

National Association of Student
Financial Aid Administrators

The School Voice in Common Policy

★ NASFAA ★
NATIONAL CONFERENCE
SAN ANTONIO, TX ★ JULY 12-15

 N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Presenters

- Moderator: Cindy Davis – AES/PHEAA
- Susan Fields – Illinois Student Assistance Commission
- Brendan Furey – American Student Assistance
- Noe Ortiz – Northwest Vista College, Texas

Slide 2

School Voice in Common Policy

- What We'll Discuss:
 - What is common policy?
 - Where does it come from?
 - What does it mean to schools?
 - How can schools help with common policy development?
 - How do I use the Manual?

Slide 3

Common Manual History

- *Common Manual* published Dec 1995
- All guarantors participate!
- First policies effective April 1, 1996
- Over 1100 policies developed and circulated for comment
- Over 300 considered, but not advanced

Slide 4

Common Manual Structure

- Governing Board with representatives of each guarantor
 - Meet monthly
 - Manage budget
 - Review, consider, and approve policies

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Common Manual Structure

- Policy Committee
 - 12 members
 - Meet weekly – sometimes more often
 - Meet via conference calls
 - Research, develop, review, and revise policies
 - Manage community comment periods
 - Provide final proposals to Board for consideration

Slide 6

What Is Common Policy?

- Sources of common policy:
 - Federal guidance: statute, regulations, Dear Colleague Letters
 - Business needs of schools, lenders, guarantors

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Common Policy & the School

- What does common policy mean to schools?
 - One policy for key transactions
 - One source to document the one policy
 - One method for helping direct policy

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Common Policy & the School

- Common policy also means:

**A meaningful way to
participate in the policy-
development process**

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Common Policy & the School

- Where did those 1100+ policies come from?
 - Federal statute, regulations and correspondence [Federal proposals]
 - An identified need for common policy [Guarantor proposals]
 - Reorganization [Organizational proposals]
 - Corrections [Correctional proposals]

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Common Policy & the School

- “Federal Policy”:
 - Statutory changes (ex: ECASLA and HEOA)
 - Regulatory changes (ex: Oct. 23, 2008)
 - Dear Colleague Letters and FSAH changes (ex: GEN-09-01)

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Common Policy & the School

- “Guarantor Policy”:
 - Case law precedents
 - Absence of federal guidance

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Common Policy & the School

- Reorganization and Corrections:
 - Reorganized borrower eligibility, loan certification and loan delivery per school recommendations
- Updated the Manual with the most current FSA Handbook guidance

Slide 13

School Voice in Common Policy

- How is common policy developed?
 - Policy proposal drafted
 - **Who drafts it?** [Could be a school]
 - Why do they draft it?
 - Where does it go after it's drafted?

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School Voice in Common Policy

- Policy Committee consideration
 - Research all applicable resources
 - **Consult with community experts** regarding current practices, systems, etc. Refine text based on resources [Could be consulting with a school!]
 - Decide whether to go forward with the policy

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School Voice in Common Policy

- **Comment process:**
 - Distributed to community for comment (Public listserv, NASFAA, YOU?)
- **Subscribe to the Public Listserv:**
 - Send your request to:
"majordomo@michael.usagroup.com"
 - In the BODY of the E-mail message type : "Subscribe Public"
 - Do not type the quotation marks!
 - HTML format only

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School Voice in Common Policy

- Go to www.commonmanual.org
 - Click on 'Submit Policy Proposals/Tech Edits' tab
 - Click on template
 - Enter information
 - Submit to Policy Committee Chair(s)

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School Voice in Common Policy

- Comment process continued:
 - Comment period is 3 weeks
 - Comments returned to the PC
 - **More research, discussions with community experts [Could be a school!]**
 - Comment responses & revised policy finalized

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School Voice in Common Policy

- Final policy goes to Governing Board
 - Board reviews and assesses impact
 - Board meets monthly to consider and discuss proposed policies
 - Board votes on proposals – Requires a quorum in each meeting and a $\frac{2}{3}$ approval for passage

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School Voice in Common Policy

- Approved policies are published:
 - In about 10 days to public listserve
 - In each guarantor's newsletter
 - In the monthly ICM update
 - In the annual CM paper and ECM versions

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School Voice in Common Policy

- How can a school participate?
 - Subscribe to the *Common Manual* public listserv or
 - Log onto the *Common Manual* website at www.commonmanual.org
 - Check batch summary (transmittal) for key issues
 - Review proposed policies
 - If you identify an issue: **COMMENT**

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School Voice in Common Policy

- Identify Omissions
 - If you can't find it:
 - Is it missing?
 - In the wrong place?

TELL US!

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School Voice in Common Policy

- If you find it and it doesn't tell you all you need to know:
 - Is it because there is no federal guidance?
 - Should there be common policy?
 - Has common policy omitted a key element?

TELL US!

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School Voice in Common Policy

And then what?

- Do I have to write the policy?

No.

- Do I have to consult or find time to research?

No.

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School Voice in Common Policy

- CAN I write the policy?
YES
- CAN I consult or research?
YES

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School Voice in Common Policy

- **What else can I do?**
 - Subscribe to the public listserv
 - Participate in Workgroups
 - Share with Colleagues
 - Provide Feedback
 - Use the *Common Manual*

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Common Manual Versions

- Different versions to meet your needs
 - Paper
 - Electronic *Common Manual* (ECM)
 - Integrated *Common Manual* (ICM)
 - Download Monthly

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Navigating the *Common Manual*

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2009 Paper Version

- 840 Pages
 - Including Summary of Changes
- Appendix H
 - Comprehensive History with Topical Index
 - Section H.4 contains statutory/regulatory waivers
 - Expanded to include pertinent federal references from calendar years 2006 and 2008

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e-Collection in Brief

- Produced/Distributed by FFELP Guarantors
- CD format
- Read-only
- Searchable

Slide 30

e-Collection Contents

- The *Electronic Common Manual* (ECM)
- Higher Education Act (HEA)
- Federal Regulations
- Dear Colleague/Partner Letters
- Common Forms
- Federal Student Aid Handbook

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ECM

- Housed and distributed on *e-Collection*
- Available on CM Website
- Static – Intrinsic ‘Magic’
 - Hyperlinks
 - Search Capability

Slide 32

ECM Magic

- Takes you to related text instantly
- Find:
 - Chapter Titles (A)
 - Index (B)
 - Any green text (C)
 - Blue text will take you to glossary definition (D)

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Bookmarks

- COMMON MANUAL Unified Student Loan Policy
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 - 8.5 Completing Verification
 - 8.6 Managing Overawards
 - 8.7 Late Delivery

8.7.E Late Delivery

cohort default rate that causes the school to no longer qualify for this exemption.
[HEA §428G(e); §682.603(h)(2); §682.604(c)(5)(ii)]

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 the 31st day of the first payment period, the Department considers the loan proceeds to have been delivered on the 31st day. 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(g)(2)(i)]

8.7.E Late Delivery

After the end of the loan period or the date on which a student ceases to be enrolled at least half time, a student borrower, or in the case of a parent PLUS loan, a parent borrower, may be eligible to receive a late delivery of Stafford or PLUS loan funds, provided certain conditions are met (see subheading "Conditions for Late Delivery" later in this subsection).

A school must offer a late delivery of Stafford or PLUS loan funds that the borrower was eligible to receive while the

- Except in the case of a parent PLUS loan, the Department processed a Student Aid Report (SAR) or an Institutional Student Information Record (ISIR) with an official expected family contribution (EFC) before the date the student became ineligible.
[§668.164(g)(2)(i)]

- In the case of a first-year, first-time borrower whose loan is subject to delayed delivery (see Subsection 8.7.D), the student completed the first 30 days of his or her program of study.
[§668.164(g)(4)(iii); §682.207(f)(2)]

- In the case of a second or subsequent disbursement, the student graduated or successfully completed the period of enrollment for which the loan was intended.
[§668.164(g)(4)(ii); §682.207(f)(3)]

- The loan funds will only be used to pay educational costs that the school determines the student incurred for the period in which the student was enrolled and eligible.

- The school delivers the loan funds no later than 180 days after the school determines the student withdrew (for additional information on post-withdrawal disbursements, see Subsection 9.5.A; for additional information on required notices, see Subsection 8.2.E), or, if the student did not withdraw, 180 days after the end of the student's enrollment period.

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6.20 Adjusting the Guaranteed Loan Amount

6.20 Adjusting the Guaranteed Loan Amount

After the loan is guaranteed, the school may identify a need to change (increase or decrease) a borrower's loan amount or revise the allocation of the student's loans between **subsidized** Stafford funds and **unsubsidized** Stafford funds, or both. For instance, a school may determine that the borrower is eligible for additional loan funds, or it may determine that a student is eligible for additional subsidized Stafford funding rather than for the full amount of unsubsidized funds previously certified.

For schools using the **Master Promissory Note (MPN)**, changes in the loan amount may be made without obtaining a new MPN, provided the borrower is eligible and the school or lender documents the borrower's request. The school or lender also has the option of requiring the borrower to sign a new MPN.

Subsidized and unsubsidized funds may be reallocated without obtaining a new note. Such loan adjustments or reallocations may occur before any **disbursement** is made on the loan, after the first disbursement is made, or even after the final scheduled disbursement is made.

Schools and lenders must ensure that disbursements made in conjunction with loan increases or the **reallocation** of loan funds are disbursed and delivered according to requirements specified in **Sections 7.7 and 8.7**. However, in some instances a loan adjustment made after the first or subsequent disbursements have been made may result in a single disbursement that exceeds half of the total loan amount. When that excess is clearly documented as a loan increase or reallocation of funds, it is permissible.

A request to increase or decrease loan funds or to reallocate funds may be submitted to the guarantor by either the lender or school, depending on the loan certification process established by the guarantor.

After receiving notice of an adjustment to the loan from either the school or the lender, the guarantor will make the necessary adjustments to the guarantee records. When the lender is advised of loan amount or allocation changes, the lender must make appropriate adjustments to its LaRS report and the borrower's account to ensure that the correct amount of fees, **interest benefits**, and **special allowance** are billed or repaid. The lender must notify the borrower of the

▲ Lenders and schools may contact individual guarantors for more information on procedures related to adjusting loan amounts after guarantee. See **Section 1.5** for contact information.

6.21 The NCHelp FFELP CommonLine Network

The NCHelp **FFELP** CommonLine Network standardizes electronic loan certification formats, edits, response files, and error messages. Electronic data transmission in the CommonLine format is accepted by all **guarantors**.

CommonLine allows a **school** to exchange data with multiple guarantors, lenders, and servicers through a single point of contact, thus reducing the number of contacts and simplifying the process. A school will continue its direct electronic connection to its primary guarantor and/or lender, and the school-based software being used will be modified to allow all other loan certification data to be sent to the appropriate agency's electronic mailbox. With CommonLine, a school may enter, send, and receive Stafford and PLUS loan **certification** and **guarantee** results from multiple guarantors through a single point of contact.

The goal of CommonLine is to simplify the loan guarantee process for schools by:

- Establishing common formats used by all participants.
- Allowing schools to use just one school-based software system to communicate with all CommonLine participants.
- Allowing schools to use their current software systems to communicate with organizations with which they currently have no electronic connection.

How CommonLine Works

The typical steps in the CommonLine loan-origination process are as follows:

Step 1:
A school uses its own school-based software to enter loan data and school certification data in a common format and transmits the data using a form of electronic data exchange such as the Internet or **File Transfer Protocol (FTP)** to participating guarantors or service providers. Only one

Search PDF

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reallocation

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Results:

- the **reallocation** of loan funds
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Reference Links

- References linked to source documents on the Web
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5.1.B Student Eligibility Requirements

In addition to meeting the requirements of [Subsection 5.1.A](#), each student who is seeking a Stafford loan or a [Grad PLUS loan](#)—and each student for whom a [parent borrower](#) is seeking a PLUS loan—must meet the following eligibility requirements:

- The student must have—and she has—at least a high school [recognized equivalent of Section 5.9](#)), or the student must meet the following standards:
 - The student must have—and she has—at least a high school [recognized equivalent of Section 5.9](#)), or the student must meet the following standards: [\[§668.32\(e\)\(1\)\]](#)
 - The student must have—and she has—at least a high school [recognized equivalent of Section 5.9](#)), or the student must meet the following standards: [\[§668.32\(e\)\(2\)\]](#)
 - The student must have—and may self-certify that he or she has—completed a secondary school education in a home school setting that is treated as a home or private school under applicable state law. Federal regulations do not require a home-schooled student to pass an ability-to-benefit test approved by the Department in order to qualify for a Stafford loan.

- The student must be [enrolled](#) or accepted for enrollment on at least a half-time basis in an eligible program at a [participating school](#). See [Section 5.11](#) for student enrollment requirements. [\[§668.32\(a\)\(1\)\(i\) and \(iii\)\]](#)

- The student, if currently enrolled, must be maintaining [satisfactory academic progress \(SAP\)](#), as determined by the school according to federal regulations and the school's policy. (See [Section 8.4](#) for information on

Cursor over citation indicates hyperlink.
Click to activate

- The student must not be serving in a medical internship or residency program required of doctors of medicine, osteopathy, and optometry. Students who are serving in an internship as part of any other degree program (e.g., dental or veterinary internship) are considered eligible students for purposes of Stafford loans and PLUS loans, as applicable. [\[§682.201\(a\)\(9\); DCL GEN-90-33, Q&A #16\]](#)

- Unless exempt, a male student must register with the Selective Service. A female student is exempt from the Selective Service registration requirement (see [Subsection 5.2.C](#)). [\[§668.32\(j\); §668.37\]](#)

- The student must not have fraudulently borrowed a loan, provided information that caused his or her loan to exceed applicable [annual loan limits](#) during an [academic year](#), nor knowingly exceeded an [aggregate](#)

34 CFR 668.

(Authority: 20 U.S.C. 1091)

§ 668.32 Student eligibility— general.

A student is eligible to receive title IV, HEA program assistance if the student—

(a)(1)(i) Is a regular student enrolled, or accepted for enrollment, in an eligible program at an eligible institution;

(ii) For purposes of the FFEL and Direct Loan programs, is enrolled for no longer than one twelve-month period in a course of study necessary for enrollment in an eligible program; or

(iii) For purposes of the Federal Perkins Loan, FWS, FFEL, and Direct Loan programs, is enrolled or accepted for enrollment as at least a half-time student at an eligible

(d) Satisfies the citizenship and residency requirements contained in Sec. 668.33 and subpart I of this part;

(e)(1) Has a high school diploma or its recognized equivalent;

(2) Has obtained a passing score specified by the Secretary on an independently administered test in accordance with subpart J of this part;

(3) Is enrolled in an eligible institution that participates in a State ``process'' approved by the Secretary under subpart J of this part; or

(4) Was home-schooled, and either—

(i) Obtained a secondary school completion credential for home school (other than a high school diploma or its recognized equivalent) provided for under State law; or

(ii) If State law does not require a home-schooled student to obtain the

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Common Manual Web site **Live Demo**

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■ Home

THE 2009 COMMON MANUAL IS HERE

It is July. Strike up the band; unfurl the flags. For many good reasons, it's time to celebrate. In keeping with these festivities, we would like you to celebrate with us the publication of the 2009 *Common Manual*, Unified Student Loan Policy.

We are so pleased to be able to provide you with an up-to-date, detailed policy manual to assist you with understanding and implementing the newest rules. For those who ordered either CD or paper copies, you should be receiving them shortly. You may access the 2009 Annual Update by first clicking on *Common Manual* in the green box in the left column of this page and then clicking on 2009 Annual Update. Feel free to check it out and download it. We also encourage you to provide your guarantor with any comments or suggestions you may want to convey regarding the manual's content, features, or FFELP policy in general.

Again, from the guarantors of the *Common Manual*, congratulations on another outstanding year of accomplishments at your institutions, and thank you for letting us participate in that success this past year.

Sincerely

Cindy L. Davis, Chair

Common Manual Governing Board

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Electronic Common Manual (ECM)

[ECM - 2009 Annual Update](#)

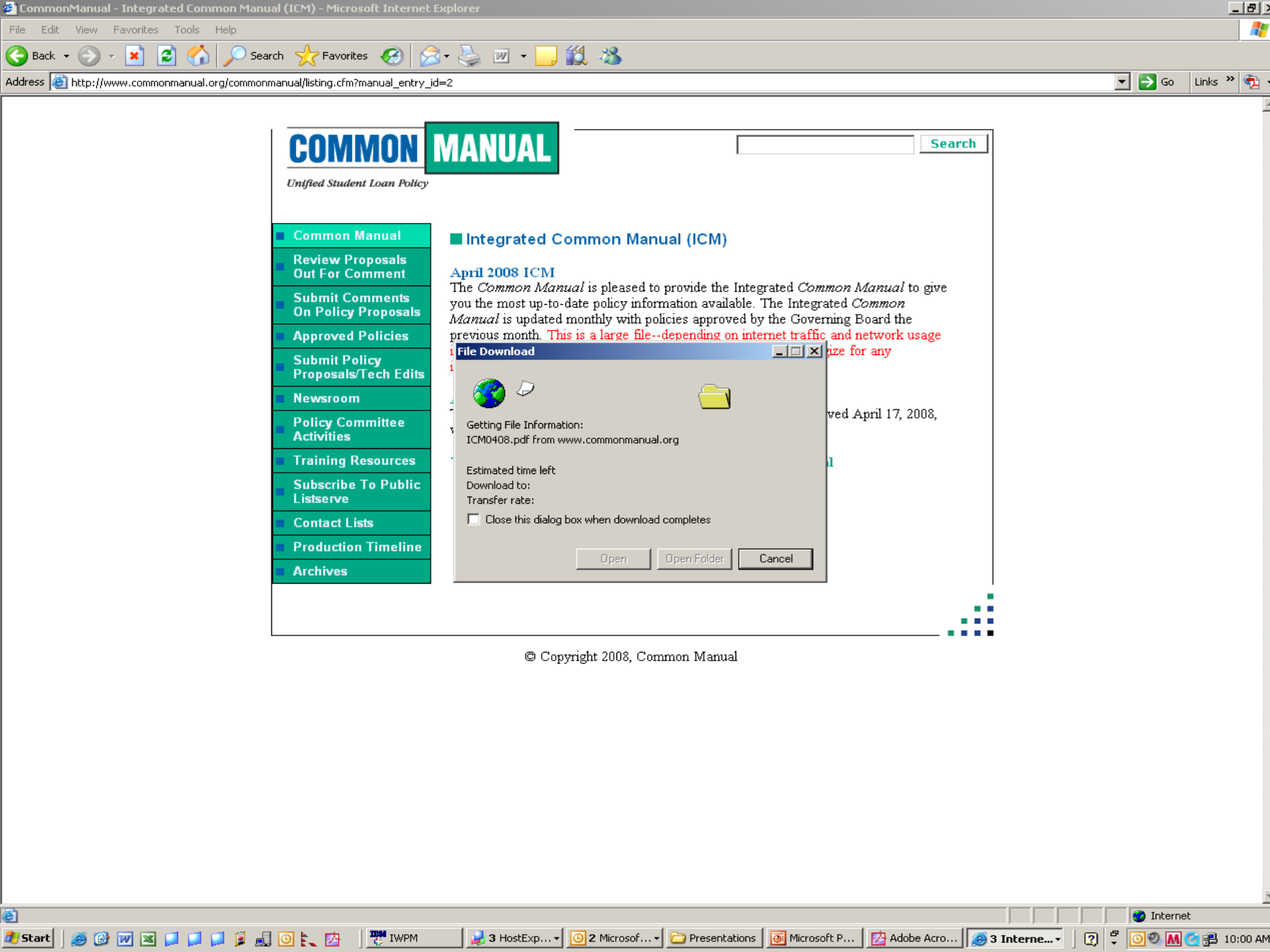
The current official version of the Electronic Common Manual.

Note: These are large files. They may take a few minutes to download.

[Tips for Using Electronic Versions of the Common Manual](#)

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Tips and Tricks

CM organized in “Life of the Loan” chronology

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Tips and Tricks

Highlighted terms link to Glossary definitions

As part of the school's processing of a borrower's loan request, the school is required to determine the borrower's eligibility. For example, or, in the case of a **parent PLUS loan**, the borrower and the dependent student, are eligible for FFELP loan funds. Chapter 5 describes the **borrower** eligibility criteria for Federal Stafford and PLUS loans and some of the ways in which schools may obtain the information necessary to determine the borrower's eligibility.

5.1

Eligibility Requirements for Stafford and PLUS Loans

All recipients of Stafford and PLUS loans must meet certain eligibility criteria. This section outlines the criteria—those that apply to all students and borrowers, those that apply specifically to students and student borrowers, and those that apply specifically to parent borrowers.

5.1.A

General Borrower and Student Eligibility Requirements

Each student **borrower** seeking a Stafford loan or a **Grad PLUS loan**, each **parent** borrower seeking a parent PLUS loan, and each student for whom a parent borrower is seeking a PLUS loan must meet the following eligibility requirements:

Click here

Need Analysis: A standardized assessment of the ability of a student or of a student's family to contribute toward educational expenses.

New Borrower: A borrower who has no outstanding balance on a FFELP loan at the time he or she signs a promissory note for a FFELP loan.

Nonsubsidized Loan: A loan that is not eligible for federal interest benefits. The borrower is responsible for paying the interest on the outstanding principal balance of a nonsubsidized loan throughout the life of the loan. During in-school, grace, and deferment periods, these interest payments are normally made on a monthly or quarterly basis, or are capitalized. *Nonsubsidized loans were guaranteed by some guarantors before the introduction of unsubsidized Stafford loans.*

Non-Term-Based Institution: A school that measures its academic year in credit or clock hours rather than academic terms (e.g., semesters, trimesters, or quarters).

Notification (as it relates to the Stafford MPN): A process by which the school, lender, or guarantor notifies the borrower of the proposed loan types and amounts. The borrower is required to take action only to reject or adjust the type or amount of the loan.

NSLDS: See [National Student Loan Data System](#)

0

Official: The person at the guarantor with the responsibility for initiating an Action under the Limitation,

borrower's loan proceeds. See [Section 7.9](#).

Out-of-School Date: The date the student ceases to be enrolled on at least a half-time basis at an eligible school.

Overaward: Any amount of a student's total estimated financial assistance (excluding Pell grants) that exceeds the student's financial need. See [Section 8.6](#).

P

Parent: For purposes of PLUS loan eligibility, a student's natural or adoptive mother, father, or the spouse of a parent who remarried if the spouse's income and assets would have been included in the parent's income.

To retrieve this

Parent PLUS loan: A PLUS loan made to the parent of a dependent undergraduate student.

Partial Cancellation: Cancellation of a disbursement or a portion of a disbursement rather than of an entire loan.

Participating School: An eligible school that meets the standards for participation in Title IV programs in [subpart B](#), has a current Program Participation Agreement with the Department, and is eligible to receive funds under these programs.

Payment Period: 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 based on the structure of the school's academic

School Voice in Common Policy -- Example

- If you use it to find information on loan delivery time frames, you may identify:
 - A great reference document that is missing and needs to be tied cited

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School Voice in Common Policy -- Example

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8.7.B Delivering Second and Subsequent Disbursements

8.7.B Delivering Second and Subsequent Disbursements

Time 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)]

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, credit-hour program.
 - A nonstandard term, 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:

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.
[§682.604(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

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School Voice in Common Policy -- Example

- If you use it to find information on loan delivery time frames, you may identify:
 - A part of the delivery process that is not covered by regs and that has created diverse policies

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School Voice in Common Policy -- Example

- If you use it to find information on loan delivery time frames, you may identify:
 - Another document or historical change that needs to be added to the history appendix

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School Voice in Common Policy -- Example

History
Appendix
Cite

H.1 History of the FFELP and the Common Manual

Delivering loan funds: The following changes are effective for **loan proceeds** received by the school on or after July 1, 1997. Schools must deliver loan proceeds within specific time frames after receipt. For **EFT** or **master check** proceeds, the school must deliver the funds directly to the student, or credit the student's account at the school within 10 business days after the school's receipt of the proceeds.

- Latest delivery date and time frame for returning undelivered proceeds to the lender is defined.
- Examples of latest delivery date and deadline for returning proceeds are provided.
- Schools must return loan proceeds to the lender within specific time frames after receipt.
- Delivery date for students who return from a **leave of absence** is defined.
- Delivery restrictions for schools on the reimbursement payment method are defined.

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School Voice in Common Policy

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National Association of Student Financial Aid Administrators

Questions??



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