

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
963	Partial Discharge of a Consolidation Loan	<p><u>13.8 Discharge</u></p> <p>Adds information about the Request For Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form that a lender may use to request a partial discharge of the portion of the Consolidation loan that represents any underlying loans that are eligible for discharge due to disability (only for comade Consolidation loans), closed school, death, or false certification discharge. Incorporates a new chart that helps lenders determine what information must be provided on this form.</p> <p>In addition, lenders are advised that they may use the Unpaid Refund Discharge Determination Request form to request a partial discharge of the portion of the Consolidation loan that represents any underlying loans that are eligible for an unpaid refund discharge.</p>	Guarantor	Lenders may have begun using the Request For Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form, or the Unpaid Refund Discharge Determination Request form, upon the applicable publication date.
964	Annual Loan Limits for Students Enrolled in Undergraduate Preparatory Coursework	<p><u>6.11.A Stafford Annual Loan Limits</u> <u>Figure 6-4 Stafford Undergraduate Annual and Aggregate Loan Limits</u></p> <p>States that a dependent student who is taking preparatory coursework necessary for enrollment in an undergraduate program is eligible to borrow the base Stafford annual loan limit of \$2,625. An independent student, or a dependent student whose parent is not eligible for a PLUS loan, who is enrolled in undergraduate preparatory coursework is eligible to borrow a combined subsidized and unsubsidized Stafford annual loan limit of up to \$6,625, of which no more than \$2,625 may consist of subsidized Stafford loan funds.</p> <p>Updates Figure 6-4 to include the additional unsubsidized Stafford annual loan limit for an independent student, or a dependent student whose parent is not eligible for a PLUS loan, who is enrolled in undergraduate preparatory coursework.</p>	Federal	Loans first disbursed on or after July 1, 2007.

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
965	Increased Unsubsidized Stafford Loan Limits for Health Profession Students	<p><u>6.11.D Increased Unsubsidized Stafford Loan Limits for Health Profession Students</u></p> <p>States that a health profession student must be enrolled at least half time to be eligible for increased unsubsidized Stafford loan limits.</p>	Federal	Loan periods beginning on or after May 1, 1999.
966	Military Deferment	<p><u>11.8.A Eligibility Criteria–Military</u> <u>11.8.C Length of Deferment–Military</u> <u>Appendix G</u></p> <p>Clarifies that a military deferment is loan-based rather than borrower-based and each eligible loan may be deferred for multiple periods as long as the cumulative deferment periods do not exceed the 3-year maximum for each loan. Once a loan has been deferred for the 3-year maximum, that loan is no longer eligible for a military deferment. If a borrower obtains an additional FFELP loan(s) and is subsequently called for qualifying military service, each new loan is eligible for the 3-year maximum deferment.</p> <p>Adds a definition to appendix G for loan-specific deferment.</p>	Federal	Military deferment requests received on or after July 1, 2006, for loans with a first disbursement on or after July 1, 2001.
967	Common Forms	<p><u>2.3.C Common Forms</u></p> <p>Deletes reference to the Ad Hoc Standardization Committee, adds that NCHELP developed and updates the common default aversion and claim forms, and updates the listing of common forms.</p>	Correction	Upon approval of the Governing Board.
968	Student Eligibility Requirements	<p><u>5.1.B Student Eligibility Requirements</u> <u>6.15.B Stafford Loan Certification</u> <u>6.15.C PLUS Loan Certification</u></p> <p>Clarifies that the student must be enrolled or accepted for enrollment on at least a half-time basis to be eligible for a Stafford or PLUS loan.</p>	Correction	Retroactive to the implementation of the <i>Common Manual</i> .
969	PLUS MPN	<p><u>5.1.C Graduate and Professional Student and Parent PLUS Loan Borrower Eligibility Requirements</u></p> <p>Clarifies that a PLUS borrower's certification of a statement of educational purpose is fulfilled by the</p>	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
		borrower's certification of the PLUS MPN, and removes reference to the party with whom the borrower files that MPN.		
970	Additional Unsubsidized Stafford Loan Eligibility for a Dependent Student	<p><u>6.15.D Additional Unsubsidized Stafford Loan Certification</u></p> <p>Clarifies that a dependent student enrolled in a school that participates in the PLUS loan program whose parent is unable to obtain a PLUS loan is eligible to borrow additional unsubsidized Stafford loan funds, not to exceed the student's maximum additional unsubsidized Stafford loan limit. A school does not have the option of denying the additional funds to an otherwise eligible student, unless the school's refusal to certify is based on a documented reason.</p>	Correction	Retroactive to the implementation of the <i>Common Manual</i> .
971	Student Authorization to Release Loan Funds Received by EFT or Master Check	<p><u>Figure 8-6 Delivery or Return of Loan Funds</u></p> <p>Adds a footnote clarifying that the required authorization for the school to deliver loan funds received by EFT or master check is included on the MPN. However, if the MPN is signed by a third party with power of attorney for the borrower, the school must obtain a separate authorization from the borrower, except in the case of a study-abroad student.</p>	Correction	Retroactive to the implementation of the Federal Stafford Loan Master Promissory Note.
972	Economic Hardship Deferment Criteria	<p><u>11.4.A Eligibility Criteria-Economic Hardship</u></p> <p>Clarifies that when a loan is scheduled to be repaid in more than 10 years, the federal education debt burden is based on the original balance and monthly payment amount that would have been owed if the loan had been scheduled to be repaid in 10 years.</p>	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
973	Historic Stafford Interest Rates	<p><u>7.4.A Current Stafford Interest Rates</u></p> <p>Revised policy removes text regarding pre-July 1, 1994, interest rates, as it is no longer relevant to current Stafford interest rate policy.</p>	Organizational	Upon approval by the Governing Board.
974	Operations Desert Shield/Desert Storm	<p><u>11.3.A Eligibility Criteria —Armed Forces</u></p> <p><u>11.3.C Length of Deferment—Armed Forces</u></p> <p><u>appendix G</u></p> <p><u>appendix H</u></p> <p>Moves text concerning Operations Desert Shield/Desert Storm to the history appendix. Adds a reference in the appendix G entry entitled “Post-Deferment Grace Period” to additional information in the history appendix on a post-deferment grace period for military personnel who served in Operations Desert Shield/Desert Storm.</p>	Organizational	Upon approval by the Governing Board.

Batch 142

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COMMON MANUAL - GUARANTOR POLICY PROPOSAL

Date: July 20, 2007

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

SUBJECT: Partial Discharge of a Consolidation Loan

AFFECTED SECTIONS: 13.8 Discharge

POLICY INFORMATION: 963/Batch 142

EFFECTIVE DATE/TRIGGER EVENT: Lenders may have begun using the Request For Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form, or the Unpaid Refund Discharge Determination Request form, upon the applicable publication date.

BASIS:
None.

CURRENT POLICY:

Current policy states that the lender of a Consolidation loan must submit to the guarantor of the Consolidation loan a request for partial discharge of the portion of the Consolidation loan that represents any underlying loans that are eligible for discharge due to disability (only for comade Consolidation loans), closed school, death, false certification, unpaid refund, or another discharge type.

REVISED POLICY:

Revised policy adds information about the Request For Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form that a lender may use to request a partial discharge of the portion of the Consolidation loan that represents any underlying loans that are eligible for discharge due to disability (only for comade Consolidation loans), closed school, death, or false certification discharge. A new chart has been added to the manual that will help lenders determine what information must be provided on the partial discharge request form. Detailed descriptions of these items are located in the instructions on the Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form.

Further, information has been added to the manual to advise that lenders may use the Unpaid Refund Discharge Determination Request form to request a partial discharge of the portion of the Consolidation loan that represents any underlying loans that are eligible for an unpaid refund discharge.

REASON FOR CHANGE:

These changes are necessary to convey that lenders may use NCHelp developed common discharge forms to submit to the guarantor of the Consolidation loan a request for partial discharge of the portion of the Consolidation loan that represents underlying loans that are eligible for discharge due to disability (only for comade Consolidation loans), closed school, death, false certification, or unpaid refund discharge.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise section 13.8, page 17, column 1, by adding new text after paragraph 2 of the July 2007 *Common Manual*, as follows:

Partial Discharge of a Consolidation Loan

The lender of a Consolidation loan must submit to the guarantor of the Consolidation loan a request for partial discharge of the portion of the Consolidation loan that represents any underlying loans that are eligible for discharge due to disability (only for comade Consolidation loans), closed school, death, false certification, unpaid refund, or another discharge type. Upon approval of the discharge, the guarantor will process a payment for the discharged principal and interest portion of the Consolidation loan and forward the payment to the Consolidation loan lender.

▲ Lenders may contact the guarantor of the Consolidation loan for information on how to file the request for partial discharge.

Request For Reimbursement Due to Partial Discharge of a Federal Consolidation Loan Form

The Request For Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form may be used by a lender to request a partial discharge of the portion of the Consolidation loan that represents any underlying loans that are eligible for discharge due to disability (only for comade Consolidation loans), closed school, death, or false certification discharge.

Request For Reimbursement Due to Partial Discharge of a Federal Consolidation Loan Form Instructions

Figure 13-3 will help lenders determine what information must be provided on the Request For Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form. Detailed descriptions of these items are located in the instructions on the Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form.

Unpaid Refund Discharge Determination Request

The Unpaid Refund Discharge Determination Request form may be used by a lender to request a partial discharge of the portion of the Consolidation loan that represents any underlying loans that are eligible for discharge due to an unpaid refund.

Revise section 13.8 by adding a new Figure on page 3, as follows:

See attached chart.

PROPOSED LANGUAGE - COMMON BULLETIN:

Partial Discharge of a Consolidation Loan

The *Common Manual* has been revised by adding text describing the use of NCHELP's Request For Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form. The form may be used by a lender to request a partial discharge of the portion of the Consolidation loan that represents any underlying loans that are eligible for discharge due to disability (only for comade Consolidation loans), closed school, death, or false certification discharge. A new Figure 13-3 has been added to the manual that will help lenders determine what information must be provided on the Request For Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form. Detailed descriptions of these items are located in the instructions on the Request For Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form.

Information also has been added to the manual advising that NCHELP's Unpaid Refund Discharge Determination Request form may be used by a lender to request partial discharge of the portion of the Consolidation loan that represents any underlying loans that are eligible for discharge due to an unpaid refund discharge.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:

A lender may benefit by using NCHELP's common discharge forms to submit consistent information to the guarantor of the Consolidation loan as the request for the partial discharge of the portion of the Consolidation loan that represents underlying loans that are eligible for loan discharge.

Guarantor:

A guarantor may benefit from receiving consistent and uniformly formatted loan information via the common discharge forms submitted by the lender of the Consolidation loan as the lender's request for partial discharge of the portion of the Consolidation loan.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

Default Aversion and Claims Standardization subcommittee (DACS)

DATE SUBMITTED TO CM POLICY COMMITTEE:

December 20, 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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Information to be Provided on the Request for Reimbursement Due to Partial Discharge of a FFELP Consolidation Loan Form

<u>Item Description</u>	<u>Required¹</u>
<u>Reason type.</u>	•
<u>Date Condition Occurred (DCO)</u>	•
<u>Borrower name.</u>	•
<u>Borrower social security number (SSN).</u>	•
<u>Co-Maker name.</u>	•
<u>Co-Maker social security number (SSN).</u>	•
<u>Dependent student name.</u>	•
<u>Dependent student social security number (SSN).</u>	•
<u>Loan ID.</u>	•
<u>1st Disbursement date for Consolidation loan</u>	•
<u>Principal amount outstanding for the Consolidation loan based on date of death or disability or for closed school or false certification based on date of disbursement of the Consolidation loan and the sum of the outstanding principal amounts provided.</u>	•
<u>Interest rate and interest rate type for Consolidation loan.</u>	•
<u>Proration rate.</u>	•
<u>Loan type for each underlying loan to be discharged.</u>	•
<u>First disbursement date for each underlying loan to be discharged</u>	•
<u>Amount requested.</u>	•
<u>Interest paid through date.</u>	•
<u>Interest Claimed as of.</u>	•
<u>Total amount requested.</u>	•
<u>Eligible payments.</u>	•
<u>Reimbursement amount requested.</u>	•
<u>Lender's six digit lender ID assigned by the Department and, as applicable, four digit non-Department suffix.</u>	•
<u>Servicer's six-digit servicer ID assigned by the Department.</u>	•
<u>Lender/servicer name/address.</u>	•
<u>Preparer's name and telephone number.</u>	•

¹Refers to information the lender must provide on the Request for Reimbursement Due to Partial Discharge of a FFELP Consolidation Loan form.

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: July 20, 2007

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

SUBJECT: Annual Loan Limits for Students Enrolled in Undergraduate Preparatory Coursework

AFFECTED SECTIONS: 6.11.A Stafford Annual Loan Limits
Figure 6-4 Stafford Undergraduate Annual and Aggregate Loan Limits

POLICY INFORMATION: 964/Batch 142

EFFECTIVE DATE/TRIGGER EVENT: Loans first disbursed on or after July 1, 2007.

BASIS:

HEA §428(b)(1)(A)(vi)(I), as amended by the Higher Education Reconciliation Act (HERA) of 2005; §682.204(a)(6)(i); *Dear Colleague Letter* GEN-06-02/FP-06-01 and GEN-06-03/FP-06-02.

CURRENT POLICY:

Current policy in subsection 6.11.A states that a student who is taking preparatory coursework necessary for enrollment in an undergraduate program is eligible for Stafford loan funds not to exceed the first-year annual loan limit. In addition, Figure 6-4 does not acknowledge that an independent student, or a dependent student whose parent is not eligible to borrow a PLUS loan, who is enrolled in undergraduate preparatory coursework is eligible for an additional unsubsidized Stafford annual loan limit of \$4,000.

REVISED POLICY:

Revised policy in subsection 6.11.A states that a dependent student who is taking preparatory coursework necessary for enrollment in an undergraduate program is eligible to borrow the base Stafford annual loan limit of \$2,625. An independent student, or a dependent student whose parent is not eligible for a PLUS loan, who is enrolled in undergraduate preparatory coursework is eligible to borrow a combined subsidized and unsubsidized Stafford annual loan limit of up to \$6,625, of which no more than \$2,625 may consist of subsidized Stafford loan funds. A cross-reference has been added to Figure 6-4, and an additional citation to support existing policy that exempts from loan proration a period of undergraduate preparatory coursework that is less than an academic year in length.

Figure 6-4 has been updated to include the additional unsubsidized Stafford annual loan limit for an independent student, or a dependent student whose parent is not eligible for a PLUS loan, who is enrolled in undergraduate preparatory coursework.

REASON FOR CHANGE:

This change is made to comply with the statutory changes derived from HERA, and to align the manual's text with updates previously approved in policy proposal 955 of batch 141.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 6.11.A, page 20, column 1, bullet 2, of the July 2007 *Common Manual*, as follows:

- ...
- A dependent student who is taking preparatory coursework that the school has determined and documented to be necessary for the student to enroll in an undergraduate program is eligible for to borrow the base Stafford annual loan funds not to exceed the annual loan limits applicable to first-year undergraduate students limit of \$2,625. An independent student, or a dependent student whose parent is not eligible for a PLUS loan, is eligible to borrow a combined subsidized and unsubsidized Stafford annual loan limit of up to \$6,625. Of the total amount borrowed for the year, no more than \$2,625 may consist of subsidized Stafford loan funds (see

Figure 6.4). A student is eligible for loans for one period of 12 consecutive months beginning on the first day of the loan period for which the student is enrolled. The loan limits for this category of student are not prorated if the coursework is less than an academic year.

[§682.204(a)(6)(i) and (d)(6)(i); 2006-2007 FSA Handbook, Volume 3, Chapter 4, p. 3-80]

Revise Figure 6-4, page 21, as follows:

	<u>Length of Program or Final Period of Enrollment</u>		
	Program of study of at least a full academic year in length	One-year program of study with less than a full academic year remaining	Program of study of less than one academic year
Preparatory Coursework for Undergraduate Program			
Base Stafford eligibility (subsidized and unsubsidized)	\$2,625	N/A	N/A
<u>Additional unsubsidized Stafford eligibility</u>	<u>\$4,000</u>	<u>N/A</u>	<u>N/A</u>

PROPOSED LANGUAGE - COMMON BULLETIN:

Undergraduate Preparatory Coursework Annual Loan Limits

The *Common Manual* has been updated to clarify that a dependent student who is taking preparatory coursework necessary for enrollment in an undergraduate program is eligible to borrow the base Stafford annual loan limit of \$2,625. An independent student, or a dependent student whose parent is not eligible for a PLUS loan, who is enrolled in undergraduate preparatory coursework is eligible to borrow a combined subsidized and unsubsidized Stafford annual loan limit of up to \$6,625, of which no more than \$2,625 may consist of subsidized Stafford loan funds.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

While a first- or second-year undergraduate Stafford loan borrower whose loan is disbursed on or after July 1, 2007, has an increased, base annual loan limit of \$3,500 or \$4,500, respectively, the base Stafford annual loan limit for students enrolled in preparatory coursework necessary for enrollment in an undergraduate program remains at \$2,625.

School:

A school must ensure that a student who is taking undergraduate preparatory coursework does not receive the recently increased, first-year, base Stafford annual loan limit of \$3,500.

Lender/Service:

A lender may need to make system adjustment to distinguish between the base Stafford annual loan limit for first-year undergraduates and students who are taking undergraduate preparatory coursework.

Guarantor:

A guarantor may need to make system adjustment to distinguish between the base Stafford annual loan limit for first-year undergraduates and students who are taking undergraduate preparatory coursework. A guarantor may also be required to modify its program review procedures.

U.S. Department of Education:

The Department may need to update NSLDS to distinguish between the base Stafford annual loan limit for first-year undergraduates and students who are taking undergraduate preparatory coursework. The Department may also be required to modify its program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

May 15, 2007

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

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CM Guarantor Designees

Interested Industry Groups and Others

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COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: July 20, 2007

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

SUBJECT: Increased Unsubsidized Stafford Loan Limits for Health Profession Students

AFFECTED SECTIONS: 6.11.D Increased Unsubsidized Stafford Loan Limits for Health Profession Students

POLICY INFORMATION: 965/Batch 142

EFFECTIVE DATE/TRIGGER EVENT: Loan periods beginning on or after May 1, 1999.

BASIS:
2005-2006 FSA Handbook, Volume 3, Chapter 4, page 3-91.

CURRENT POLICY:
Current policy states that a health profession student must be enrolled *full time* to be eligible for increased unsubsidized Stafford loan limits.

REVISED POLICY:
Revised policy states that a health profession student must be enrolled *at least half time* to be eligible for increased unsubsidized Stafford loan limits.

REASON FOR CHANGE:
Since the implementation of the increased unsubsidized Stafford loan limits for health professions students in 1999, there was conflicting guidance from the Department regarding the minimum enrollment status. In the 05-06 FSA Handbook, the Department first publicized widely that, effective for loans periods that began on or after May 1, 1999, a health profession student must be enrolled at least half time to be eligible for increased unsubsidized Stafford loan limits.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 6.11.D, page 24, column 1, paragraph 2, of the July 2007 *Common Manual*, as follows:

Student Eligibility

To be eligible for the increased unsubsidized Stafford loans exceeding standard annual loan limits, a health profession student must meet the following criteria:

- The student must be eligible for an unsubsidized Stafford loan.
- The student must be enrolled ~~full time~~ at least half time.
- The student must not receive a HEAL program loan for any portion of the same loan period as the increased unsubsidized Stafford loan limit.
- The student must be enrolled in an eligible program at an eligible school, as defined above.

[DCL GEN 98-18; DCL GEN 97-4; DCL GEN 96-14; 2006-2007 FSA Handbook, Volume 3, Chapter 4, p. 3-91]

PROPOSED LANGUAGE - COMMON BULLETIN:

Increased Unsubsidized Stafford Loan Limits for Health Profession Students

The *Common Manual* has been revised to state that a health profession student must be enrolled at least half time in an eligible health profession program at an eligible school in order to qualify for increased unsubsidized

Stafford loan limits.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower who is a health profession student and attending an eligible program at least half time at an eligible school qualifies for increased Stafford loan funds. All such borrowers will be treated consistently.

School:

A school that offers programs to health profession students that are eligible for the increased Stafford loan limits may need to review and revise its procedures for determining unsubsidized Stafford loan eligibility. A school will not be held liable if it awarded the increased unsubsidized Stafford loan limits to students enrolled at least half-time in a health profession program for loan periods that began on or after May 1, 1999 but prior to the publication date of the 2005-2006 FSA Handbook.

Lender/Servicer:

A lender who is tracking the enrollment status of health profession students may be required to make loan approval procedure modifications.

Guarantor:

A guarantor who is tracking enrollment status of health profession students may be required to make loan guarantee procedure modifications. A guarantor may also need to modify its school program review procedures.

U.S. Department of Education:

The Department may be required to modify its school program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

Missouri Department of Higher Education

DATE SUBMITTED TO CM POLICY COMMITTEE:

February 8, 2007

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: July 20, 2007

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

SUBJECT: Military Deferment

AFFECTED SECTIONS: 11.8.A Eligibility Criteria–Military
11.8.C Length of Deferment–Military
Appendix G

POLICY INFORMATION: 966/Batch 142

EFFECTIVE DATE/TRIGGER EVENT: Military deferment requests received on or after July 1, 2006 for loans with a first disbursement on or after July 1, 2001.

BASIS:

Final Rules published in the *Federal Register*, dated November 1, 2006, page 64382.

CURRENT POLICY:

Current policy states that eligibility for a military deferment is loan-specific.

Current policy also states that a military deferment begins on the date the condition entitling the borrower to the deferment first existed, and ends either no later than 3 years after the date on which it began or the date the borrower's qualifying service ends, whichever is earlier.

REVISED POLICY:

Revised policy clarifies that a military deferment is loan-based rather than borrower-based and each eligible loan may be deferred for up to 3 years.

Revised policy also clarifies that a borrower's eligible loans may be deferred for multiple periods of deferment as long as the cumulative deferment periods do not exceed the 3-year maximum for each loan. Once a loan has been deferred for the maximum period of 3 years, that loan is no longer eligible for military deferment. Revised policy also clarifies that if a borrower obtains an additional FFELP loan(s) and is subsequently called for qualifying military service, each new loan is eligible for the 3-year maximum deferment.

In addition, revised policy adds a definition to Appendix G for loan-specific deferment.

REASON FOR CHANGE:

The *Common Manual* is being revised to incorporate clarifications published in the *Federal Register* on November 1, 2006.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 11.8.A, page 15, column 1, paragraph 1, of the July 2007 *Common Manual*, as follows:

Eligibility Criteria–Military

The military deferment is loan specific. This means that only certain loans are eligible and the 3-year time limit applies to each eligible loan rather than to each borrower. This deferment is available only for a borrower's Stafford and PLUS loans first disbursed on or after July 1, 2001, and for Consolidation loan(s) when all Title IV loans included in the Consolidation loan were first disbursed on or after July 1, 2001. The borrower's must meet the qualifications qualifying military service must occur on or after July 1, 2001.

Revise subsection 11.8.C, page 16, column 1, paragraph 2, as follows:

Length of Deferment–Military

.....

If an eligible borrower is subject to multiple military deployments, each eligible loan may qualify for multiple periods of military deferment as long as the cumulative deferment periods do not exceed the 3-year maximum. Once a loan has been deferred for the 3-year maximum, that loan is no longer eligible for a military deferment. However, if a borrower obtains an additional FFELP loan(s) and is subsequently called for qualifying military service, each new loan(s) is eligible for the 3-year maximum military deferment.

Revise Appendix G, page 12, column 2, as follows:

Loan-Specific Deferment: Refers to the requirement that eligibility for certain deferments is based on a borrower's specific loan, rather than on the borrower. For example, if a borrower is subject to multiple military deployments, he or she may qualify for multiple military deferment on a qualifying loan as long as the deferment period(s) do not exceed the 3-year maximum. Once a loan has been deferred for the 3-year maximum period, that loan no longer qualifies for military deferment. If a borrower obtains an additional FFELP loan and is subsequently called for qualifying military service, the new loan(s) will qualify for the maximum military deferment.

PROPOSED LANGUAGE - COMMON BULLETIN:

Military Deferment

The *Common Manual* has been revised to clarify that a military deferment is loan specific. This means that only certain loans are eligible and the 3-year time limit applies to each eligible loan rather than to each borrower. If an eligible borrower is subject to multiple military deployments, each eligible loan may qualify for multiple periods of military deferment loan as long as the cumulative deferment periods do not exceed the 3-year maximum. Once a loan has been deferred for the 3-year maximum, that loan is no longer eligible for a military deferment. However, if a borrower obtains an additional FFELP loan(s) and is subsequently called for qualifying military service, each new loan(s) is eligible for the 3-year maximum military deferment.

The manual has also been revised to include a definition in Appendix G for loan-specific deferment.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower may defer each of his or her eligible loans for multiple periods of deferment as long as the cumulative deferment periods do not exceed the 3-year maximum for each loan.

School:

None.

Lender/Service:

A lender may need to update policies and procedures for processing military deferments.

Guarantor:

A guarantor may need to update program review procedures.

U.S. Department of Education:

The Department may need to update program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

January 17, 2007

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

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CM Guarantor Designees

Interested Industry Groups and Others

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COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: July 20, 2007

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

SUBJECT: Common Forms

AFFECTED SECTIONS: 2.3.C Common Forms

POLICY INFORMATION: 967/Batch 142

EFFECTIVE DATE/TRIGGER EVENT: Upon approval by the Governing Board.

BASIS:
None.

CURRENT POLICY:

Current information in subsection 2.3.C regarding the development of and revisions to common forms that are approved by the Department and the Office of Management and Budget (OMB) includes references to the Ad Hoc Standardization Committee and NCHELP task forces. Current information in this subsection lists common default aversion and claim forms but does not note that these forms are developed and updated by NCHELP. The Department does not participate in the development or update of these forms, and thus the forms are not subject to OMB review or approval.

REVISED POLICY:

Revised information in subsection 2.3.C deletes reference to the Ad Hoc Standardization Committee and refers to NCHELP task forces as NCHELP workgroups. Also revised policy adds that the common default aversion and claim forms are developed and updated by NCHELP. The Department does not participate in the development or update of these forms, and thus the forms are not subject to OMB review or approval. Further, the listings of various common forms in this subsection are updated.

REASON FOR CHANGE:

These changes are necessary to reflect the current forms development process and to update the lists of common forms used within the FFELP.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 2.3.C, page 13, column 1, paragraph 1 of the July 2007 *Common Manual*, as follows:

2.3.C Common Forms

The 1992 Reauthorization of Title IV of the Higher Education Act of 1965 (HEA) began requiring the U.S. Department of Education (the Department), in cooperation with industry participants, to develop common loan applications and promissory notes, deferment forms, and reporting formats.

Common forms for the Federal Family Education Loan Program (FFELP) generally are developed through a collaborative effort led by the Program Operations Committee of the National Council of Higher Education Loan Programs (NCHELP), and with review and approval by the Ad Hoc Standardization Committee and, ultimately, the Department and the Office of Management and Budget (OMB).

NCHELP's Program Operations Forms subcommittee coordinates forms development, and various NCHELP Operations subcommittee task forces workgroups develop the forms; and circulate them to the NCHELP membership and the Ad Hoc Standardization Committee for initial comment. After the forms are reviewed and approved, the forms are submitted to the Department for their consideration and approval.

~~The Ad Hoc Standardization Committee—with representation from students, schools, lenders, and other financial aid constituencies—broadens the industry view on the forms and processes recommended by NCHELP. After the forms are reviewed and approved, the forms are submitted to the Department for their consideration and approval.~~

The Department reviews the forms, looking especially at regulatory and legal compliance, risk, and overall consistency with the goals of the Title IV programs. If needed, negotiations occur between ~~the parties (the Department, the Ad Hoc Standardization Committee, and NCHELP),~~ and other members of the FFELP community until agreement is reached.

Once preliminary agreement is reached, the Department moves the forms into the final approval process, which takes approximately four months to complete. The Department usually posts the forms for public comment in the *Federal Register* on two separate occasions. The first comment period is for 60 days and the second is for 30 days. After the Department and/or the OMB receive and review the comments and make any adjustments, the OMB assigns a control number and an expiration date to the forms, and the Department announces approval to the community ~~in a Dear Partner Letter.~~

Approved common forms are reviewed at least every 3 years for updates and revisions. The revision process follows the same general flow as that used for new forms; ~~however, the time frame for development is greatly reduced.~~

Default aversion and claim and default aversion forms listed later in this subsection are developed and updated by NCHELP. The Department does not participate in the development or update of these forms, and thus the forms are not subject to OMB review or approval.

The following is a list of the common forms that are used in the FFELP. The most current forms may be found on the NCHELP Website (www.nchelp.org) as well as on many guarantor Websites.

Loan Origination Forms

- Federal Stafford Loan Master Promissory Note
- Addendum to the Federal Stafford Loan Master Promissory Note
- Federal Stafford Loan Plain Language Disclosure
- Federal Stafford Loan School Certification
- Federal PLUS Loan Application and Master Promissory Note
- Addendum to the Federal PLUS Loan Application and Master Promissory Note
- Federal PLUS Loan Plain Language Disclosure
- Federal PLUS Loan Information and School Certification
- Endorser Addendum to Federal PLUS Loan Application and Master Promissory Note
- Federal Consolidation Loan Application and Promissory Note
- ~~Addendum to the Federal Consolidation Loan Application and Promissory Note~~
- Federal Consolidation Loan Verification Certificate
- Request to Add Loans to a Federal Consolidation Loan (180-Day Add-On Provision)
- Additional Loan Listing sheet for Federal Consolidation Loan Application and

Promissory Note

- Repayment Information (Federal Consolidation Loan)

...

Deferment Forms

- SCH In-School Deferment Request
- EDU Education Related Deferment Request
- PUB Public Service Deferment Request
- TDIS Temporary Total Disability Deferment Request
- UNEM Unemployment Deferment Request
- PLWM Parental Leave/Working Mother Deferment Request
- HRD Economic Hardship Deferment Request and Worksheets
- PLUS Borrower with Dependent Student Deferment Request
- MIL Military Deferment Request

~~Claim Forms~~ Default Aversion

- Default Aversion Assistance Request Form

Claim Forms

- Claim Form
- Supplemental Claim Form
- Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan

PROPOSED LANGUAGE - COMMON BULLETIN:

Common Forms

The *Common Manual* has been revised by deleting reference to the Ad Hoc Standardization Committee and to refer to the National Council of Higher Education Loan Programs (NCHELP) task forces as NCHELP workgroups. Revised policy adds that the common default aversion and claim forms are developed and updated by NCHELP. The Department does not participate in the development or update of these forms, and thus the forms are not subject to OMB review or approval. Further, the listings of various common forms in this subsection have been updated.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:

None.

Guarantor:
None.

U.S. Department of Education:
None

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
May 22, 2007

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

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

ma/edited-chh

967-I080 142

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: July 20, 2007

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

SUBJECT: Student Eligibility Requirements

AFFECTED SECTIONS: 5.1.B Student Eligibility Requirements
6.15.B Stafford Loan Certification
6.15.C PLUS Loan Certification

POLICY INFORMATION: 968/Batch 142

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

BASIS:
§668.32.

CURRENT POLICY:

Current information in subsections 5.1.B, 6.15.B, and 6.15.C does not reflect that the student must be enrolled or accepted for enrollment on at least a half-time basis as one of the basic eligibility criteria for a Stafford or PLUS loan.

REVISED POLICY:

Revised information in subsection 5.1.B adds eligibility criteria specifying that the student must be enrolled or accepted for enrollment on at least a half-time basis and includes a cross-reference to section 5.11, Student Enrollment Requirements. Cross-references to section 5.11, Student Enrollment Requirements were also added to 6.15.B and 6.15.C.

REASON FOR CHANGE:

Revised policy provides additional language in 5.1.C to clarify that the student must be enrolled or accepted for enrollment on at least a half-time basis as one of the basic eligibility criteria for a Stafford or PLUS loan and provides cross-references to subsection 5.11 that describes student enrollment requirements.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise subsection 5.1.B, page 2, column 1, by adding a new bullet after bullet 2, of the July 2007 *Common Manual*, as follows:

5.1.B Student Eligibility Requirements

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

- . . .
- Each student must certify, as part of the Free Application for Federal Student Aid (FAFSA) filed with the Department, a statement of educational purpose.
[HEA 432(m)(1)(C); HEA 484(a)(4)(A);§668.32(h)]
- The student is enrolled or accepted for enrollment on at least a half-time basis in an eligible program at a participating school. See subsection 5.11 for student enrollment requirements.
[§668.32(a)(1)(i) and (iii)]
- The student, if currently enrolled, . . .

Revise, subsection 6.15.B, page 29, column 1, paragraph 1, as follows:

**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,~~ and 5.11.

...

Revise subsection 6.15.C, page 29, column 2, paragraph 4, as follows:

Graduate and Professional Student Borrowers

A school may certify a Grad PLUS loan for a graduate or professional student only if the student meets the eligibility criteria for both a student and a PLUS loan borrower. These eligibility criteria are outlined in subsections 5.1.A, 5.1.B, ~~and 5.1.C,~~ and 5.11.

...

**PROPOSED LANGUAGE - COMMON BULLETIN:
Student Eligibility Requirements**

The *Common Manual* has been updated to clarify that a student must be enrolled or accepted for enrollment on at least a half-time basis to be eligible for a Stafford or PLUS loan. In addition, cross-references to section 5.11, Student Enrollment Requirements, were added to subsections 5.1.B, 6.15.B, and 6.15.C.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Servicer:

None.

Guarantor:

None.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

April 9, 2007

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Interested Industry Groups and Others

om/edited-bb

968-I073 142

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: July 20, 2007

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

SUBJECT: PLUS MPN

AFFECTED SECTIONS: 5.1.C Graduate and Professional Student and Parent PLUS Loan Borrower Eligibility Requirements

POLICY INFORMATION: 969/Batch 142

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

BASIS:
§668.24(c); §682.610(b).

CURRENT POLICY:

Current policy states that each PLUS borrower must certify, as part of the PLUS MPN *filed with the school or lender*, a statement of educational purpose.

REVISED POLICY:

Revised policy states that each PLUS borrower must certify a statement of educational purpose, which is fulfilled by the borrower's certification of the PLUS MPN. Revised policy also corrects the regulatory citation for this requirement.

REASON FOR CHANGE:

This section was originally intended to indicate that, depending on the process chosen by the school, the PLUS borrower might submit the Federal PLUS Loan Application and Master Promissory Note either to the lender or to the school. However, the current text may be misconstrued to indicate that the school is *responsible for retaining* a record of the MPN; therefore, the wording is being modified to shift the focus from the filing of the MPN to the borrower's certification of the statement of educational purpose.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 5.1.C, page 3, column 2, paragraph 1 of the July 2007 *Common Manual*, as follows:

Each PLUS loan borrower must certify, ~~as part of the Federal PLUS Loan Application and Master Promissory Note (PLUS MPN) filed with the school or lender,~~ a statement of educational purpose. This requirement is automatically fulfilled by the borrower's certification of the Federal PLUS Loan Application and Master Promissory Note (PLUS MPN).
[§668.32(h); §682.201(b)(1); §682.201(c)(1)(v)]

...

PROPOSED LANGUAGE - COMMON BULLETIN:

PLUS MPN

The *Common Manual* is being revised to clarify that a PLUS borrower's certification of a statement of educational purpose is fulfilled by the borrower's certification of the PLUS MPN, and to remove any reference in subsection 5.1.C to the party with whom the borrower files that MPN. In addition, the regulatory citations for this requirement have been corrected.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:
None.

Lender/Service:
None.

Guarantor:
None.

U.S. Department of Education:
None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

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June 20, 2006

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

kke/edited-chh

969-I030 142

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: July 20, 2007

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

SUBJECT: Additional Unsubsidized Stafford Loan Eligibility for a Dependent Student

AFFECTED SECTIONS: 6.15.D Additional Unsubsidized Stafford Loan Certification

POLICY INFORMATION: 970/Batch 142

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

BASIS:
§682.201(a)(3).

CURRENT POLICY:

Current policy states that a school that participates in the PLUS loan program *may* certify additional unsubsidized Stafford loan funds for a dependent student whose parent is unable to obtain a PLUS loan, not to exceed the student's maximum additional unsubsidized Stafford loan limit.

REVISED POLICY:

Revised policy clarifies that a dependent student enrolled in a school that participates in the PLUS loan program, whose parent is unable to obtain a PLUS loan *is eligible* to borrow additional unsubsidized Stafford loan funds, not to exceed the student's maximum additional unsubsidized Stafford loan limit.

REASON FOR CHANGE:

The current wording of the text does not convey the regulatory intent that a dependent student whose parent is unable to obtain a PLUS loan is entitled to borrow additional unsubsidized Stafford loan funds. The school in this situation does not have the option of denying the additional funds to an otherwise eligible student, unless the school's refusal to certify is based on a documented reason, as outlined in subsection 6.15.E.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Revised subsection 6.15.D, page 30, column 1, paragraph 2 of the July 2007 *Common Manual*, as follows:

6.15.D

Additional Unsubsidized Stafford Loan Certification Eligibility for a Dependent Student

If a dependent student's parent is unable to obtain a PLUS loan at a school that participates in the PLUS Loan Program due to exceptional circumstances documented by the financial aid administrator (FAA)—such as adverse credit history, incarceration, parental whereabouts unknown, or family income limited to public assistance or disability benefits—and the student's family is otherwise unable to provide the expected family contribution (EFC), the school ~~may certify~~ dependent student is eligible for additional unsubsidized Stafford loan funds ~~for the student not to exceed the student's maximum additional unsubsidized Stafford annual loan limit. See Figure 6-4. The school is not permitted to deny the additional funds to an otherwise eligible student, unless the school's refusal to certify is based on a documented reason. See subsection 6.15.E.~~

Other exceptional circumstances—if properly documented—that ~~an FAA may entitle use to~~ certify additional unsubsidized Stafford loan funds for an otherwise eligible dependent student to additional unsubsidized Stafford loan funds may include, but are not limited to:

- . . .
- . . .

• . . .

PROPOSED LANGUAGE - COMMON BULLETIN:

Additional Unsubsidized Stafford Loan Eligibility for a Dependent Student

The *Common Manual* is being revised to clarify that a dependent student who is attending a school that participates in the PLUS Loan Program and whose parent is unable to obtain a PLUS loan is entitled to borrow additional unsubsidized Stafford loan funds. The school in this situation does not have the option of denying the additional funds to an otherwise eligible student, unless the school's refusal to certify is based on a documented reason, as outlined in subsection 6.15.E.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:

None.

Guarantor:

None.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

November 14, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

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CM Guarantor Designees

Interested Industry Groups and Others

kke/edited-chh

970-I032 142

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: July 20, 2007

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

SUBJECT: Student Authorization to Release Loan Funds Received by EFT or Master Check

AFFECTED SECTIONS: Figure 8-6 Delivery or Return of Loan Funds

POLICY INFORMATION: 971/Batch 142

EFFECTIVE DATE/TRIGGER EVENT: Retroactive to the implementation of the Federal Stafford Loan Master Promissory Note (MPN).

BASIS:
None.

CURRENT POLICY:

Current policy contained in Figure 8-6, Delivery or Return of Loan Funds, states that loan funds disbursed by EFT or master check may be delivered to the student after authorization.

REVISED POLICY:

Revised policy updates Figure 8-6 by adding a footnote to clarify that the required authorization for the school to deliver loan funds received by EFT or master check is included on the MPN. However, if the MPN is signed by a third party with power of attorney for the borrower, the school must obtain a separate authorization from the borrower. This requirement does not apply to students enrolled in a study-abroad program as detailed in subsection 7.7.E.

REASON FOR CHANGE:

This change aligns Figure 8-6 with the current text of the Manual, in subsection 7.7.D, stating that the authorization to release funds disbursed by EFT or master check occurs when the student signs the Federal Stafford Loan Master Promissory Note (MPN).

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Figure 8-6, Delivery or Return of Loan Funds, page 23 of the July 2007 *Common Manual*, as follows:

See attached chart.

PROPOSED LANGUAGE - COMMON BULLETIN:

Student Authorization to Release Loan Funds Received via EFT or Master Check

Figure 8-6, Delivery or Return of Loan Funds, in the *Common Manual* has been updated by adding a footnote to clarify that the required authorization for the school to deliver loan funds received by electronic funds transfer (EFT) or master check is included on the MPN. However, if the MPN is signed by a third party with power of attorney for the borrower, the school must obtain a separate EFT authorization from the borrower. This requirement does not apply to students enrolled in a study-abroad program as detailed in subsection 7.7.E.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:
None.

School:
None.

Lender/Service:
None.

Guarantor:
None.

U.S. Department of Education:
None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
July 18, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

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

ce/edited-tmh

971-H098 142

Delivery or Return of Loan Funds

Figure 8-6

For more detailed information about the delivery of loan proceeds, see subsections 8.7 and 8.9

Situation	Condition Under Which Proceeds May Be Delivered to Student	Latest Delivery Date ¹	Time Frame for Returning Undelivered Proceeds to Lender ^{2,3}
Enrolled student fails to respond to request for endorsement of loan check or fails to authorize EFT or master check ⁴	After endorsement or authorization ⁴ , subject to FFELP loan delivery requirements	Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date [§668.167(c)(1)]
Student is on an approved leave of absence [§682.604(c)(4)]	Student returns from the leave of absence	Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date [§668.167(c)(1)]
Student fails to undergo initial loan counseling [§682.604(f)]	After counseling, subject to FFELP loan delivery requirements	Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date [§668.167(c)(1)]
Student selected for verification [§668, Subpart E]	When verification is completed, subject to FFELP loan delivery requirements	Within 45 days of receipt of proceeds [§668.58(c); §668.60(b)(3)]	Promptly, but no later than 10 business days after the latest delivery date if verification is not completed [§668.167(c)(1)]
Missing financial aid information for student (see subsection 5.14.A) [§668.19]	When all required financial aid information is received, subject to FFELP loan delivery requirements (see section 8.7)	Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date if all required financial aid information is not received [§668.167(c)(1)]
Student fails to register [§682.604(d)(3)]	N/A	<i>Only to determine time frame for returning proceeds</i> Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date [§668.167(c)(1)]
Registered student withdraws or is expelled before first day of classes, or fails to attend [§682.604(d)(3)]	N/A	<i>Only to determine time frame for returning proceeds</i> Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date [§668.167(c)(1)]
Student fails to maintain at least half-time enrollment or loses loan eligibility [§682.604(b)(2)(i)]	N/A	<i>Only to determine time frame for returning proceeds</i> Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date [§668.167(c)(1)]
Student is overawarded [§682.604(h)]	Student is eligible for portion of proceeds	Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date if entire loan disbursement [§668.167(c)(1)] Within 60 days of determining an overaward exists if portion of proceeds

- 1 Schools may delay delivery of loan proceeds for a conditional period of 10 business days after the last day of the initial period if, within this conditional period, the school expects the student to complete the required number of clock or credit hours in a preceding payment period or the school expects the student to meet all FFELP eligibility requirements. The school is encouraged to document the reason for holding loan proceeds for delivery within this conditional period. This provision does not apply to students for whom verification has not been completed.
[§668.167(c)]
- 2 In the case of an overaward, schools *must* indicate in writing the reason for returning loan proceeds and, if applicable, provide the student's withdrawal date. In all other cases, schools are encouraged to provide the reason for returning loan proceeds and, if applicable, provide the student's withdrawal date. If, during the return period, the school determines that the student has become eligible to receive the loan proceeds, the school may deliver the proceeds rather than return them to the lender, provided the delivery is made on or before the last day of the return period.
[§668.167(b)(3); §682.604(h)]
- 3 For purposes of returning undelivered proceeds to the lender, the term "promptly" means that a school may not delay initiating and completing its normal return process. "Returning the proceeds promptly, but no later than 10 business days" means that the school must either mail a check or initiate an electronic funds transfer to the lender by the close of business of the last day of the return period.
[§668.167(b)(2)]
- 4 The required authorization is included on the MPN. However, if the MPN is signed by a third party with power of attorney for the borrower, the school must obtain a separate authorization from the borrower. This requirement does not apply to students enrolled in a study-abroad program (see subsection 7.7.E).

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: July 20, 2007

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

SUBJECT: Economic Hardship Deferment Criteria

AFFECTED SECTIONS: 11.4.A Eligibility Criteria-Economic Hardship

POLICY INFORMATION: 972/Batch 142

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

BASIS:
§682.210(s)(6).

CURRENT POLICY:

Current policy states that when determining a borrower's federal education debt burden for purposes of an economic hardship deferment, the lender "must document the amount of the monthly payments that would have been owed on all federal postsecondary education loans during the deferment period based on repayment agreements in place at the time the deferment is being granted."

REVISED POLICY:

Revised policy clarifies that where a loan is scheduled to be repaid in more than 10 years, the federal education debt burden is based on the original balance and monthly payment amount that would have been owed if the loan had been scheduled to be repaid in 10 years.

REASON FOR CHANGE:

To clarify existing text and to more closely align the text of the *Common Manual* with federal regulations.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 11.4.A, page 9, column 2, paragraph 3 of the July 2007 *Common Manual*, as follows:

Note 2: To determine a borrower's federal education debt burden for purposes of an economic hardship deferment under items 4 and 5 above, the lender must count:

- For loans currently scheduled to be repaid in 10 years or less, the actual monthly payment amounts that are owed on federal postsecondary education loans if the loans are scheduled to be repaid in 10 years or less.
- For loans currently scheduled to be repaid in more than 10 years, the monthly payment amounts that would have been owed on the original loan balance of federal postsecondary education loans based on a 10-year repayment schedule if the loans are scheduled to be repaid in more than 10 years.

Lenders must count a proportional share of any payments due—or that would have been due—less frequently than monthly. Lenders also must include payments due on a defaulted loan if the borrower has made repayment arrangements satisfactory to the holder of the defaulted loan. The lender must document the amount of the monthly payments that are owed or would have been owed on all federal postsecondary education loans during the deferment period based on repayment agreements in place at the time the deferment is being granted. [§682.210(s)(6)]

PROPOSED LANGUAGE - COMMON BULLETIN:

Economic Hardship Deferment Criteria

The *Common Manual* has been revised to clarify that, for purposes of an economic hardship deferment for loans that are scheduled to be repaid in more than 10 years, the federal education debt burden calculation is

based on the original balance and monthly payment amount that would have been owed if the loan had been scheduled to be repaid in 10 years.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:

None.

Guarantor:

None.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

South Carolina Student Loan Corporation

DATE SUBMITTED TO CM POLICY COMMITTEE:

October 24, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

djo/edited-as

972-I027 142

COMMON MANUAL - ORGANIZATIONAL POLICY PROPOSAL

Date: July 20, 2007

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

SUBJECT: Historic Stafford Interest Rates

AFFECTED SECTIONS: 7.4.A Current Stafford Interest Rates

POLICY INFORMATION: 973/Batch 142

EFFECTIVE DATE/TRIGGER EVENT: Upon approval by the Governing Board.

BASIS:
None.

CURRENT POLICY:

Current policy includes text in section 7.4.A regarding Stafford interest rates that were effective prior to July 1, 1994.

REVISED POLICY:

Revised policy removes text in subsection 7.4.A regarding pre-July 1, 1994, interest rates, as it is no longer relevant to current Stafford interest rate policy.

REASON FOR CHANGE:

This text is being removed at the request of a commenter to proposal 923 in Batch 127. Information about interest rates on Stafford loans first disbursed before July 1, 1994, is no longer current and lenders no longer need regular access to this piece of information. It is provided for historical purposes in section H.1, subheading October 1, 1992, under the topic of Interest Rates.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 7.4.A, page 5, column 1, paragraph 3 of the July 2007 *Common Manual*, as follows:

~~The interest rate on any Stafford loan first disbursed before July 1, 1994, was based on whether the borrower was a "new borrower". For purposes of FFELP loans, a "new borrower" was any borrower who had no outstanding balance on a FFELP loan on the date he or she signed the promissory note for a FFELP loan. For loans disbursed before July 1, 1994, if the borrower had an outstanding balance on a Stafford loan on the date the borrower signed the application and promissory note, the borrower's new loan carried the same interest rate as the outstanding loans.~~

PROPOSED LANGUAGE - COMMON BULLETIN:

Historic Stafford Interest Rates

The *Common Manual* has been updated by removing text in subsection 7.4.A pertaining to Stafford interest rates in effect prior to July 1, 1994. This information appears in appendix H of the Manual for historical purposes.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:

None.

Guarantor:

None.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

January 8, 2007

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

djo/edited-as

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COMMON MANUAL - ORGANIZATIONAL POLICY PROPOSAL

Date: July 20, 2007

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

SUBJECT: Operations Desert Shield/Desert Storm

AFFECTED SECTIONS: 11.3.A Eligibility Criteria—Armed Forces
11.3.C Length of Deferment—Armed Forces
Appendix G
Appendix H

POLICY INFORMATION: 974/Batch 142

EFFECTIVE DATE/TRIGGER EVENT: Upon approval by the Governing Board.

BASIS:
None.

CURRENT POLICY:

Current policy includes text in subsections 11.3.A and 11.3.C that addresses an armed forces deferment for a borrower serving in Operations Desert Shield/Desert Storm. In addition, Operations Desert Shield/Desert Storm is referenced in appendix G, under “Post-Deferment Grace Period.”

REVISED POLICY:

Revised policy removes the text in subsection 11.3.A and relocates it, for historical purposes, to section H.4, History of Statutory and Regulatory Waivers. Text in subsection 11.3.C that addresses an armed forces deferment for a borrower serving in Operations Desert Shield/Desert Storm is relocated to section H.1, under February 1991, with a subheading *Deferment*. In addition, a reference has been added under the appendix G entry entitled “Post-Deferment Grace Period” to refer the reader for additional information in section H.1 on a post-deferment grace period for military personnel who served in Operations Desert Shield/Desert Storm.

REASON FOR CHANGE:

This text is being relocated at the request of a commenter to proposal 899 in Batch 133 because the policy, as it relates to Operations Desert Shield/Desert Storm, is no longer current.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 11.3.A, page 8, column 1, paragraph 2 of the July 2007 *Common Manual* as follows:

~~Several statutory and regulatory provisions were introduced in 1991 to provide additional benefits to borrowers who served on active duty in connection with Operations Desert Shield/Desert Storm. For additional information on these provisions, refer to *Dear Colleague Letters* GEN-91-11 and GEN-91-19 and the *Federal Register* dated September 16, 1991.~~

Revise subsection 11.3.C, page 8, column 1, paragraph 5, as follows:

~~For active duty status in connection with military mobilizations, the lender is permitted to accept, during specific emergency periods, the borrower's request for the deferment and the supporting documentation from a close family member or an individual in a position to know the borrower's military status (such as the borrower's commanding officer). In the case of a deferment on behalf of a borrower serving in Operations Desert Shield/Desert Storm, the lender was permitted to grant the deferment retroactive to the date the borrower was mobilized—even if that resulted in backdating the deferment more than 6 months. Furthermore, if a borrower had used the entire 36-month Armed Forces deferment eligibility before being mobilized, the borrower or a close family member had the option of requesting an emergency administrative forbearance.~~
[DCL GEN-01-13; DCL GEN-03-06]

Revise Appendix G, page 14, column 2, as follows:

Post-Deferment Grace Period: A 6-month period following a deferment during which payments are not required. The 6-month post-deferment grace period applies only to loans disbursed before October 1, 1981, and, in some cases, to loans for borrowers who participated on active-duty status in certain emergency military mobilizations, such as Operations Desert Shield/Desert Storm. See subsection 11.1.H. See section H.1, under April 9, 1991, for information on the post-deferment grace period applicable to Operations Desert Shield/Desert Storm.

Revise appendix H.4.A, page 103, column 1, by inserting the following:

H.4.A

HEROES Act-Waivers for Operations Desert Shield/Desert Storm

Several statutory and regulatory provisions were introduced in 1991 to provide additional benefits to borrowers who served on active duty in connection with Operations Desert Shield/Desert Storm. For additional information on these provisions, refer to *Dear Colleague Letters* GEN-91-11 and GEN-91-19 and the *Federal Register* dated September 16, 1991.

H.4.B

HEROES Act Waivers

The Higher Education Relief Opportunities for Students (HEROES) Act of 2003 (P.L. 108-76) requires the Department to publish waivers or modifications to statutory or regulatory provisions applicable to the Title IV federal student aid programs. The HEROES Act directs the Department to publish waivers and modifications that are appropriate to assist “affected individuals” who are also federal student aid applicants and recipients. The Department originally announced the HEROES Act waivers in a *Federal Register* notice dated December 12, 2003, effective until September 30, 2005. In a *Federal Register* notice dated October 20, 2005, the Department extended the waivers to September 30, 2007.

...

Revise appendix H.4.B, page 112, column 2, as follows:

H.4.B H.4.C

Higher Education Hurricane Relief Act Waivers

...

PROPOSED LANGUAGE - COMMON BULLETIN:

Operations Desert Shield/Desert Storm

The *Common Manual* has been updated by removing text from subsections 11.3.A and 11.3.C that addresses an armed forces deferment for a borrower serving in Operations Desert Shield/Desert Storm. The text from 11.3.A will be relocated, for historical purposes, to section H.4, History of Statutory and Regulatory Waivers. The text from 11.3.C will be relocated, for historical purposes, to section H.1, under February 1991, with a subheading of *Deferment*. In addition, a reference to existing text in section H.1 under April 9, 1991, regarding a post-deferment grace period applicable to Operations Desert Shield/Desert Storm has been added to appendix G under “Post-Deferment Grace Period.”

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:
None.

Guarantor:
None.

U.S. Department of Education:
None.

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:
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Interested Industry Groups and Others

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