, collectors, and other organizations involved in the administration of the Federal Family Education Loan Program. NCHELP represents its members on public policy and regulatory issues with the legislative and executive branches of the federal government.

National Credit Bureau: A credit reporting agency with a service area encompassing more than a single region of the country.

1. Policy 1157 (Batch 163), approved December 17, 2009