

Summary of Changes Approved August 2005 through November 2005

This summary lists changes made since the July 2005 edition of the *Common Manual* was printed.

Change bars denote the latest policy changes, which were approved November 17, 2005.

Changes made before the July 2005 edition was printed are shown in appendix H of the manual.

<i>Common Manual</i> Section	Description of Change	Effective Date/Triggering Event	#
Chapter 3: Lender Participation			
3.5.F Social Security Number Change Reporting	Revised policy adds the list of acceptable source documents for date of birth and first name changes or corrections.	Date of birth and first name changes or corrections made on or after July 1, 2006, unless implemented earlier by the guarantor.	841/125
3.5.F Social Security Number Change Reporting	Removes an income tax return from the list of acceptable documents for making an SSN change.	Social Security number changes made by the lender or school on or after January 1, 2006, unless implemented earlier by the guarantor.	827/122
Chapter 4: School Participation			
4.1.A Establishing Eligibility 4.2.C Withdrawal Rates	Eliminates subsection 4.2.C and moves the information about student withdrawal rate requirements for schools seeking initial participation in Title IV programs to subsection 4.1.A "Establishing Eligibility." States that a school seeking to participate for the first time in the FFELP must not have a withdrawal rate during its latest completed award year that exceeds 33%. In addition, instructions are added for calculating the withdrawal rate.	Retroactive to the implementation of the <i>Common Manual</i> .	830/122
Chapter 5: Borrower Eligibility			
5.1.C Parent Borrower Eligibility Requirements	States that any eligible parent borrower may borrow separately to provide for the educational expenses of a dependent student, provided the combined borrowing of the parents does not exceed the calculated cost of attendance (COA) minus estimated financial assistance (EFA).	Retroactive to the implementation of the <i>Common Manual</i> .	828/122
5.2.E Prior Default	Eliminates language stating that the parent borrower who has defaulted on a Title IV loan is eligible for a new FFEL loan if the default is resolved through loan discharge because the parent borrower was unable to complete a program of study due to the school's closing.	Retroactive to the implementation of the <i>Common Manual</i> .	834/123
5.3 Prior Loan Written Off	Removes language stating that the borrower is ineligible for a FFELP loan if he or she has had a prior FFELP loan partially or totally written off by the lender.	Retroactive to the implementation of the <i>Common Manual</i> .	832/123

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
Chapter 6: School Certification			
6.11.A Stafford Annual Loan Limits	Clarifies that a student may not receive loan funds that exceed the annual loan limits applicable to the student's grade level in his or her current program of study, as determined by the school.	Retroactive to the implementation of the <i>Common Manual</i> .	839/124
6.11.A Stafford Annual Loan Limits 6.11.B Stafford Aggregate Loan Limits	Reorganize and clarify text pertaining to both undergraduate and graduate Stafford annual and aggregate loan limits.	Retroactive to the implementation of the <i>Common Manual</i> .	838/124
6.11.C Increased Unsubsidized Stafford Loan Limits for Health Profession Students	Clarifies that schools may only award the increased unsubsidized Stafford loan limits for health profession students enrolled in specific health profession disciplines.	Loan periods that begin on or after May 1, 2005.	837/124
6.15 School Certification of the Loan	To align sections within the <i>Common Manual</i> .	Retroactive to the implementation of the <i>Common Manual</i> .	843/125
6.15.C PLUS Loan Certification	A school may certify a parent borrower's eligibility for a PLUS loan without performing need analysis and without determining the student's eligibility for either a Pell grant or a subsidized or unsubsidized Stafford loan.	PLUS loans certified by the school on or after July 1, 2004.	842/125
6.15.D Additional Unsubsidized Stafford Loan Certification	Incorporates the additional criterion that the student's family must be otherwise unable to provide the student's expected family contribution.	Retroactive to the implementation of the <i>Common Manual</i> .	833/123
Chapter 9: School Reporting Responsibilities and the Return of Title IV Funds			
9.1 Reporting Social Security Number Changes	Revised policy adds the list of acceptable source documents for date of birth and first name changes or corrections.	Date of birth and first name changes or corrections made on or after July 1, 2006, unless implemented earlier by the guarantor.	841/125
9.1 Reporting Social Security Number Changes	Removes an income tax return from the list of acceptable documents for making an SSN change.	Social Security number changes made by the lender or school on or after January 1, 2006, unless implemented earlier by the guarantor.	827/122
Chapter 13: Claim Filing, Discharge, and Forgiveness			
13.1.D Claim File Documentation	Requires a lender to include a copy of a power of attorney (POA) document with the claim file it submits to the guarantor if the Master Promissory Note (MPN) was signed by a third party with POA for the borrower.	All claims filed on or after January 1, 2006, unless implemented earlier by the guarantor.	836/124
13.8.B Closed School	Requires a lender to include a copy of a power of attorney (POA) document with the claim file it submits to the guarantor if the Master Promissory Note (MPN) was signed by a third party with POA for the borrower.	All claims filed on or after January 1, 2006, unless implemented earlier by the guarantor.	836/124
13.8.D False Certification	Adds language that clarifies that if a borrower meets all criteria stated within the subsection, they will be eligible to have their loan or a part of their loan discharged	Retroactive to the implementation of the <i>Common Manual</i> .	844/125
13.8.D False Certification	Clarifies that a lender may respond directly to a communication from a borrower who asserts that their loan was falsely certified.	Retroactive to the implementation of the <i>Common Manual</i> .	846/125

<i>Common Manual Section</i>	Description of Change	Effective Date/Triggering Event	#
13.8.D False Certification	Requires a lender to include a copy of a power of attorney (POA) document with the claim file it submits to the guarantor if the Master Promissory Note (MPN) was signed by a third party with POA for the borrower.	All claims filed on or after January 1, 2006, unless implemented earlier by the guarantor.	836/124
13.8.D False Certification	Clarifies the activities that a lender must perform when notified of a loan discharge from the guarantor.	Retroactive to the implementation of the <i>Common Manual</i> .	847/125

A lender purchasing a FFELP loan must report the preceding information, as applicable, to a national credit bureau within 90 days of purchasing the loan. The lender must retain evidence of its credit bureau reporting.

[§682.208(b)(2)]

If a borrower or [endorser](#) requests that the lender provide information on the repayment status of his or her loan to a credit bureau, the lender must do so within 30 days of the request. If a consumer dispute has been filed with a credit bureau, the lender must respond to a borrower's or endorser's request for information within 30 days.

[§682.208(c)(1)]

A [guarantor](#) will report each loan it purchases as a [default claim](#) to all national credit bureaus.

[§682.410(b)(5)]

3.5.D Reporting Loan Status Changes

A lender must report loan status changes to the guarantor. A guarantor will accept a status change in any form or medium—as long as it includes the borrower's name and [Social Security number](#), status change and effective date, loan account number or ID number, and any other pertinent information.

- ▲ Lenders may contact individual guarantors for more information on reporting loan status changes. See [section 1.5](#) for contact information.

For information on lender reporting of enrollment changes, see [subsection 10.1.B](#).

Some guarantors have additional or alternate requirements. These requirements are noted in [appendix C](#).

3.5.E Reporting Loan Assignments, Sales, and Transfers

If a loan holder assigns or sells a loan, either the assignee or the assignor on behalf of the assignee must notify the guarantor of the change within 45 days of the [assignment](#) or [sale](#). The notification should provide the new holder's name, lender identification number (LID), address, and telephone number. A holder with more than one lender identification number must notify the guarantor if it changes a loan from one of its LIDs to another of its LIDs.

[§682.208(e)(4)]

If a holder transfers the servicing on a loan from one [entity](#) to another, the holder must report the change to the guarantor within 45 days of the [transfer](#).

The assignment, sale, or transfer of a loan should be reported on the appropriate [guarantor](#) form or by an equivalent electronic process. If the holder wants to report an assignment, sale, or transfer using its own form or process, the format must contain all data elements required by the guarantor. If one holder acquires the entire portfolio of another holder due to a merger, acquisition, bank closing, or similar situation, it may not need to complete a guarantor form or list each of the loans being sold, but may work with the guarantor to establish an efficient and effective method of ensuring that the guarantor's records are updated to reflect the most current holder information.

- ▲ Lenders may contact individual guarantors for more information on alternative reporting options. See [section 1.5](#) for contact information.

Loans that are sold or transferred should not be reported to a guarantor as paid in full.

3.5.F Reporting Social Security Number, Change- Reporting Date of Birth, and First Name Changes or Corrections

At any time during the life of the loan, ~~if~~ if a lender becomes aware of a discrepancy in a [borrower's Social Security number \(SSN\)](#), [date of birth](#), or [first name](#), ~~at any time during the life of the loan~~, or it discovers that it had previously reported an incorrect SSN, [date of birth](#), or [first name](#), the lender must report the correct [information](#) ~~SSN~~ to the guarantor and appropriate credit reporting agencies.

The lender must retain a copy of the document substantiating the SSN, date of birth, or first name change or correction. This documentation may be requested in a program review or may be required in a claim submission. The guarantor reserves the right to request this or other supporting documentation or information before changing a Social Security number, date of birth, or first name on its system.

If a lender identifies an SSN, date of birth, or first name discrepancy, exhausts its efforts to verify the correct information, and fails to obtain a copy of an acceptable source document, the lender should notify the guarantor of the discrepancy. The guarantor may be able to offer assistance.¹

¹ Policy 841 (Batch 125), approved November 17, 2005

If a lender learns that the SSN, date of birth, or first name is incorrect due to a data entry error, the lender may change the incorrect information using the original documentation submitted. The lender must document the reason it made the change.

Acceptable Source Documents for Reporting Social Security Number (SSN) Changes

A guarantor considers any of the following documents a valid source for ~~initiating and~~ reporting an SSN change:¹

- Social Security card or other Social Security Administration document.
- ~~Income tax return or~~ W-2 form.
- ~~Official military orders, documents, or papers.~~
Unexpired U.S. military ID.
- If the discrepancy resulted from a data input error, the loan application, the Master Promissory Note (MPN), or the loan certification.
- State driver's license or a state-issued identification card for those states in on which the Social Security number SSN is listed on the license or identification card.²

Some guarantors have alternate requirements. These requirements are noted in appendix C.

Acceptable Source Documents for Reporting the Correction of a Date of Birth

A guarantor considers any of the following documents a valid source for reporting the correction of a date of birth:

- Birth certificate.
- Current driver's license (if it contains a birth date).
- State ID (if it contains a birth date).
- Passport.
- Unexpired U.S. military ID.

Acceptable Source Documents for Reporting a First Name Change

A guarantor considers any of the following documents a valid source for reporting a first name change:

- Court order.
- Marriage certificate.
- Certificate of Naturalization.

Acceptable Source Documents for Reporting the Correction of a First Name

A guarantor considers any of the following documents a valid source for reporting the correction of a first name:

- Social Security card.
- Current driver's license.
- Birth certificate.
- State ID.
- U.S. Certificate of Naturalization (Form N-550 or N-570).
- Court order.
- Marriage certificate.
- W-2 Form.
- Passport.
- Unexpired U.S. military ID.
- U.S. military discharge papers (Form DD214).
- U.S. Certificate of Citizenship (Form N-560 or N-561).
- Alien Registration Card (Form I-551 or I-151).

~~The lender must retain a copy of the document substantiating the SSN change. This documentation may be requested in a program review or may be required in a claim submission. The guarantor reserves the right to request this or other supporting documentation or information before changing a Social Security number on its system.~~³

¹ Policy 841 (Batch 125), approved November 17, 2005

² Policy 827 (Batch 122), approved August 18, 2005

³ Policy 841 (Batch 125), approved November 17, 2005

If a lender identifies an SSN discrepancy, exhausts its efforts to verify the correct SSN, and fails to obtain a copy of an acceptable source document, the lender should notify the guarantor of the discrepancy. The guarantor may be able to offer assistance.¹

3.5.G NSLDS Reporting

The [National Student Loan Data System \(NSLDS\)](#) is a national data base of information on [Title IV](#) student aid, including [FFELP](#) loans. The NSLDS was developed to provide current loan-level information on Title IV aid and to provide an integrated view of Title IV programs in terms of aid approval, [disbursements](#), repayments, delinquencies, and [school](#) closings. The overall goals of the NSLDS are to improve the efficiency of the Title IV delivery system and to support research on improving program administration.

Each quarter, a lender must report NSLDS data on each FFELP loan it holds to the appropriate guarantor. A lender may arrange for a designated [servicer](#) to report on its behalf.

A lender reports NSLDS data to the guarantor using the NSLDS Lender Manifest, a common report format developed by the National Council of Higher Education Loan Programs (NCHELP). Although this [record](#) layout will be used throughout the program, specific data requirements may vary slightly among guarantors.

Instructions for the NSLDS Lender Manifest provide complete details on lender reporting requirements. A lender will receive reporting instructions from each guarantor represented in its portfolio of FFELP loans. It is critical that the lender review each guarantor's instructions carefully; the required frequency of reporting and requirements for reporting certain fields may vary among guarantors. [\[DCL 95-L-177\]](#)

3.5.H Reporting Loans Paid in Full

A [lender](#) must report promptly to the [guarantor](#) each loan that is paid in full, including the date that the loan was paid in full. The transaction must be reported on the appropriate guarantor form or by an equivalent tape or electronic exchange. If the lender wants to report a loan that has been paid in full using its own form or listing, the format must contain all data elements required by the guarantor.

If a loan is paid in full as a result of the [borrower](#) obtaining a Consolidation loan, the lender must note this in its reporting and provide the date on which the loan was paid in full by consolidation. A guarantor must differentiate between loans paid in full by consolidation and those paid in full by another source (such as borrower payments) in its [National Student Loan Data System \(NSLDS\)](#) reporting. The guarantor relies on the lender's report to ensure the accuracy of this distinction.

When a loan is paid in full by the borrower or another source, the lender must notify the borrower that the loan is paid in full. The lender must report the paid-in-full status to at least one credit bureau, as required in [subsection 3.5.C](#).

3.6 Third-Party Servicers

A [third-party servicer](#) is any organization or individual that enters into a contract with a lender to administer any aspect of the lender's [FFELP](#) activities as required under any of the following:

- A statutory provision of, or applicable to, [Title IV](#) of the [Act](#).
- A regulatory provision prescribed under Title IV of the [Act](#).
- An arrangement, agreement, or limitation with the [Department](#) or guarantor entered into under the authority of statutes applicable to Title IV of the [Act](#).

Some examples of activities a third-party servicer may perform on a lender's behalf include originating, monitoring, processing, servicing, and collecting loans, and billing for [interest benefits](#) and [special allowance](#). [\[§682.200\(b\)\]](#)

Lender Requirements

A lender that contracts with a third-party servicer must meet the following requirements:

- The lender may not enter into a contract with a third-party servicer that the Department has determined does not meet the administrative capability and financial responsibility requirements for third-party servicers.
- The lender must provide the Department with the name and address of each third-party servicer with which the lender enters into a contract. The lender must provide

¹. Policy 841 (Batch 125), approved November 17, 2005

- Requires its members to forgo monetary or other support substantially beyond the support it provides.
- Directs the members to pursue the course of study or provides subsistence support to its members.
[§682.301(c)(2)]

6.14.B Unsubsidized Stafford Loans

Unsubsidized Stafford loans are authorized for [borrowers](#) who do not qualify for federal [interest](#) subsidy, borrowers who qualify only partially for subsidy, and borrowers who qualify for subsidy but have already borrowed the maximum subsidized amount and are eligible for additional Stafford loan [funds](#). Eligibility for an unsubsidized Stafford loan is calculated by deducting the sum of a student's subsidized Stafford loan eligibility and all other expected sources of financial assistance from the [cost of attendance](#) (COA). The student is responsible for paying interest that accrues on his or her unsubsidized Stafford loan during all periods.
[HEA 428(H)(b)]

6.14.C Nonsubsidized Stafford Loans

Before the 1992 [Reauthorization](#) of the Higher Education Act, a [lender](#) was permitted to make a nonsubsidized Stafford loan to a borrower who did not qualify for [federal interest benefits](#) and whose loan amount would not exceed the COA minus other financial assistance. Lenders did not pay [origination fees](#) on these [nonsubsidized loans](#), and the loans were not eligible for [interest benefits](#). Nonsubsidized Stafford loans remain eligible for all [deferments](#) and repayment options applicable to other Stafford loans.

6.15 School Certification of the Loan

In certifying a Stafford or PLUS loan, a school is required to make several determinations regarding the eligibility of the student—or the student and the [parent](#) in the case of a PLUS loan—and the maximum amount that may be borrowed (see [section 6.11](#)). The [school](#) must ensure it does not certify an amount that would result in the borrower receiving more than the borrower's actual eligibility.
[§682.603(d)]

A school must certify the borrower's loan eligibility by the end of the loan period or the date on which the student ceases to be enrolled at least half time, whichever is earlier. If the school does not certify the loan by the earlier of these

two dates, the loan cannot be disbursed. See subsection 7.7.G for complete information regarding late disbursement.
[§668.164(g)(2)(ii)(A); §682.207(f)]¹

A school may not assess a Stafford or PLUS loan borrower, or student in the case of a PLUS loan, a fee for the completion or [certification](#) of any [FFELP](#) form or for providing any information necessary to receive a FFELP loan or any benefits associated with a FFELP loan. Examples include loan certifications, promissory notes, enrollment verification requests, or deferment forms.
[§682.603(h)]

Schools on the Reimbursement Payment Method or the Cash Monitoring Payment Method

A school that [the Department](#) has placed on the reimbursement payment method or the cash monitoring payment method for the Federal [Pell Grant](#) Program, the [FDLP](#), or the [campus-based programs](#) must comply with any additional requirements established by the Department regarding the certification and delivery of Stafford or PLUS funds to its borrowers.
[§668.167(d)]

A [school](#) participating solely in the [FFELP](#) may be required to seek the [Department's](#) approval to certify loan eligibility and deliver Stafford or PLUS loan [funds](#) if the Department determines a need to monitor the school's participation.
[§668.167(d)(1)(i) and (ii)]

A school needing additional information from the Department on its individual requirements under the reimbursement payment method or the cash monitoring payment method should refer to appendix D for contact information.

6.15.A Preventing Overawards

A school must develop procedures to ensure that it does not certify and each Stafford [borrower](#) does not receive a loan exceeding the applicable annual and [aggregate loan limits](#) (see [section 6.11](#)). In addition, the school must ensure that the total aid received for a [loan period](#) does not exceed the student's [cost of attendance](#) (COA). After a school certifies a Stafford or PLUS loan, any changes in the type or amount of the student's awards may result in an "[overaward](#)." For more information on overawards, see [section 8.6](#).
[§668.164(d)(1); §682.603(d)]

¹. Policy 843 (Batch 125), approved November 17, 2005

6.15.B Stafford Loan Certification

A school may certify a Stafford loan only if the student borrower meets the eligibility criteria outlined in [subsections 5.1.A and 5.1.B](#).

Before certifying a Stafford loan for an [undergraduate student](#), a school that participates in the Federal Pell Grant Program must determine the student's eligibility for a Pell Grant. If the student is eligible for a Pell Grant, the amount that he or she is eligible to receive must be included in the student's [estimated financial assistance \(EFA\)](#) when determining the student's Stafford loan eligibility. If the student applies for a Pell Grant and receives notification that the funds will not be available, the school may disregard the student's Pell Grant eligibility in assessing the student's [financial need](#).

Before certifying an unsubsidized Stafford loan, a school must determine a student's eligibility for a subsidized Stafford loan. If the student is eligible for a subsidized Stafford loan in an amount that exceeds \$200, the school must certify a subsidized Stafford loan prior to certifying an unsubsidized Stafford loan. If the student is eligible for a subsidized Stafford loan in an amount of \$200 or less, the school is not required to certify an application for the subsidized Stafford loan prior to certifying the unsubsidized Stafford loan. In such cases, the school may include the amount of subsidized Stafford eligibility in the unsubsidized Stafford loan. Although the \$200 tolerance does not exist for an unsubsidized Stafford loan, the school may refuse to certify the student's eligibility for an unsubsidized Stafford loan if the student has a nominal amount of eligibility and the lender has a minimum loan amount that exceeds the student's eligibility. [\[Federal Student Aid Handbook, Calculating Awards and Packaging Reference\]](#)

The school must document in the student's file the reason it did not certify a Stafford loan. [\[HEA 428\(b\)\(1\)\(A\) and \(B\); §682.201\(a\)\(1\) and \(2\)\]](#)

6.15.C PLUS Loan Certification

A school may certify a PLUS loan only if both the parent borrower and the student for whom the loan is being obtained meet the eligibility criteria outlined in [subsection 5.1.A](#). In addition, the student must meet the eligibility criteria outlined in [subsection 5.1.B](#) and the parent borrower must meet the eligibility criteria outlined in [subsection 5.1.C](#).

~~When certifying a PLUS loan, a school that performs need analysis to determine PLUS loan eligibility must consider as estimated financial assistance (EFA) all types of Title IV aid for which the student is eligible—except for the amount of unsubsidized Stafford eligibility (unless the student is seeking such a loan). A school is not required to perform need analysis for PLUS loans.~~

~~[\[Federal Student Aid Handbook, Processing Aid & Managing FSA Funds Reference\]](#)~~

A school determines a parent borrower's maximum eligibility for a PLUS loan by subtracting from the [cost of attendance \(COA\)](#) the estimated financial assistance (EFA) that both the student, and the parent on behalf of the student, are expected to receive for the [loan period](#).

A school is not required to perform [need analysis](#) to determine a student's eligibility for a PLUS loan. Likewise, a school is not required to determine a student's eligibility for a Pell grant or a subsidized or unsubsidized Stafford loan prior to certifying a PLUS loan or disbursing PLUS loan funds. A parent may choose to borrow the entire amount of the COA minus the EFA for an eligible dependent student regardless of whether the student is eligible to receive other Title IV aid—including a [Pell grant](#), a subsidized Stafford loan, or an unsubsidized Stafford loan. However, if the student is seeking such aid, the school must include that aid in the EFA when determining the student's PLUS loan eligibility. [\[Federal Student Aid Handbook, Calculating Awards and Packaging Reference\]](#)¹

¹. Policy 842 (Batch 125), approved November 17, 2005

Chapter 9 describes school “servicing” responsibilities for FFELP loans. The information included in this chapter applies to Stafford and PLUS loans. School servicing responsibilities include reporting responsibilities and the return of Title IV funds.

9.1

Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections

If a school becomes aware of any issues related to the accuracy of a student’s or parent borrower’s Social Security number (SSN), date of birth, or first name, the school is expected to confirm the accuracy of the SSN this information by obtaining a copy of an acceptable source document (listed below under the subheading “Acceptable Source Documents for Social Security Number Changes”). The school must report ~~Changes~~ to a student’s or parent borrower’s SSN, date of birth, or first name ~~must be reported~~ to the guarantor. If the guarantor requires the supporting documentation ~~for any SSN change~~, the school must provide it.

If a school identifies a discrepancy, exhausts its efforts to verify the correct SSN, date of birth, or first name and fails to obtain a copy of an acceptable source document, the school should notify the guarantor of the discrepancy. In such cases, the school should indicate the source of the discrepancy and provide its reason for reporting the change. If the guarantor has information suggesting that the identified SSN, date of birth, or first name change is incorrect, it will notify the school.

[§668.36]

▲ Schools may contact individual guarantors for more information on procedures for reporting SSN, date of birth, and first name changes or corrections. See section 1.5 for contact information.

If a school learns that the SSN, date of birth, or first name is incorrect due to a data entry error, the school may change the incorrect information using the original documentation submitted. The school must document the reason it made the change.

Acceptable Source Documents for Social Security Number (SSN) Changes¹

A Guarantor considers² any of the following source documents a valid source acceptable for reporting an SSN change:³

- Social Security card or other Social Security Administration document.
- ~~Income tax return or W-2 form.~~
- ~~Official military orders, documents, or papers.~~ Unexpired U.S. military ID.⁴
- The Master Promissory Note (MPN) or loan certification (if the discrepancy resulted from a data input error).
- State driver’s license or state-issued identification card on which the SSN is listed.

Some guarantors have alternate requirements. These requirements are noted in [appendix C](#).

Acceptable Source Documents for Reporting the Correction of a Date of Birth

A guarantor considers any of the following documents a valid source for reporting the correction of a date of birth:

- Birth certificate.
- Current driver’s license (if it contains a birth date).
- State ID (if it contains a birth date).
- Passport.
- Unexpired U.S. military ID.⁵

1. Policy 841 (Batch 125), approved November 17, 2005

2. Policy 827 (Batch 122), approved August 18, 2005

3. Policy 841 (Batch 125), approved November 17, 2005

4. Policy 827 (Batch 122), approved August 18, 2005

5. Policy 841 (Batch 125), approved November 17, 2005

Acceptable Source Documents for Reporting a First Name Change

A guarantor considers any of the following documents a valid source for reporting a first name change:

- Court order.
- Marriage certificate.
- U.S. Certificate of Naturalization (Form N-550 or N-570).

Acceptable Source Documents for Reporting the Correction of a First Name

A guarantor considers any of the following documents a valid source for reporting the correction of a first name:

- Social Security card.
- Current driver's license.
- Birth certificate.
- State ID.
- U.S. Certificate of Naturalization (Form N-550 or N-570).
- Court order.
- Marriage certificate.
- W-2 Form.
- Passport.
- Unexpired U.S. military ID.
- U.S. military discharge papers (Form DD214).
- U.S. Certificate of Citizenship (Form N-560 or N-561).
- Alien Registration Card (Form I-551 or I-151).

▲ ~~Schools may contact individual guarantors for more information on procedures for reporting SSN changes. See section 1.5 for contact information.~~¹

9.2 Student Enrollment Status Reporting

A [school](#) must develop procedures to ensure that student enrollment status changes are reported correctly and in a timely manner to the [guarantor](#) and/or the lender. Timely and accurate enrollment status reporting is critical for the effective administration of the Title IV student loan programs. Enrollment information is used to determine a student borrower's eligibility for in-school status, [deferment](#), interest subsidy, and [grace period](#). Enrollment information is also used to determine the cohort into which the student's loans are relegated for purposes of determining the school's [cohort default rate](#) (see [sections 9.4 and 16.2](#)).

A school reports student enrollment status changes through a process called [Enrollment Reporting](#) [previously called the Student Status Confirmation Report (SSCR)]. Examples of enrollment changes that a school is required to report include a change from full-time to half-time status, a change from half-time to less-than-half-time status, a withdrawal, a graduation, or an approved [leave of absence](#) that complies with Title IV requirements. [*NSLDS Enrollment Reporting Guide, January 2004, Chapter 1, Section 1.1*]

Reporting by All Schools Except Foreign Schools

All schools with the exception of foreign schools must report enrollment status changes to the [National Student Loan Data System \(NSLDS\)](#) (a foreign school may also use the NSLDS to report enrollment status changes; see the subheading "Reporting by Foreign Schools" below). Schools may elect to satisfy this requirement by reporting to the NSLDS directly or through the use of a third-party servicer. If a student's enrollment status changes and the school does not expect its NSLDS enrollment reporting to be completed within the next 60 days, the school must submit an ad hoc report within 30 days.

[§82.610(c)]

If a school reports enrollment status information to a [third-party servicer](#), the school may deliver any request for enrollment verification received from a guarantor to the third-party servicer for completion.

If a school that is required to report to the NSLDS directly or through the use of a third-party servicer does not do so, the school is not in compliance with the enrollment reporting requirements.

[§82.610(c); *NSLDS Enrollment Reporting Guide, January 2004, Chapter 1, Section 1.2*]

¹ Policy 841 (Batch 125), approved November 17, 2005

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 expiration of the 60-day filing deadline. (See [section 14.4.](#))
[§682.402(g)(2)(i)]

13.8.D False Certification

A borrower who meets all of the false certification requirements that pertain to a particular type of false certification loan discharge as outlined in this subsection may qualify is eligible to have his or her applicable loans(s) discharged. A borrower qualifies for a false certification loan discharge of the entire loan, in full or in part, if the borrower—or the student for whom a [parent](#) obtained a PLUS loan—received any part of the proceeds of a [FFELP](#) loan on or after January 1, 1986, to attend a school that did any one of the following:

- Admitted the student on the basis of his or her ability to benefit from its training, even though the student did not meet the applicable requirements for admission on the basis of ability to benefit.
- Signed the borrower's name on the [application](#) and/or [promissory note](#) without his or her authorization, unless the borrower intended to obtain the loan and the student for whom the loan was made benefited from the proceeds of the loan.¹
- Endorsed the borrower's name on the loan [check](#) or signed the authorization for [electronic funds transfer](#) (EFT) or [master check](#) without the borrower's authorization—unless the student for whom the loan was made received the proceeds of the loan either by actual delivery of the loan [funds](#) or by a credit in the amount of the contested disbursement to charges owed to the school for the portion of the educational program completed by the student.

If the [guarantor](#) determines that a [borrower](#) is eligible for a loan [discharge](#) or a discharge of one or more disbursements of a loan, the discharge cancels the obligation of the borrower to repay the applicable outstanding principal, accrued interest, [collection costs](#), and late fees. It also qualifies the borrower for reimbursement of any amounts paid voluntarily or through forced collection on the amount discharged. The lender or guarantor must ensure that a discharge is reported to credit bureaus such that any adverse

credit history associated with the amount discharged is removed.

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The guarantor or Department may initiate the discharge process if either determines that the borrower is eligible for discharge based on information in its possession. If, however, the borrower initiates the process by requesting a discharge based on false certification, the borrower must complete, certify, and submit to the lender or guarantor the applicable loan discharge application. Through submission of this application, the borrower:

- Agrees to provide, as requested, other reasonably available true and correct documentation that demonstrates the borrower's eligibility for discharge.
- Agrees to cooperate with the [Department](#) (or its designee) in any enforcement action or attempt to recover discharged loan amounts, and to transfer and relinquish to the Department any right to a [refund](#) on a discharged loan.
- States whether the student has made a claim with respect to the school's false certification with any third party, such as the holder of a performance bond or a tuition recovery program—and, if so, discloses the amount of any payment received by the borrower (or student) or credited to the loan obligation.

If the lender receives the preliminary notification that the loan was falsely certified, the lender may send the loan discharge application to the borrower. In some cases, If the guarantor receives the preliminary notification that the loan was falsely certified, the guarantor may send the loan discharge application to the lender and for the lender to forward the application to the borrower. In other cases, the guarantor may send the loan discharge application directly to a potentially [eligible borrower](#) and notify the lender of the potential discharge. In such cases, the guarantor also may request that the borrower return the application to the guarantor for a determination of eligibility. The guarantor will notify the lender of the borrower's eligibility for the loan discharge.²

Suspending Collection Activity

If the lender is notified by the guarantor or the Department, or receives reliable information from another source that a [borrower](#) may be eligible for a false certification loan [discharge](#), the [lender](#) must immediately suspend all collection activity. If the notification indicates that the false certification loan discharge may be applicable to

¹. Policy 844 (Batch 125), approved November 17, 2005

². Policy 846 (Batch 125), approved November 17, 2005

- Notify the lender that the borrower's liability has been discharged with respect to the amount of the contested loan disbursement.

Upon receiving notification of the loan discharge from the guarantor as noted in the preceding bullet, the lender must:

- Immediately discontinue any collection efforts against the borrower with respect to the discharged loan amount and any charges imposed or costs incurred by the lender related to the discharged loan amount.
- Within 30 days, instruct all credit reporting agencies to which the lender previously reported information on the loan to delete all adverse credit history associated with the discharged loan.
- Within 30 days, [refund](#) to the borrower all amounts paid by the borrower with respect to the discharged loan amount, including any charges imposed or costs incurred by the lender related to the discharged loan amount.
- Within 30 days, if applicable, reimburse the guarantor for the discharged loan amount, less borrower refunds. [[§682.402\(e\)\(10\)](#)]
- Within 30 days, adjust the loan record for any [interest benefits](#) and [special allowance](#) payments that the lender received on the loan or portion of the loan being discharged and report the adjustment on the next scheduled [Lender's Interest and Special Allowance Request and Report \(LaRS report\)](#) if the loan is being discharged because the borrower did not endorse and did not receive the proceeds of the loan disbursement check. [[§682.402\(e\)\(8\)\(ii\)\(B\)\(4\)](#)]¹

Denying the Borrower's Discharge

If the guarantor determines that a loan is not eligible for [discharge](#) due to false certification, the guarantor will ensure that the following actions are performed within 30 days of making the determination:

- Notify the lender that the borrower does not qualify for the requested discharge.

- Advise the lender that the false certification loan discharge claim, if one was filed, either will be returned to the lender or paid as a [default](#) claim, as applicable, depending on the borrower's actions to reaffirm the debt, if necessary.

- Notify the borrower that he or she does not qualify for discharge and explain the reasons for that determination.

In its notification to the [borrower](#), the [guarantor](#) will advise the borrower that he or she remains obligated to repay the loan and warn the borrower of the consequences of [default](#). In addition, the guarantor will explain that the borrower will be considered to be in default on the loan—unless the borrower fulfills either of the following requirements within 30 days:

- Submits a written statement to the guarantor in which the borrower acknowledges the debt and, if payments are due, agrees to begin or resume making those payments to the [lender](#). Within 30 days after receiving this statement, the guarantor will return the [claim](#) file to the lender and notify the lender to resume collection activity if payments are due.
- Requests that the [Department](#) review the guarantor's decision. Within 30 days after receiving this request, the guarantor will forward the claim file and all relevant [documentation](#) to the Department for review. Approval of the [discharge](#) by the Department will result in the discharge of the loan through claim payment or discharge by the guarantor. Denial will result in the return of the claim to the [holder](#) for continued servicing and collection activity.

The guarantor will purchase a default claim from the lender within 30 days after a borrower fails to return either the statement acknowledging the debt or the request for review of the guarantor's decision by the Department.

If the lender is notified by the guarantor that the borrower does not qualify for a false certification loan discharge, the lender must resume applicable collection activity on the loan within 30 days of receiving the guarantor's notification. If a [forbearance](#) was applied to the loan pending the determination of the borrower's eligibility for false certification loan discharge, the lender may capitalize interest accrued during the forbearance period. The lender also must notify the borrower that the application for loan discharge was denied and the reason for that denial. [[§682.402\(e\)\(12\)\(vi\)](#)]

¹. Policy 847 (Batch 125), approved November 17, 2005