

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
911	Claim File Documentation Requirements	<p><u>13.1.D Claim File Documentation</u></p> <p>Revised policy moves the statement that the guarantor may require additional documentation or information for a claim to a more prominent location in text. The text is also revised to emphasize that the documentation or information may be required before completing processing of a claim or after claim payment in order to resolve a borrower dispute or assist in the school's review of its cohort default rate. Revised policy also states that the Claim form or its electronic equivalent format must be complete and legible.</p>	Guarantor	Claims filed by the lender on or after the guarantor's implementation of the provisions of the Common Claim Initiative.
912	Guarantor Review of Exceptional Performer Claims	<p><u>3.9 Exceptional Performer Designation</u></p> <p>Revised policy adds that the guarantor may not pay a claim that is filed with incomplete documentation or an otherwise ineligible claim, even if the lender or lender servicer is an exceptional performer.</p>	Federal	Claims filed by exceptional performer lenders and lender servicers on or after March 2004.
913	Lender Disbursement Through an Escrow Agent	<p><u>7.7 Disbursing the Loan</u></p> <p>Revised policy requires a lender that disburses loan proceeds through an escrow agent to make payment to the escrow agent no earlier than 10 days prior to the date of the scheduled disbursement.</p>	Federal	Loan proceeds paid by a lender to an escrow agent on or after July 1, 2006.
914	Bankruptcy Claims and Exceptional Performer Lenders	<p><u>13.1.A Claim Filing Requirement</u> <u>13.5 Claim Purchase</u></p> <p>Revised policy adds a statement that bankruptcy claims filed by exceptional performers are subject to a review of the lender's compliance with court-established deadlines such as the timely filing of the proof of claim, if applicable, and may be</p>	Federal	Bankruptcy notifications received by the lender or after March 1, 2007, unless implemented earlier by the guarantor.

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
		denied purchase for failure to meet court-established deadlines. Revised policy also states that the guarantor may compel the repurchase of a bankruptcy claim filed by an exceptional performer if the lender fails to file a proof of claim timely or to meet any other court-established deadlines.		
915	False Certification Claim Purchase Time Frame	<u>13.3 Claim Purchase or Discharge Payment</u>  Revised policy creates more language consistency between the two pieces of text.	Correction	Retroactive to the implementation of the <i>Common Manual</i> .
916	Stafford Loan Limits	<u>Figure 6-4 Stafford Annual Loan Limits</u>  Revised policy clarifies the content of Figure 6-4 by changing the title to "Stafford Undergraduate Annual and Aggregate Loan Limits". In addition, revised policy corrects the numerator of Proportional Calculation #2, the loan proration formula for prorating the time element in a program of study that is less than one academic year in length, to read "number of weeks <i>enrolled</i> ".	Correction	Retroactive to the implementation of the <i>Common Manual</i> .
917	Deferment Eligibility	<u>11.2 ACTION Program Deferment</u> <u>11.3 Armed Forces Deferment</u> <u>11.4 Economic Hardship Deferment</u> <u>11.6 In-School Deferment and Summer Bridge</u> <u>11.7 Internship/Residency Deferment</u> <u>11.8 Military Deferment</u> <u>11.9 National Oceanic and Atmospheric Administration Corps Deferment</u> <u>11.10 Parental Leave Deferment</u> <u>11.11 Peace Corps Deferment</u> <u>11.13 Public Health Service Deferment</u> <u>11.14 Tax-Exempt Organization Volunteer Deferment</u>	Correction	Retroactive to the implementation of the <i>Common Manual</i> .

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
		<u>11.15 Teacher Shortage Area or Targeted Teacher Deferment</u> <u>11.18 Working Mother</u>  Revised policy states that deferment is <i>available to</i> a borrower who is experiencing conditions that qualify the borrower for the deferment.		
918	Delinquency Period and the Default Definition	<u>appendix G</u>  Revised policy removes the reference to 270 "consecutive" days, and now defines default in the glossary as the failure of a borrower (or endorser or comaker, if any) to make installment payments when due, provided that this failure persists for the most recent period of 270 days for a loan repayable in monthly installments.	Correction	Retroactive to the implementation of the <i>Common Manual</i> .

Batch 136

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# COMMON MANUAL - GUARANTOR POLICY PROPOSAL

Date: October 20, 2006

X	DRAFT	Comments Due	Nov 10
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** Claim File Documentation Requirements

**AFFECTED SECTIONS:** 13.1.D Claim File Documentation

**POLICY INFORMATION:** 911/Batch 136

**EFFECTIVE DATE/TRIGGER EVENT:** Claims filed by the lender on or after the guarantor's implementation of the provisions of the Common Claim Initiative.

**BASIS:**  
None.

## CURRENT POLICY:

Current policy states that the guarantor may require lenders to provide additional documentation or information for a loan on which a claim is filed. Current policy does not stipulate that the Claim form or electronic equivalent format must be complete and legible.

## REVISED POLICY:

Revised policy moves the statement that the guarantor may require additional documentation or information for a claim to a more prominent location in text. The text is also revised to emphasize that the documentation or information may be required before completing processing of a claim or after claim payment in order to resolve a borrower dispute or assist in the school's review of its cohort default rate. Revised policy also states that the Claim form or its electronic equivalent format must be complete and legible.

## REASON FOR CHANGE:

Guarantors expressed concerns that lenders may not comply with requests for additional claim-file documentation if they remove their appendix C entries and believe that the current requirement to provide additional information is not sufficiently prominent. These changes are intended to alleviate those guarantor concerns.

## PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 13.1.D of the October 2006 *Common Manual*, page 3, column 1, paragraph 4, as follows:

### 13.1.D Claim File Documentation

A lender must include the documentation listed in this subsection with each claim file it submits to a guarantor. The lender also must promptly provide any additional information or documentation that the guarantor requests to assist in the review of the claim prior to claim payment, or after a claim is paid, in the resolution of a borrower dispute or to assist in the school's review of its cohort default rate. If the borrower's file contains more than one of any document, all of the originals—or copies, if the originals are not available—should be included and grouped together. The lender also should group all claim files together by claim type (default, bankruptcy, etc.).

Revise subsection 13.1.D, page 3, column 2, paragraph 1, as follows:

### General Documentation Requirements

#### *Bankruptcy, Death, Default, and Total and Permanent Disability Claims*

Each claim file must contain the following documentation, as applicable. The documents should be arranged in the following order and according to the specified guidelines:

1. *Claim Form* Lenders must use the Claim Form (see subsection 13.1.A) or an equivalent electronic format when filing a claim, and must ensure that the form or its equivalent are complete and legible. All data noted in the instructions accompanying the Claim Form must be provided. This data includes an accurate and legible record of the collection history.

Revise subsection 13.1.D, page 4, column 1, paragraph 5, as follows:

~~Guarantors may require lenders to provide additional information or documentation, for example if the borrower disputes the loan amount or a school disputes its cohort default rate.~~

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Requesting Additional Claim-File Information**

Long-standing common policy has permitted guarantors to request additional information or documentation for a claim that the lender submits. The *Common Manual* has been revised to relocate the common policy and to place additional emphasis on the policy, ensuring that lenders are aware that guarantors may request and lenders must promptly provide additional information or documentation if the guarantor requests it to assist in its review of the claim, in the resolution of a borrower dispute, or to assist in the school's review of its cohort default rate.

Common policy has also been amended to state that the Claim Form or its equivalent electronic format must be complete and legible.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

***Borrower:***

None.

***School:***

None.

***Lender/Service:***

None.

***Guarantor:***

Guarantors with appendix C entries specifying that the guarantor may require that the lender submit additional information or claim file documentation may remove those entries since common policy now places additional emphasis on this policy provision.

***U.S. Department of Education:***

None.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

September 22, 2006

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

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# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: October 20, 2006

X	DRAFT	Comments Due	Nov 10
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** Guarantor Review of Exceptional Performer Claims

**AFFECTED SECTIONS:** 3.9 Exceptional Performer Designation

**POLICY INFORMATION:** 912/Batch 136

**EFFECTIVE DATE/TRIGGER EVENT:** Claims filed by exceptional performer lenders and lender servicers on or after March 2004.

**BASIS:**

*Dear Colleague Letter* FP-04-04, Q1.17/A1.17 and Q1.24/A1.24.

**CURRENT POLICY:**

Current policy states that claims filed by an exceptional performer lender or lender servicer are paid at 99% of the amount of interest and principal on the loan.

**REVISED POLICY:**

Revised policy adds that the guarantor may not pay a claim that is filed with incomplete documentation or an otherwise ineligible claim, even if the lender or lender servicer is an exceptional performer.

**REASON FOR CHANGE:**

The Department's guidance stipulates that the guarantor may not reject a claim for violations of due diligence, timely filing, or repayment conversion errors. But other material errors in the loan's servicing or a claim that is filed with incomplete loan documentation may result in a returned or rejected claim, even for an exceptional performer lender or lender servicer.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise section 3.9 of the October 2006 *Common Manual*, page 19, column 2, paragraph 2, as follows:

### 3.9

#### Exceptional Performer Designation

A lender or lender servicer may seek an exceptional performer designation from the Department. In general, an exceptional performer will receive 99% of outstanding principal and eligible interest on a default claim filed during the 12-month period following its receipt of a notice of designation. The receipt date for the exceptional performer notice of designation is assumed to be no later than 3 days after the date the notice is mailed—unless the lender or servicer is able to prove otherwise. The guarantor may not reject or return a claim due to errors in repayment conversion, due diligence, or timely filing. However, if the claim file is incomplete or the loan(s) is otherwise ineligible for claim payment (such as ineligibility for claim payment due to a previous, unresolved loss of loan guarantee) the claim file may be returned or the claim may be rejected despite the lender's or servicer's exceptional performer status.

[HEA 428I(b)(1); §682.415(a)(1); DCL FP-04-04]

An exceptional performer designation for a lender or servicer with two or more site locations covers all of its site locations. Exceptional performer designations for individual site locations of such a lender or servicer are not permitted.

An exceptional performer designation is based only on the loans that the exceptional performer services directly. If a lender contracts with a servicer to fulfill a portion of its responsibilities under the FFELP, the lender may not obtain a designation based on functions performed by its servicer. A designation applies to all loans serviced by the exceptional

performer—with the exception of defaulted loans that have not been serviced by the exceptional performer for the last 270 days before default.  
[§682.415(a)(5) and (b)(5)(i); DCL FP-04-04]

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Guarantor Review of Exceptional Performer Claims**

The *Common Manual* has been revised to state that the guarantor may not reject a claim for violations of due diligence, timely filing, or repayment conversion errors. However, other material errors in the loan's servicing or a claim that is filed with incomplete loan documentation may result in a returned or rejected claim, even for an exceptional performer lender.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

***Borrower:***

None.

***School:***

None.

***Lender/Servicer:***

None.

***Guarantor:***

None.

***U.S. Department of Education:***

None.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

October 10, 2006

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

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# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: October 20, 2006

X	DRAFT	Comments Due	Nov 10
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** Lender Disbursement Through an Escrow Agent

**AFFECTED SECTIONS:** 7.7 Disbursing the Loan

**POLICY INFORMATION:** 913/Batch 136

**EFFECTIVE DATE/TRIGGER EVENT:** Loan proceeds paid by a lender to an escrow agent on or after July 1, 2006.

**BASIS:**

Higher Education Act of 1965, section 428(l)(1), as amended by the Higher Education Reconciliation Act (HERA) of 2005 and *Dear Colleague Letter* GEN-06-02.

**CURRENT POLICY:**

Current *Common Manual* policy does not address the time frame in which the lender must fund the escrow account prior to disbursement.

**REVISED POLICY:**

Revised policy requires a lender that disburses loan proceeds through an escrow agent to make payment to the escrow agent no earlier than 10 days prior to the date of the scheduled disbursement.

**REASON FOR CHANGE:**

This change is made to comply with the statutory changes derived from the HERA.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise section 7.7 of the October 2006 *Common Manual*, page 12, column 1, paragraph 1 as follows:

A lender that disburses loan proceeds through an escrow agent must make payment of funds to the escrow agent no earlier than 10 days prior to the date the funds are disbursed to the borrower and must require the escrow agent to disburse loan proceeds no later than 10 days after receiving the proceeds from the lender.  
[HEA 428(i)(1)]

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Lender Disbursement Through an Escrow Agent**

The *Common Manual* has been revised to reflect statutory changes derived from the HERA requiring a lender that disburses loan proceeds through an escrow agent to make payment to the escrow agent no earlier than 10 days prior to the date of the scheduled disbursement.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

None.

*School:*

None.

*Lender/Servicer:*

Lenders may need to modify disbursement procedures for funds disbursed via an escrow agent.



*Guarantor:*

Guarantors may need to modify program review procedures.

*U.S. Department of Education:*

The Department may need to modify program review procedures.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

Texas Guaranteed

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

July 12, 2006

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

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# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: October 20, 2006

X	DRAFT	Comments Due	Nov 10
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** Bankruptcy Claims and Exceptional Performer Lenders

**AFFECTED SECTIONS:** 13.1.A Claim Filing Requirements  
13.5 Claim Purchase

**POLICY INFORMATION:** 914/Batch 136

**Effective Date/Trigger Event:** Bankruptcy notifications received by the lender or after March 1, 2007, unless implemented earlier by the guarantor.

## **BASIS:**

34 CFR 682.402(f)(4); FP-04-04, Q/A 1.17 and Q/A 1.22; Private letter guidance issued by the Department on March 28, 2006.

## **CURRENT POLICY:**

Current policy states that claims filed by lenders designated as exceptional performers are not subject to review for due diligence, conversion to repayment, or timely claim filing.

## **REVISED POLICY:**

Revised policy adds a statement that bankruptcy claims filed by exceptional performers are subject to a review of the lender's compliance with court-established deadlines such as the timely filing of the proof of claim, if applicable, and may be denied purchase for failure to meet court-established deadlines. Revised policy also states that the guarantor may compel the repurchase of a bankruptcy claim filed by an exceptional performer if the lender fails to file a proof of claim timely or to meet any other court-established deadlines.

## **REASON FOR CHANGE:**

The Department issued private-letter clarification stating that regulations do not exempt exceptional performers from complying with court deadlines applicable to loans on which the lender files bankruptcy claims. While a claim filed by an exceptional performer due to the borrower's filing of a bankruptcy action cannot be rejected and a repurchase cannot be mandated due to the lender's failure to meet timely conversion to repayment, due diligence requirements, or claim filing requirements, the claim must be denied payment or must be repurchased if the lender did not comply with court established deadlines for filing bankruptcy claims.

## **PROPOSED LANGUAGE - COMMON MANUAL:**

Revise subsection 13.1.A of the October 2006 *Common Manual*, page 1, column 2, first bullet, as follows:

The claim review statuses are defined as follows:

- The Exceptional Performer Status is defined in regulation and assigned by the Department. Lenders achieving this status may file claims using documentation requirements outlined in subsection 13.1.D. Such claims are not subject to additional review for due diligence, conversion to repayment, or timely filing requirements—except as determined to be necessary by the guarantor or the Department as part of the general program oversight responsibility. Bankruptcy claims filed by lenders achieving this status are subject to review for the lender's compliance with applicable court-established deadlines and are not eligible for claim payment if the lender fails to comply with court-established deadlines. [§682.415(a)(7)(i)]

Revise section 13.5, page 12, column 1, paragraph 3, as follows:

A lender is required to repurchase a loan that was paid as a bankruptcy claim if the bankruptcy is subsequently dismissed by the court or, as a result of the hearing, the loan

is considered nondischargeable and the borrower is responsible for repayment of the loan. If the lender fails to meet the court's deadlines for the filing of a required proof of claim, and the guarantor identifies that failure after the date the claim is purchased, the lender must repurchase the claim even if the lender has achieved an exceptional performer designation.

[§682.402(f)(4); FP-04-04, Q/A 1.17 and Q/A 1.22]

If the guarantor purchases a default claim and later receives documentation that the date of the bankruptcy petition preceded the date of the default (the 270th day of delinquency for most claims), the lender will be required to repurchase the loan unless the loan is determined by the court to be dischargeable in the bankruptcy action. The repurchase requirement does not apply in the case of a loan that is filed as a default claim and the date of default precedes the petition date.

[§682.402(j)]

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Bankruptcy Claims and Exceptional Performer Lenders**

The *Common Manual* has been revised to state that guarantors may deny claim payment or compel the lender to repurchase a bankruptcy claim if the lender failed to file a required proof of claim within court-established deadlines. This provision applies to all lenders, including lenders who have achieved an exceptional performer designation.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

***Borrower:***

None.

***School:***

None.

***Lender/Service:***

All lenders must ensure that procedures are in place to file the proof of claim, if applicable, in a timely manner. Exceptional performer lenders may need to amend procedures to accommodate mandatory repurchases when the guarantor determines, after a claim has been purchased, that the proof of claim was not filed timely with the bankruptcy court.

***Guarantor:***

Guarantors may need to amend procedures and systems to ensure that all bankruptcy claims, including those filed by exceptional performer lenders, are reviewed with respect to the timely filing of the proof of claim with the bankruptcy court.

***U.S. Department of Education:***

None.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

Default Aversion and Claims Standardization Committee (DACS)

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

September 21, 2006

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee

CM Guarantor Designees

## Interested Industry Groups and Others

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# COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: October 20, 2006

X	DRAFT	Comments Due	Nov 10
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** False Certification Claim Purchase Time Frame

**AFFECTED SECTIONS:** 13.3 Claim Purchase or Discharge Payment

**POLICY INFORMATION:** 915/Batch 136

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

**BASIS:**

§682.402(e)(7)(ii).

**CURRENT POLICY:**

Current policy in section 13.3 is not stated in the same manner as a similar policy statement in subsection 13.8.D. Both attempt to communicate that the guarantor will pay the false certification claim within 30 days of the date on which the guarantor approves the loan discharge application.

**REVISED POLICY:**

Revised policy creates more language consistency between the two pieces of text.

**REASON FOR CHANGE:**

Commenters to the previous reorganization of the false certification subsection noted the discrepancies in the policy text and requested that they be amended to be more consistent.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise section 13.3 of the 2006 *Common Manual*, page 7, column 1, paragraph 5, bullet 3, as follows:

**13.3**

**Claim Purchase or Discharge Payment**

The guarantor is required to purchase an approved claim or discharge request, or return the claim or discharge request to the lender within a specific number of days after receiving the claim or discharge request, as follows:

- 90 days for a default, total and permanent disability, or closed school claim.
- 45 days for a bankruptcy claim, a death claim, or a closed school unpaid refund discharge.
- 30 days from the date the ~~eligibility determination is made~~ guarantor approves the loan discharge application for a false certification claim. (A guarantor may take up to 90 days to determine the loan's eligibility for discharge.)
- ...

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**False Certification Claim Purchase Time Frame**

Common policy language for the false certification claim payment time frame has been revised in section 13.3 to be more consistent with the language in subsection 13.8.D. The guarantor has 30 days from the date the guarantor approves the loan discharge application to pay the false certification claim.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

None.

*School:*

None.

*Lender/Service:*

None.

*Guarantor:*

None.

*U.S. Department of Education:*

None.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

September 22, 2006

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

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CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

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# COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: October 20, 2006

X	DRAFT	Comments Due	Nov 10
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** **Stafford Loan Limits**

**AFFECTED SECTIONS:** **Figure 6-4 Stafford Annual Loan Limits**

**POLICY INFORMATION:** **916/Batch 136**

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

**BASIS:**

34 CFR 682.204(a)(iii) and (d)(iii).

**CURRENT POLICY:**

The current title of Figure 6-4 is "Stafford Annual Loan Limits"; however, the figure only gives information on *undergraduate* Stafford annual loan limits, the proration thereof, and the undergraduate aggregate loan limits. Also, Proportional Calculation #2, for prorating the time element in a program of study that is less than one academic year in length, is listed as "number of weeks in program" divided by "number of weeks in academic year".

**REVISED POLICY:**

Revised policy clarifies the content of Figure 6-4 by changing the title to "Stafford Undergraduate Annual and Aggregate Loan Limits". In addition, revised policy corrects the numerator of Proportional Calculation #2, the loan proration formula for prorating the time element in a program of study that is less than one academic year in length, to read "number of weeks *enrolled*".

**REASON FOR CHANGE:**

The title change is necessary to more accurately reflect the content of Figure 6-4. The change to Proportional Calculation #2 is necessary to avoid confusion in the event that a student's enrollment period is less than the full length of the program.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise chapter 6 of the October 2006 *Common Manual*, page 20, title of Figure 6-4 as follows:

**Stafford Undergraduate Annual and Aggregate Loan Limits**

Revise chapter 6, page 20, Figure 6-4, **Proportional Proration Calculation #2** as follows:

Multiply the lesser of the following ratios by \$2,625 for base annual Stafford loan limit and by \$4,000 for additional annual unsubsidized Stafford loan limit:

Number of semester, trimester, quarter, or clock hours enrolled  
Number of semester, trimester, quarter, or clock hours in academic year

or

Number of weeks in program enrolled  
Number of weeks in academic year

**PROPOSED LANGUAGE - COMMON BULLETIN:**

The *Common Manual* has been revised to clarify the content of Figure 6-4 by changing the title to "Stafford Undergraduate Annual and Aggregate Loan Limits". In addition, the time element in the formula for prorating loan eligibility in a program of study that is less than one academic year in length in Proportional Proration Calculation #2 in Figure 6-4 has been corrected to specify "number of weeks enrolled" divided by "number of weeks in academic year".

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

None.

*School:*

None.

*Lender/Service:*

None.

*Guarantor:*

None.

*U.S. Department of Education:*

None.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

November 7, 2002

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

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CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

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# COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: October 20, 2006

X	DRAFT	Comments Due	Nov 10
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** Deferment Eligibility

**AFFECTED SECTIONS:**

- 11.2 ACTION Program Deferment
- 11.3 Armed Forces Deferment
- 11.4 Economic Hardship Deferment
- 11.6 In-School Deferment and Summer Bridge
- 11.7 Internship/Residency Deferment
- 11.8 Military Deferment
- 11.9 National Oceanic and Atmospheric Administration Corps Deferment
- 11.10 Parental Leave Deferment
- 11.11 Peace Corps Deferment
- 11.13 Public Health Service Deferment
- 11.14 Tax-Exempt Organization Volunteer Deferment
- 11.15 Teacher Shortage Area or Targeted Teacher Deferment
- 11.18 Working Mother

**POLICY INFORMATION:** 917/Batch 136

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

**BASIS:**  
§682.210(a)(1)(i).

**CURRENT POLICY:**  
Current policy states that deferment is *intended to cover* a borrower who is experiencing conditions that qualify the borrower for the deferment.

**REVISED POLICY:**  
Revised policy states that deferment is *available to* a borrower who is experiencing conditions that qualify the borrower for the deferment.

**REASON FOR CHANGE:**  
This change is necessary to more clearly convey that an eligible borrower is entitled to deferment, per the request of a commenter on proposal #899 in Batch 133.

## PROPOSED LANGUAGE - COMMON MANUAL:

Revise section 11.2 of the October 2006 *Common Manual*, page 7, column 1, paragraph 1, as follows:

### 11.2 ACTION Program Deferment

An ACTION Program deferment is ~~intended to cover~~ available to a borrower who is engaged in full-time paid volunteer service with an organization participation in a program authorized under Title I of the Domestic Volunteer Service Act of 1973 (ACTION programs).  
[§682.210(b)(2)(iii)]

Revise section 11.3, page 7, column 2, paragraph 2, as follows:

### 11.3 Armed Forces Deferment

An Armed Forces deferment is ~~intended to cover~~ available to a borrower who is on active duty

status in the U.S. Armed Forces (Army, Navy, Air Force, Marine Corps, and Coast Guard).  
[§682.210(i)]

...

Revise section 11.4, page 8, column 2, paragraph 2, as follows:

**11.4**  
**Economic Hardship Deferment**

An economic hardship deferment is ~~intended to cover~~ available to a borrower who earns less than minimum wage or exceeds a federally defined debt-to-income ratio.

Revise section 11.6, page 11, column 1, paragraph 1, as follows:

**11.6**  
**In-School Deferment and Summer Bridge**

An in-school deferment is ~~intended to cover~~ available to a borrower for both full-time and half-time study at an eligible school. A lender must grant an in-school deferment if it receives information that supports the borrower's eligibility for the deferment. The guarantor forwards this information to the lender in the following cases:

- ...

Revise section 11.7, page 13 column 2, paragraph 3, as follows:

**11.7**  
**Internship/Residency Deferment**

An internship/residency deferment is ~~intended to cover~~ available to a borrower for either of the following:

- Service in an internship program that is required of the borrower to receive professional recognition in order to begin professional practice or service.
- Service in a medical internship or residency training program. . .

Revise section 11.8, page 14, column 2, paragraph 1, as follows:

**11.8**  
**Military Deferment**

A military deferment is ~~intended to cover~~ available for a borrower's loan(s) that is first disbursed on or after July 1, 2001, while the borrower is serving on active duty during a war or other military operation, or a national emergency, or while the borrower is performing qualifying National Guard duty during a war or other military operation, or a national emergency.

[HEA 428(b)(1)(M); DCL GEN-06-02]

Revise section 11.9, page 15, column 2, paragraph 3, as follows:

**11.9**  
**National Oceanic and Atmospheric Administration Corps Deferment**

This deferment is ~~intended to cover~~ available to a borrower who is engaged in active duty service in the National Oceanic and Atmospheric Administration Corps (NOAA).

Revise section 11.10, page 16, column 1, paragraph 3, as follows:

**11.10**  
**Parental Leave Deferment**

A parental leave deferment is ~~intended to cover~~ available to a borrower who is pregnant or caring for his or her newborn or newly adopted child.

Revise section 11.11, page 17, column 1, paragraph 1, as follows:

**11.11**  
**Peace Corps Deferment**

A Peace Corps deferment is ~~intended to cover~~ available to a borrower who is engaged in volunteer service under the Peace Corps Act.

Revise section 11.12, page 17, column 2, paragraph 1, as follows:

**11.12**  
**Public Health Service Deferment**

A public health service deferment is ~~intended to cover~~ available to a borrower for service as a full-time officer in the Commissioned Corps of Public Health of the United States Public Health Service (USPHS).

Revise section 11.14, page 19, column 1, paragraph 1, as follows:

**11.14**  
**Tax-Exempt Organization Volunteer Deferment**

A tax-exempt organization volunteer deferment is ~~intended to cover~~ available to a borrower who is engaged in full-time paid volunteer service with a tax-exempt organization that the U.S. Department of Education has determined to be comparable to service as a Peace Corps or ACTION volunteer.

Revise section 11.15, page 19, column 2, paragraph 3, as follows:

**11.15**  
**Teacher Shortage Area or Targeted Teacher Deferment**

A teacher shortage area deferment (also called a targeted teacher deferment) is ~~intended to cover full-time teaching~~ available to a borrower who is teaching full time in a public or nonprofit private elementary or secondary school in a teacher shortage area defined by the Department, as recommended by the chief state school officer of the state.

Revise section 11.18, page 23, column 1, paragraph 1, as follows:

**11.18**  
**Working Mother Deferment**

This deferment is ~~intended to cover mothers~~ available to a borrower who is the mother of a preschool-age ~~children~~ child when the mothers ~~are~~ is entering or reentering the work force. A preschool-age child is defined as one who is not yet enrolled in first grade or a higher grade in elementary school.

**PROPOSED LANGUAGE - COMMON BULLETIN:**

The *Common Manual* has been revised to consistently state that a deferment is *available to* a borrower who is experiencing conditions that qualify the borrower for deferment, thereby emphasizing that deferment is an entitlement for an eligible borrower.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

None.

*School:*

None.

*Lender/Service:*

None.

*Guarantor:*

None.

*U.S. Department of Education:*

None.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

July 12, 2006

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

jcs-djo/edited-as

# COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: October 20, 2006

X	DRAFT	Comments Due	Nov 10
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** Delinquency Period and the Default Definition

**AFFECTED SECTIONS:** appendix G

**POLICY INFORMATION:** 918/Batch 136

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

**BASIS:**

§682.200(b); Appendix D to 34 CFR Part 682, Introduction, C. *Due Diligence*.

**CURRENT POLICY:**

Current policy defines default in the glossary as the failure of a borrower (or endorser or comaker, if any) to make installment payments when due, provided that this failure persists for the most recent period of 270 consecutive days for a loan repayable in monthly installments.

**REVISED POLICY:**

Revised policy removes the reference to 270 "consecutive" days, and now defines default in the glossary as the failure of a borrower (or endorser or comaker, if any) to make installment payments when due, provided that this failure persists for the most recent period of 270 days for a loan repayable in monthly installments.

**REASON FOR CHANGE:**

This change is necessary to align the manual's glossary definition of default with existing manual policy in section 13.6 and federal guidance. While the technical date of default changed from the 180<sup>th</sup> to the 270<sup>th</sup> day of delinquency as the result of the Higher Education Amendments of 1998, guidance specifically clarifying that the default period applies regardless of whether payments were missed consecutively precedes the implementation of the *Common Manual*.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise appendix G of the October 2006 *Common Manual*, page 5, column 2, paragraph 2, the definition of Default, as follows:

**Default:** The failure of a borrower (or endorser or comaker, if any) to make installment payments when due, or to meet other terms of the promissory note or other written agreement(s) with the lender under circumstances where the Department or guarantor of the loan reasonably concludes that the borrower no longer intends to honor the borrower's obligation to repay a loan, provided that this failure persists for the most recent period of 270 ~~consecutive~~ days (for a loan repayable in monthly installments) or the most recent 330-day period (for a loan repayable in less frequent installments). See section 13.6.

**PROPOSED LANGUAGE - COMMON BULLETIN:**

Appendix G of the *Common Manual* has been revised to align the definition of default with current manual policy in section 13.6 and federal guidance in 34 CFR 682.200(b) and Appendix D to Part 682. The reference to 270 "consecutive" days has been removed, and the manual glossary now defines default as the failure of a borrower (or endorser or comaker, if any) to make installment payments when due, provided that this failure persists for a period of 270 days for a loan repayable in monthly installments.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

None.

*School:*  
None.

*Lender/Service:*  
None.

*Guarantor:*  
None.

*U.S. Department of Education:*  
None.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**  
CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**  
July 19, 2006

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

**PROPOSAL DISTRIBUTED TO:**  
CM Policy Committee  
CM Guarantor Designees  
Interested Industry Groups and Others

sf/edited-bb