

| # | Subject | Summary of Change to <i>Common Manual</i> | Type of Update | Effective Date |
|-----|--|--|----------------|--|
| 975 | Reporting SSN, Date of Birth, and First Name Changes | <p><u>3.5.F Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections</u></p> <p><u>9.1 Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections</u></p> <p>Permits the lender/guarantor to consider a document that was not originated by the Social Security Administration (SSA) as an acceptable source for making an Social Security number change, as long as the SSA has verified the information contained on the document.</p> | Guarantor | For documents verified by the Social Security Administration and received by the lender/servicer or guarantor on or after January 1, 2008, unless implemented earlier by the lender/servicer or guarantor. |
| 944 | Economic Hardship Deferment Criteria | <p><u>11.4.A Eligibility Criteria—Economic Hardship</u></p> <p>States that a borrower who is receiving a payment or benefit under a federal or state public assistance program, such as Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance is eligible to receive an economic hardship deferment.</p> | Federal | Economic hardship deferments granted by the lender on or after January 1, 2008, unless implemented earlier by the lender. |
| 976 | Including a Retroactive Period in a Loan Period | <p><u>6.2 Determining the Loan Period</u></p> <p>States that a school may include a retroactive period in a loan period when certifying a Stafford or PLUS loan if the student completed the retroactive period on at least a half-time basis. Requires the school to ensure that a loan period that includes a retroactive period does not exceed the maximum allowable loan period as currently described in this section, and that it meets applicable criteria for determining the frequency of Stafford annual loan limits. Adds cross-references to other pertinent sections and text.</p> | Federal | Publication date of the 03-04 FSA Handbook. |

| # | Subject | Summary of Change to <i>Common Manual</i> | Type of Update | Effective Date |
|-----|--|---|----------------|---|
| 977 | Prorated Loan Limits | <p><u>6.11.F Prorated Loan Limits</u></p> <p>States that loan proration is not required for a student completing coursework necessary for a professional credential or certification from a state if that credential or certification is required for employment as a teacher in an elementary or secondary school in that state.</p> | Correction | Retroactive to the implementation of the <i>Common Manual</i> . |
| 978 | Loss of Eligibility for Special Allowance Payments | <p><u>15.1.A Agreement to Guarantee Federal Consolidation Loans</u></p> <p>Clarifies that any failure on the part of a lender to fulfill due diligence requirements on a Consolidation loan may also result in a loss of eligibility for any special allowance payments that might otherwise apply to that Consolidation loan.</p> | Correction | Retroactive to the implementation of the <i>Common Manual</i> . |
| | | <p>_____</p> <p>_____</p> | | |

COMMON MANUAL - GUARANTOR POLICY PROPOSAL

Date: August 17, 2007

| | | | |
|---|----------|-------------------------|-------|
| X | DRAFT | Comments Due | Sep 7 |
| | FINAL | Consider at GB meeting | |
| | APPROVED | with changes/no changes | |

SUBJECT: Reporting SSN, Date of Birth, and First Name Changes

AFFECTED SECTIONS: 3.5.F Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections
9.1 Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections

POLICY INFORMATION: 975/Batch 143

EFFECTIVE DATE/TRIGGER EVENT: For documents verified by the Social Security Administration and received by the lender/servicer or guarantor on or after January 1, 2008, unless implemented earlier by the lender/servicer or guarantor.

BASIS:
None.

CURRENT POLICY:

Current policy considers only Social Security cards or other documents originated by the Social Security Administration (SSA) as acceptable sources for making Social Security number (SSN) changes.

REVISED POLICY:

Revised policy also considers a document that was not originated by the SSA as an acceptable source for making an SSN change, as long as the SSA has verified the information contained on the document.

REASON FOR CHANGE:

This change is necessary to allow documents that have been verified by the SSA to be used as acceptable sources for making SSN changes. For example, if a lender/servicer provided a document that contained a SSN (or list of SSNs) to the SSA, and the SSA verified that the SSN(s) was correct, the lender/servicer would be allowed to use the document as the basis for making an SSN change.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 3.5.F, page 14, column 1, paragraph 5, as follows:

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

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

- Social Security card, or document from or verified by the ~~other~~ Social Security Administration (SSA) document. An example of a document verified by the SSA could be one that contains an SSN (or a list of SSNs) that the SSA has verified as correct.

Revise section 9.1, page 1, column 2, paragraph 1, as follows:

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

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

- Social Security card, or document from or verified by the ~~other~~ Social Security Administration (SSA) document. An example of a document verified by the SSA could be one that contains an SSN (or a list of SSNs) that the SSA has verified as correct.

PROPOSED LANGUAGE - COMMON BULLETIN:

Social Security Number Changes

The *Common Manual* has been revised to expand the allowable sources for making a Social Security number (SSN) change to include documents that were not originated by the Social Security Administration (SSA) as long as the SSA has verified the information. An example of a document verified by the SSA could be one that contains an SSN (or a list of SSNs) that the SSA has verified as correct.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower can provide a document verified by the Social Security Administration as documentation of a change to his or her SSN.

School:

A school can counsel a borrower that a document verified by the Social Security Administration is acceptable for documenting a change to the borrower's SSN.

Lender/Service:

A lender/service can accept documents verified by the Social Security Administration as documentation to change a borrower's SSN.

Guarantor:

A guarantor may need to adjust its procedures to accept documents that have been verified by the Social Security Administration as a source for making changes to borrowers' SSNs, and ensure such documents have been verified by the SSA.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

NCHELP Program Operations NSLDS Workgroup

DATE SUBMITTED TO CM POLICY COMMITTEE:

March 26, 2007

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others

nm/edited-kk

975-I072 143

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: August 17, 2007

| | | | |
|---|----------|-------------------------|-------|
| X | DRAFT | Comments Due | Sep 7 |
| | 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: 944/Batch 143

EFFECTIVE DATE/TRIGGER EVENT: Economic hardship deferments granted by the lender on or after January 1, 2008, unless implemented earlier by the lender.

BASIS:

Preamble language in the *Federal Register*, dated June 29, 1994, page 33587; §682.210(s)(6)(ii).

CURRENT POLICY:

Current policy states that a borrower who is receiving payment under a federal or state public assistance program, such as Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance is eligible to receive an economic hardship deferment.

REVISED POLICY:

Revised policy states that a borrower who is receiving a payment or benefit under a federal or state public assistance program, such as Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance is eligible to receive an economic hardship deferment.

REASON FOR CHANGE:

This change more closely aligns the manual with the Department's guidance in the Preamble language in the *Federal Register*, dated June 29, 1994, page 33587, which states that any borrower who receives *some form of public assistance* would be eligible for an economic hardship deferment. This change will ensure that borrowers are treated equally regarding the granting of this deferment.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 11.4.A, page 8, column 2, paragraph 3, as follows:

**11.4.A
Eligibility Criteria—Economic Hardship**

This deferment is available only if the borrower had no outstanding balance on a FFELP loan as of the date he or she obtained a loan on or after July 1, 1993.

To qualify for this deferment, a borrower must request it and provide the lender with documentation that he or she meets at least one of the following eligibility criteria:

1. The borrower has been granted an economic hardship deferment under either the FDLP or Federal Perkins Loan Program for the period of time for which the borrower has requested an economic hardship deferment for his or her FFELP loan.
2. The borrower is receiving payment or benefit under a federal or state public assistance program, such as Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance.
3. . . .

PROPOSED LANGUAGE - COMMON BULLETIN:

Economic Hardship Deferment

The *Common Manual* has been updated to align economic hardship eligibility criteria with Department

guidance published in the Preamble language in the *Federal Register*, dated June 29, 1994, page 33587. A borrower is eligible for an economic hardship deferment if he or she is receiving payment or benefit under a federal or state public assistance program, such as Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower is entitled to receive a deferment on his or her loan if the borrower is receiving payment or benefit under a federal or state public assistance program and the borrower is otherwise eligible.

School:

A school may need to update its counseling material regarding a borrower's eligibility for an economic hardship deferment.

Lender/Service:

A lender/servicer may need to update its procedures for granting a economic hardship deferment. Also, a lender/servicer may need to update its counseling material regarding economic hardship deferment.

Guarantor:

A guarantor may need to update its counseling material regarding a borrower's eligibility for an economic hardship deferment. Also, a guarantor may need to update program review procedures.

U.S. Department of Education:

The Department may need to update its counseling material for a borrower's eligibility for an economic hardship deferment. Also, the Department may need to update program review procedures.

To be completed by the Policy Committee

Note: The Policy Committee received assistance in the development of this proposal from a volunteer community workgroup including representatives of AES, CFS-Suntech, College Assist, EdFinancial, Indiana Secondary Market, Iowa Student Loan, NASFAA, Nelnet, SLMA, SLSA, Student Assistance Foundation, and Wells Fargo.

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

November 19, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others

Comments Received From:

AES/PHEAA, ASA, EAC, GSMR, Great Lakes, HESAA, KHEAA, NASFAA, NCHELP, NSLP, OSFA, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

Responses to Comments

The following comments and responses resulted from the distribution of this proposal in Batch 140.

Note: Many commenters supported this policy as written. Other commenters recommended word smithing changes that made no substantive changes to the policy statement but that added clarity to the proposed

language. We appreciate the review of all commenters, their careful consideration of the policy, and their assistance in crafting clear, concise policy statements.

COMMENT:

Three commenters suggested including additional language in subsection 11.4.A, page 8, column 2, paragraph 2, as follows:

“The borrower is receiving payment, service, or benefits, under a federal or state public assistance program, ~~such as~~ which may include, but is not limited to Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance.”

These three commenters state that they strongly support the addition of “service, or benefits” but that the additional wording is needed for clarification because experience has taught us that, as in this case, if only certain programs are listed, people tend to interpret that to mean those are the *only* acceptable programs.

One commenter stated that the prospective effective date does not seem right because the cited *Federal Register* preamble language was published July 29, 1994. The commenter stated that if the effective date was retroactive to July 29, 1994, borrowers who had been eligible and wrongly denied can appeal the decision based on the updated information.

Four commenters opposed the proposal. One of the commenters stated that the cited preamble does not explicitly use the words “service” or “benefits”; therefore the changes made by the proposal have no substantive basis in the preamble of the *Federal Register* or the U.S. Code of Federal Regulations. Two of the commenters stated that the preamble change statement did not appear to support the revised policy. Another of the commenters stated that the preamble language does not explain the expansion of the criteria for economic hardship deferment to include service, or benefits and that more explanation is needed to explain the meaning of these new criteria if economic hardship deferment is to be interpreted differently than it is today.

Response:

The Committee recognized that many commenters supported the intent of the proposal, but also understood the concerns of all of the commenters. Therefore, the Committee deferred the proposal and established a volunteer workgroup comprised of community participants to join members of the Committee to further research and evaluate the proposal.

During the workgroup’s discussions, the issues raised by all of the aforementioned commenters were reviewed. The following discussion represents the workgroup’s recommendations concerning these comments:

- The workgroup determined that it was important to retain verbiage in the policy text that was as closely aligned as possible with federal guidance on this topic. For that reason, the workgroup declined to adopt the recommendation of three commenters who wished to describe the list of public assistance programs “which may include, but is not limited to. . .” because current text accomplishes the same end result.
- The workgroup discussed the commenters’ concerns about the triggering event for this proposal at length and particularly noted the one commenter’s concern that it should align, retroactively to 1994, with the publication of the federal guidance that supports this proposal. However, the group was also concerned that not all community members were either cognizant of the guidance or were interpreting it in the same manner. In an effort to support lender/servicers who were aware of and implemented an interpretation of this federal guidance that aligns with the policy proposal retroactively, *and* provide a fair opportunity for the remainder of the community to incorporate it into their policies and procedures prospectively, the workgroup recommended a prospective triggering event that acknowledges a lender may have implemented the policy earlier.
- The workgroup discussed the proposed use of the words “service” and “benefits.” The workgroup agreed with the commenters who were concerned about inferring that borrowers who received any one of a broad range of “services” available to the public should automatically qualify for economic hardship deferment solely by virtue of receiving that service.

However, the Department's 1994 final rule preamble clearly indicates that it is not the Department's intent to limit qualifying borrowers to only those who are receiving a public assistance *payment*.
". . . It is likely that almost all borrowers who receive *some form of public assistance* would be eligible for an economic hardship deferment. While there may be a few borrowers on public assistance who effectively have access to greater amounts of income than other borrowers, the Secretary believes those excess amounts would be marginal and would not justify the need to inconvenience the vast majority of borrowers who *receive some form of public assistance*."

The workgroup determined that the policy could most accurately convey the Department's intent by stating that a borrower receiving a payment *or benefit* under a federal or state public assistance program qualifies for economic hardship deferment.

Change:

The following changes have been made as the result of the community workgroup's additional development efforts. The revised policy proposal will be redistributed to the community for additional review and comment in Batch 143.

The effective date/trigger event was changed as follows:

Economic hardship deferments granted by the lender on or after ~~July~~ January 1, 2007~~8~~, unless implemented earlier by the ~~guarantor~~ lender.

The revised policy statement, reason for change, and common bulletin language were revised to remove references to "services."

The proposed language was revised as follows:

2. The borrower is receiving payment, ~~service~~, or benefits under a federal or state public assistance program, such as Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance.

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: August 17, 2007

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|---|----------|-------------------------|-------|
| X | DRAFT | Comments Due | Sep 7 |
| | FINAL | Consider at GB meeting | |
| | APPROVED | with changes/no changes | |

SUBJECT: Including a Retroactive Period in a Loan Period

AFFECTED SECTIONS: 6.2 Determining the Loan Period

POLICY INFORMATION: 976/Batch 143

EFFECTIVE DATE/TRIGGER EVENT: Publication date of the 03-04 FSA Handbook.

BASIS:

03-04 FSA Handbook, Volume 8, Chapter 6, page 6-63.

CURRENT POLICY:

Current policy does not address enrollment status criteria for including a retroactive period in a loan period.

REVISED POLICY:

Revised policy states that a school may include a retroactive period in a loan period when certifying a Stafford or PLUS loan if the student completed the retroactive period on at least a half-time basis. Revised policy also includes an example. The school must ensure that a loan period that includes a retroactive period does not exceed the maximum allowable loan period as currently described in this section, and meets applicable criteria for determining the frequency of Stafford annual loan limits. If a student attended a retroactive period but did not maintain eligibility for a Stafford or PLUS loan because the student failed to maintain at least half-time enrollment, a school must not include the retroactive period in the loan period or include that retroactive period's costs in the cost of attendance for the loan period. Cross-references are provided to existing Manual text that provides information on satisfactory academic progress requirements, citizenship requirements, default or overpayment in a Title IV program, inadvertent borrowing in excess of a Stafford annual or aggregate loan limit, and drug-related convictions. In addition, cross-references are included to section 6.1 and Figure 6-2 for more information on determining the frequency of Stafford annual loan limits.

REASON FOR CHANGE:

This change is necessary to enhance the Manual's text with additional guidance from the Department that was first published in the 03-04 FSA Handbook.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise section 6.2, page 5, column 1, paragraph 4, as follows:

6.2
Determining the Loan Period

The loan period is the period of enrollment for which a Stafford or PLUS loan is intended. The loan period must coincide with a bona fide academic term established by the school for which school charges are generally assessed (i.e., semester, trimester, quarter, length of the student's program, or the school's academic year).
[§682.200(b)]

The minimum loan period that a school may certify is:

...

...

The maximum loan period that a school may certify is:

...

Defaulted Borrowers

The maximum loan period that the school may certify for a defaulted borrower whose Title IV eligibility is reinstated (see subsection 5.2.E) is the academic year during which the borrower regains eligibility.
[§682.603(f)(2)(ii)]

Including a Retroactive Period in a Loan Period

Generally, a school may certify a borrower's eligibility for a Stafford or PLUS loan retroactive to the beginning of the current period of enrollment for a student who meets conditions that include, but are not limited to, the following:

- The student regains eligibility during the period of enrollment after an earlier loss of eligibility due to, for example:
 - = Failure to meet satisfactory academic progress (see section 8.4).
 - = Failure to meet citizenship requirements (see subsection 5.2.A).
 - = A prior default or overpayment in a Title IV program (see subsections 5.2.D and 5.2.E).
[§682.603(f)(2)(ii)]
 - = Inadvertent borrowing in excess of the Stafford annual or aggregate loan limit (see subsection 6.11.E).
- The student requests a loan in the second or subsequent payment period in the period of enrollment.

However, a school may include a retroactive period in the Stafford or PLUS loan period only if the student attended and completed the retroactive period on at least a half-time basis. For example, a school may certify a loan in the spring term for a fall/spring period of enrollment and include the costs for the fall term in the student's cost of attendance for the loan period, provided that the student completed the fall term on at least a half-time basis. The school must ensure that a loan period including a retroactive period does not exceed the maximum allowable loan period as described above, and meets applicable criteria for determining the frequency of Stafford annual loan limits (see section 6.1 and Figure 6-2). If a student attended during a retroactive period on a less than half-time basis, a school must not include the retroactive period in the loan period or that retroactive period's costs in the cost of attendance for the loan period.

[06-07 FSA Handbook, Volume 1, pages 1-10 and 1-14, and Volume 4, p. 4-44]

A school may not certify a Stafford or PLUS loan that includes a retroactive period that precedes the date that a student's eligibility is reinstated after a conviction for a drug-related offense that resulted in a loss of eligibility (see section 5.8).

PROPOSED LANGUAGE - COMMON BULLETIN:

Including Retroactive Periods in Loan Periods

The *Common Manual* has been updated to address certifying a loan that includes a retroactive period. A school may certify a borrower's eligibility for a Stafford or PLUS loan retroactive to the beginning of the current period of enrollment for a student who, for example, requests a loan during the second or subsequent payment period in the period of enrollment, or regains eligibility after an earlier loss of eligibility due to failure to maintain satisfactory academic progress, failure to meet citizenship requirements, a default or overpayment in a Title IV program, or inadvertent borrowing in excess of the Stafford annual or aggregate loan limit. However, a school may include a retroactive period in the Stafford or PLUS loan period only if the student attended and completed the retroactive period on at least a half-time basis. For example, a school may certify a loan in the spring term for a fall/spring period of enrollment and include the costs for the fall term in the student's cost of attendance for the loan period, provided that the student completed the fall term on at least a half-time basis.

The school must ensure that a loan period including a retroactive period does not exceed the maximum allowable loan period, and meets applicable criteria for determining the frequency of Stafford annual loan limits. If a student attended during a retroactive period on a less than half-time basis, a school must not include the retroactive period in the loan period or that retroactive period's costs in the cost of attendance for the loan period.

A school may not certify a Stafford or PLUS loan that includes a retroactive period that precedes the date that the student regains eligibility after a conviction for a drug-related offense that resulted in a loss of eligibility.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower who establishes or regains eligibility or requests a loan during a second or subsequent payment period, will be eligible for loan funds to cover costs for a retroactive period(s) that the student completed on a half-time basis in the current period of enrollment.

School:

A school may be required to revise its loan certification procedures for students who gain or regain eligibility or who request a loan during the second or subsequent payment period in the current enrollment period/loan period.

Lender/Service:

None.

Guarantor:

A guarantor may need to revise school program review criteria.

U.S. Department of Education:

The Department may need to revise school program review criteria.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

July 24, 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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976-I093 143

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: August 17, 2007

| | | | |
|---|----------|-------------------------|-------|
| X | DRAFT | Comments Due | Sep 7 |
| | FINAL | Consider at GB meeting | |
| | APPROVED | with changes/no changes | |

SUBJECT: Prorated Loan Limits

AFFECTED SECTIONS: 6.11.F Prorated Loan Limits

POLICY INFORMATION: 977/Batch 143

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

BASIS:

§682.204(a)(6) and (7); 06-07 FSA Handbook, Volume 3, Chapter 4, page 3-80.

CURRENT POLICY:

Current policy states that loan proration is not required for a student completing coursework that is necessary for a professional credential or certification from a state.

REVISED POLICY:

Revised policy states that loan proration is not required for a student completing coursework necessary for a professional credential or certification from a state if that credential or certification is required for employment as a teacher in an elementary or secondary school in that state.

REASON FOR CHANGE:

This change is necessary to ensure that Manual readers do not erroneously infer that loan proration, when applicable, is not required for a student who is seeking a professional credential or certification necessary for employment in a *non-teaching* profession.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 6.11.F, page 25, column 2, paragraph 4, as follows:

**6.11.F
Prorated Loan Limits**

...

- ...
- ...

Loan proration is not required for a student completing coursework necessary for a professional credential or certification from a state if that credential or certification is required for employment as a teacher in an elementary or secondary school, or for a student completing preparatory coursework necessary for admission into either an undergraduate or a graduate program of study. (For information on loan limits for these categories of students, see subsection 6.11.A.)

...

PROPOSED LANGUAGE - COMMON BULLETIN:

Prorated Loan Limits

The *Common Manual* has been revised to clarify that loan proration is required, when applicable, for an undergraduate student who is seeking a professional credential or certification necessary for employment in a *non-teaching* profession. Loan proration is not required for a student completing coursework necessary for a professional credential or certification from a state if that credential or certification is required for employment as a teacher in an elementary or secondary school.

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 23, 2007

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

jcs/edited-as

977-I092 143

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: August 17, 2007

| | | | |
|---|----------|-------------------------|-------|
| X | DRAFT | Comments Due | Sep 7 |
| | FINAL | Consider at GB meeting | |
| | APPROVED | with changes/no changes | |

SUBJECT: Loss of Eligibility for Special Allowance Payments

AFFECTED SECTIONS: 15.1.A Agreement to Guarantee Federal Consolidation Loans

POLICY INFORMATION: 978/Batch 143

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

BASIS:
§682.302(d)(4).

CURRENT POLICY:

Current policy states that any failure on the part of a lender to fulfill due diligence requirements on a Consolidation loan may result in a loss of eligibility for any interest subsidy payments that might otherwise apply to that Consolidation loan.

REVISED POLICY:

Revised policy clarifies that any failure on the part of a lender to fulfill due diligence requirements on a Consolidation loan may also result in a loss of eligibility for any special allowance payments that might otherwise apply to that Consolidation loan.

REASON FOR CHANGE:

This change aligns the language contained in the manual with current federal regulations.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 15.1.A, page 1, column 2, paragraph 2, as follows:

15.1.A Agreement to Guarantee Federal Consolidation Loans

...

Lenders must diligently service Consolidation loans in accordance with provisions applicable to other FFELP loans. Any failure to fulfill those requirements may result in a loss of guarantee on the loan and a loss of eligibility for any interest subsidy and special allowance payments that might otherwise apply (see section 15.6).

PROPOSED LANGUAGE - COMMON BULLETIN:

Loss of Eligibility for Special Allowance Payments

The *Common Manual* has been revised in subsection 15.1.A to clarify that any failure on the part of a lender to fulfill due diligence on a Consolidation loan may result in a loss of eligibility for any interest benefits and special allowance payments that might otherwise apply to that Consolidation loan.

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:
September 25, 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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