

## Summary of Changes Approved August through September 2004

This summary lists changes made since the July 2004 edition of the *Common Manual* was printed.

Change bars denote the latest policy changes, which were approved September 16, 2004.

Changes made before the July 2004 edition was printed are shown in appendix H of the manual.

<i>Common Manual</i> Section	Description of Change	Effective Date/Triggering Event	#
<b>Chapter 1: Overview</b>			
1.5 FFELP Guarantors and Contact Information	Adds federally-assigned guarantor code number for each <i>Common Manual</i> guarantor.	None.	—
<b>Chapter 4: School Participation</b>			
4.8 Student Enrollment Status Reporting	Adds that enrollment information must be reported whenever the enrollment status for an individual student changes. Also clarifies that enrollment status changes that must be reported include any change that the school is required to report through enrollment reporting, previously called the Student Status Confirmation Report (SSCR).	Enrollment reporting by schools beginning in September 1996.	803/116
<b>Chapter 5: Borrower Eligibility</b>			
5.2.E Prior Default	Adds language stating that a borrower with one or more defaulted Title IV loans, or defaulted Title IV loans for which a judgment has been obtained, who wants his or her Title IV eligibility reinstated must request reinstatement from the holder of each defaulted loan or from the holder of each defaulted loan for which a judgment has been obtained.	Retroactive to the implementation of the <i>Common Manual</i> .	804/116
<b>Chapter 7: Loan Origination</b>			
7.6 Borrower Disclosures 7.6.C Guarantee Disclosure	Clarifies lender and guarantor disclosure responsibilities.	Retroactive to the implementation of the <i>Common Manual</i> .	798/115
7.7.E Disbursement for Students in Study-Abroad Programs or Foreign Schools	Community comments received on proposal 789 of Batch 114 indicate this change is necessary to coordinate language regarding students enrolled in study-abroad programs with language regarding students enrolled in foreign schools.	Retroactive to the implementation of the <i>Common Manual</i> .	799/115
<b>Chapter 9: Loan Servicing</b>			
9.11.E Applying Funds Returned by the School	Ensures that manual text is consistent with the <i>Common Manual</i> glossary definition of the term “discharge” (i.e., the release of a borrower or any comaker from all or a portion of his or her loan obligation, as applicable, due to bankruptcy, school closure, death, total and permanent disability, an unpaid refund by the school, or the school’s false certification of a FFELP loan).	Retroactive to the implementation of the <i>Common Manual</i> .	802/115

<b>Common Manual Section</b>	<b>Description of Change</b>	<b>Effective Date/Triggering Event</b>	<b>#</b>
<b>Chapter 11: Due Diligence in Collecting Loans</b>			
11.4 Due Diligence Requirements 11.4.A Due Diligence Requirements for Loans with Monthly Repayment Obligations 11.4.B Due Diligence Requirements for Loans with Repayment Obligations Less Frequent Than Monthly	Clarifies that a lender must ensure that no gap in collection activity of greater than 45 days (60 days in the case of a loan sale or transfer) occurs through the 270th day of delinquency (330th day for loans with repayment obligations less frequent than monthly). In addition, revised policy modifies the subheadings in subsections 11.4.A, “181-240 days delinquent” and 11.4.B, “241-300 days delinquent” to reflect “181-270 days delinquent” and “241-330 days delinquent,” respectively. Language also has been added under the respective subheadings to clarify that any collection effort made after the date the final demand letter is mailed must support the final demand.	Loans on which the first day of delinquency on the oldest outstanding due date is on or after July 1, 1996, unless implemented earlier by the guarantor.	801/115
Figure 11-1 Due Diligence Requirements for Loans with Monthly Repayment Obligations and with Repayment Obligations Less Frequent than Monthly	Adds policy stating that the timing of the collection activities must ensure that no gaps of greater than 45 days occur through the 330th day of delinquency for loans with repayment obligations less frequent than monthly.	Loans on which the first day of delinquency on the oldest outstanding due date is on or after July 1, 1996, unless implemented earlier by the guarantor.	805/116
Figure 11-3 Due Diligence with a Rolling Delinquency or Special Occurrence – For Loans with Repayment Obligations Less Frequent than Monthly	Clarifies that the timing of the collection activities must ensure that no gaps of greater than 45 days occur through the 330th day of delinquency.	Loans on which the first day of delinquency on the oldest outstanding due date is on or after July 1, 1996, unless implemented earlier by the guarantor.	806/116
<b>Chapter 14: Federal Consolidation Loans</b>			
14.3.C Reviewing the Loan Verification Certificate	Includes additional exceptions under which the loan holder is not required to complete the LVC as published by the Department in <i>Dear Colleague Letter</i> FP-04-02.	None.	797/115
14.4 Disbursement 14.5.A Establishing the First Payment Due Date 14.5.B Disclosing Repayment Terms	Ensures that manual text is consistent with the <i>Common Manual</i> glossary definition of the term “discharge” (i.e., the release of a borrower or any comaker from all or a portion of his or her loan obligation, as applicable, due to bankruptcy, school closure, death, total and permanent disability, an unpaid refund by the school, or the school’s false certification of a FFELP loan).	Retroactive to the implementation of the <i>Common Manual</i> .	802/115
<b>Appendix B: PLUS/SLS Refinancing</b>			
Introduction B.3 Option 3: Refinancing by Obtaining a New Loan	Ensures that manual text is consistent with the <i>Common Manual</i> glossary definition of the term “discharge” (i.e., the release of a borrower or any comaker from all or a portion of his or her loan obligation, as applicable, due to bankruptcy, school closure, death, total and permanent disability, an unpaid refund by the school, or the school’s false certification of a FFELP loan).	Retroactive to the implementation of the <i>Common Manual</i> .	802/115
<b>Appendix F: FFELP Community Initiatives</b>			
Mapping Your Future, Inc.	Adds description of the Mapping Your Future project.	None.	—

**4.7.D****Return of Title IV Funds Calculations for Students Subject to Verification**

When a school completes a return of Title IV funds calculation for a student subject to verification, it must comply with the following rules:

- The school must complete the return of Title IV funds calculation in time to comply with the 30-day return of Title IV funds deadlines (see [subsections 4.7.A](#) and [4.7.B](#)).
- If the student does not provide all of the required verification documentation in time for the school to comply with the 30-day return of Title IV funds deadlines, the school must include as disbursed aid or aid that could have been disbursed only those funds not subject to verification (i.e., PLUS loans and unsubsidized Stafford loans).
- If the student does not provide all of the required verification documentation in time for the school to comply with the 30-day return of Title IV funds deadlines but does provide the documentation before the verification deadline, the school is required to perform a new return of Title IV funds calculation and make the appropriate adjustments.

If the school is unable to offer the post-withdrawal disbursement to the student, or parent in the case of a PLUS loan, within the required 30 days after the date that the school determined that the student withdrew (see [subsection 4.7.A](#)), the school must offer the funds as soon as possible. Also, whenever possible, the school must provide the student or parent with the minimum 14-day period to respond to the offer of a post-withdrawal disbursement.

[DCL GEN-04-03]

**4.8****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 4.6](#) and [15.2](#)).

All schools with the exception of foreign schools must report enrollment status changes to the [National Student Loan Data System \(NSLDS\)](#). Schools may elect to satisfy this requirement through participation in the National Student Clearinghouse (see [subsection 4.8.C](#)). Changes that must be reported include any change that the school is required to report through 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, half-time to less than half-time status, a withdrawal, a graduation, or an approved leave of absence that complies with Title IV requirements. 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.

If a school does not report to the NSLDS directly or through the use of a third-party servicer such as the National Student Clearinghouse, the school is not in compliance with the enrollment reporting requirements.

[§682.610(c); [NSLDS Enrollment Reporting Guide, January 2004, Chapter 1, Section 1.1](#)]<sup>1</sup>

<sup>1</sup>. Policy 803 (Batch 116), approved September 16, 2004

A student or parent borrower who has defaulted on any Title IV loan is eligible for a new FFELP loan only if each defaulted loan has been resolved in one of the following ways:

- The defaulted loan has been paid in full.
- The defaulted loan has been [discharged](#) or determined to be dischargeable in a [bankruptcy](#) action.
- The borrower's eligibility for Title IV [funds](#) has been reinstated as a result of the borrower making satisfactory repayment arrangements with the loan holder (see "Reinstatement of Title IV Eligibility after Default" later in this subsection).
- The defaulted loan has been rehabilitated as a result of the borrower's making twelve voluntary, consecutive, on-time, full monthly payments of a reasonable and affordable amount, and each loan has been purchased by a [lender](#). For more information on loan [rehabilitation](#), see [section 12.7](#).
- The defaulted loan has been discharged because the student or parent borrower was unable to complete a program of study due to the school's closing.
- The defaulted loan has been discharged by the [Department](#) because the borrower's eligibility for the loan was falsely certified by the school.
- The borrower has made satisfactory repayment arrangements on the defaulted loan and consolidated that loan, or the borrower has agreed to repay a Consolidation loan under an income-sensitive repayment schedule. For more information on consolidating defaulted loans, see [section 14.2](#).

Some guarantors have additional eligibility requirements and restrictions on Consolidation loans. These requirements are noted in [appendix C](#).

### Reinstatement of Title IV Eligibility after Default

A [borrower](#) with one or more defaulted [Title IV](#) loans, or defaulted Title IV loans for which a judgment has been obtained, may have his or her eligibility for Title IV aid reinstated by requesting reinstatement and making satisfactory repayment arrangements and fulfilling those arrangements with the [holder](#) of each defaulted loan or with the holder of each defaulted loan for which a judgment has been obtained.<sup>1</sup>

A borrower who receives loan funds for which he or she is ineligible due solely to his or her error may not have Title IV eligibility reinstated until the ineligible funds are repaid in full.

To have eligibility for Title IV aid reinstated, a borrower must make six consecutive full monthly payments to the appropriate holder for each defaulted loan. These payments must be made on time (within 15 days of the payment due date), voluntarily (directly by the borrower, regardless of whether there is a judgment against the borrower), and must be reasonable and affordable. Any court-ordered payments or involuntary payments obtained by state offsets or federal [Treasury offsets](#), wage garnishment, or income or asset execution will not count toward the six payments required for reinstatement. A lump sum [prepayment](#) of future installments does not satisfy the requirement for six consecutive monthly payments and will not reinstate a borrower's Title IV eligibility.

A borrower may reestablish Title IV eligibility only once. If a borrower has reestablished his or her eligibility and then fails to maintain satisfactory payment arrangements on that defaulted loan, or a defaulted loan for which a judgment has been obtained, the borrower may not reestablish his or her eligibility again under these provisions. An opportunity for reinstatement may be made available to a borrower regardless of whether any of the borrower's defaulted loans have been [repurchased](#) by an [eligible lender](#).

After a borrower's Title IV eligibility is reinstated, the borrower must continue to maintain satisfactory payment arrangements on each loan that defaulted in order to continue to be eligible for additional Title IV funds. A borrower who makes [satisfactory repayment arrangements](#) on a defaulted loan will regain loan eligibility for the [academic year](#) in which the borrower satisfies the payment requirements to regain Title IV eligibility. Accordingly, the [financial aid administrator](#) may certify a loan for the entire academic year, as long as the student is otherwise eligible.

To determine whether a borrower qualifies for reinstatement of Title IV eligibility, the [guarantor](#) will review the most recent 6-month period. Each of the six required payments must be received within 15 days of the due dates for the 6 months immediately preceding the date the guarantor receives the borrower's new loan request or request for reinstatement.

<sup>1</sup>. Policy 804 (Batch 116), approved September 16, 2004

## Due Diligence Requirements for Loans with Monthly Repayment Obligations and with Repayment Obligations Less Frequent than Monthly

### Figure 11-1

Borrower/Comaker				Endorser		
Days Delinquent <sup>1</sup>		Required Collection Activity <sup>3</sup>		Days Delinquent <sup>1</sup>		Required Collection Activity
Monthly	Less Frequent than Monthly			Monthly	Less Frequent than Monthly	
1-15	1-15	1 collection letter or written notice		1-180	1-240	1 diligent telephone effort  AND  2 collection letters
16-180	16-240	4 diligent telephone efforts  <b>Monthly Repayment Obligations</b>  At least 1 diligent effort on or before the 90th day of delinquency and 1 diligent effort after the 90th day of delinquency  AND  4 collection letters	4 diligent telephone efforts  <b>Less Frequent than Monthly Repayment Obligations</b>  At least 1 diligent effort on or before the 120th day of delinquency and 1 diligent effort after the 120th day of delinquency  AND  4 collection letters	On or after 241 <sup>2</sup>	On or after 301 <sup>2</sup>	1 final demand letter
60-120	60-120	Default Aversion Assistance Request (DAAR)				
181-270 <sup>2</sup>	241-330 <sup>2</sup>	Any collection efforts that urge the borrower to make required payments on the loan				
On or after 241 <sup>2</sup>	On or after 301 <sup>2</sup>	1 final demand letter				
271-360	331-420	Claim filing				

1 A lender is permitted a 5-day tolerance at the end of each time frame during which due diligence activities are required, with the exception of filing the claim.

2 Any collection effort (verbal or written) made or performed as made-up activity after the final demand letter is mailed must support the final demand.

3 The timing of the collection activities must ensure that no gaps of greater than 45 days occur through the 270th day of delinquency for loans with monthly repayment obligations and through the 330th day of delinquency for loans with repayment obligations less frequent than monthly.<sup>1</sup>

<sup>1</sup> Policy 805 (Batch 116), approved September 16, 2004

## Due Diligence with a Rolling Delinquency or Special Occurrence<sup>1</sup> – For Loans with Repayment Obligations Less Frequent than Monthly

Figure 11-3

Days Delinquent Following Event	Diligent Efforts to Contact the Borrower by Telephone <sup>2</sup>	Collection Letters <sup>2</sup>	Default Aversion Assistance Request (DAAR) <sup>2</sup>	Collection Efforts 241-330 Days of Delinquency <sup>2</sup>	Final Demand <sup>3</sup>
1-15	During the 16th - 240th day of delinquency: 4 diligent efforts (at least 1 on or before the 120th day of delinquency and at least 1 after the 120th day of delinquency)	During the 16th - 240th day of delinquency: 4 written notices or collection letters	During the 60th –120th day of delinquency: if not previously submitted or if not active, request DAAR	Continue efforts that urge the borrower to make payments on the loan	Send anytime the loan becomes 301 days or more delinquent
16-120	On or before the 240th day of delinquency: 2 diligent efforts	On or before the 240th day of delinquency: if diligent efforts are unsuccessful, send 2 forceful letters  If one telephone contact only, send 1 forceful letter on or before the 240th day of delinquency	During the 60th - 120th day of delinquency: if not previously submitted or if not active, request DAAR	Continue efforts that urge the borrower to make payments on the loan	Send anytime the loan becomes 301 days or more delinquent
121-180	On or before the 240th day of delinquency: 1 diligent effort	On or before the 240th day of delinquency: if diligent effort is unsuccessful, send 1 forceful letter	During the 60th - 120th day of delinquency: if not previously submitted, or if not active, request DAAR	Continue efforts that urge the borrower to make payments on the loan	Send anytime the loan becomes 301 days or more delinquent
181-+	No diligent efforts required but must ensure no gaps greater than 45 days	No diligent efforts required but must ensure no gaps greater than 45 days	If not previously submitted, or if not active, request DAAR	Continue efforts that urge the borrower to make payments on the loan	Send anytime the loan becomes 301 days or more delinquent

1 The timing of the collection activities must ensure that no gaps of greater than 45 days occur through the 270th-330th day of delinquency.<sup>1</sup>

2 A lender is permitted a 5-day tolerance at the end of each time frame during which due diligence activities are required, with the exception of filing the claim.

3 Any collection effort (verbal or written) made or performed as made-up activity after the final demand letter is mailed must support the final demand.

<sup>1</sup> Policy 806 (Batch 116), approved September 16, 2004