

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
991	Servicing Parameters for a Consolidation Loan with Multiple Loan Records	<p> <u>3.5.E Reporting Loan Assignments, Sales, and Transfers</u> <u>11.1.A General Deferment Eligibility Criteria</u> <u>11.19 Forbearance</u> <u>12.4 Due Diligence Requirements</u> <u>13.1.A Claim Filing Requirements</u> <u>15.2 Borrower Eligibility and Underlying Loan Holder Requirements</u> <u>15.4 Disbursement</u> <u>15.5.B Disclosing Repayment Terms</u> <u>15.5.F Delinquency, Claim Filing, Loan Forgiveness, and Discharge</u> </p> <p>Clarifies that although the subsidized, unsubsidized, and HEAL portions of a single Consolidation loan may appear as separate loan records on the lender's system, the lender must ensure that the Consolidation loan is administered as a single Consolidation loan. The loan must be administered with a single payment amount and payment due date which must cover all separately serviced portions of the Consolidation loan. The status applicable to the Consolidation loan must be reflected consistently across all portions of the loan. Deferments and forbearances must be applied to the single Consolidation loan. If the Consolidation loan becomes delinquent, the number of days the loan is delinquent must be reflected consistently across the lender's system for each portion of the Consolidation loan. Due diligence must be performed at a loan level, and should the Consolidation loan default, all portions of the loan must default on the same date and be filed in the same claim or at least simultaneously with the guarantor.</p>	Federal	Consolidation loan applications received by the lender on or after November 13, 1997.
992	Eligible Noncitizens	<p><u>5.2.A Citizenship Data Match</u></p> <p>Adds victims of human trafficking and their relatives as eligible noncitizens for purposes of determining eligibility for Title IV assistance.</p>	Federal	FFELP loans certified by the school on or after May 11, 2006.

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
993	Teacher Certification and Direct Assessment Programs of Study	<p><u>5.11 Student Enrollment Requirements</u></p> <p>States that a course of study that uses direct assessment rather than credit hours or clock hours is not an eligible course for purposes of teacher certification or recertification.</p>	Federal	September 8, 2006.
994	Late Disbursement and Post-withdrawal Disbursement Time Frames	<p><u>8.7.E Late Delivery</u></p> <p><u>9.5.A Return Amounts for Title IV Grant and Loan Programs</u></p> <p>Extends to 180 days the time frame for the delivery of a late disbursement of FFELP loan funds but eliminates the option for the school to obtain Department approval for a late delivery of loan funds after the 180-day period expires. Also extends the time frame for making a post-withdrawal disbursement of loan funds to 180 days after the school determines the student withdrew. A note is added to the text that a post-withdrawal disbursement of Title IV grant funds must be delivered within 45 days of the school's determination that the student withdrew.</p>	Federal	Late disbursements delivered by the school on or after July 1, 2008. Post-withdrawal disbursements delivered by the school on or after July 1, 2008.
995	Application of Administrative Forbearance During Conditional Discharge Period	<p><u>11.1.A General Deferment Eligibility Criteria</u></p> <p>Expands existing guidance by adding to the <i>Common Manual</i> an explanation of how lenders may grant administrative forbearance to a loan during a time when a nondisabled comaker is solely responsible for the repayment of the loan.</p>	Federal	Administrative forbearances processed by a lender on or after July 1, 2007, unless implemented earlier by the guarantor.
996	Death Claim Documentation	<p><u>13.1.D Claim File Documentation</u></p> <p><u>13.8.C Death</u></p> <p><u>Figure 13-3 Timely Filing Deadlines for Claims and Discharges</u></p> <p>Specifies that a lender must submit an original or certified copy, or an accurate and complete photocopy of the original or certified copy, of the death certificate when filing a death claim.</p>	Federal	Death discharges received by the lender on or after July 1, 2008, unless implemented earlier by the lender.

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
997	Servicing of a Consolidation Loan with Multiple Loan Records	<p><u>14.1.E</u> <u>Violations Associated with Unsynchronized Servicing of a Consolidation Loan with Multiple Loan Records</u></p> <p><u>14.5.E</u> <u>Cures Associated with Unsynchronized Servicing of a Consolidation Loan with Multiple Loan Records</u></p> <p>Clarifies that although the subsidized, unsubsidized, and HEAL portions of a single Consolidation loan may appear as separate loan records on the lender's system, the lender must ensure that the Consolidation loan is administered as a single Consolidation loan. Thus, the loan must be administered with a single payment amount and payment due date which must cover all separate records of the Consolidation loan. If the lender fails to perform due diligence activities on a single accurate payment amount and due date and/or fails to grant deferment or forbearance for the single Consolidation loan the lender records on its system as multiple, separate loan servicing records, the lender will incur due diligence violations and penalties sufficient to cause a loss of guarantee on the loan. Revised policy also clarifies what a lender can do to cure these violations.</p>	Federal	Consolidation applications received by the lender on or after November 13, 1997.

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
998	Variable Rate Conversion Provisions	<p><u>H.2 History of Excess Interest Rebates and Variable Interest Rate Conversions</u></p> <p><u>Figure H</u></p> <p>States in Section H.2 that lenders, based on October 1994 guidance from the Department in DCL 94-L-171, were not permitted to adjust special allowance billings for loans for which the applicable interest rate was retroactively revised. However, the Department provided guidance to lenders in DCL 98-L-202 on March 1, 1998, to recalculate special allowance billings on loans subject to the variable rate conversion provisions for all or part of the period from July 23, 1992, to December 31, 1994.</p> <p>Also clarifies in Figure H-1 that the "Quarterly Variable Interest Rates" which have been moved from the third to the second column are to be used prior to conversion to a variable rate.</p> <p>Further clarifies in Figure H-1 that the "Annual Variable Interest Rates," which have been moved from the second to the third column, are to be used after conversion to a variable rate.</p> <p>For loans subject to conversion under the Higher Education Amendments of 1992 in Figure H-1, the annual variable interest rate for the period from July 1, 2006, through June 30, 2007, was corrected from 7.949% to 7.94%. For all loans subject to conversion under the Higher Education Amendments of 1986 and 1992, the annual variable interest rates for the period from July 1, 2007, through June 30, 2008, are added.</p>	Federal	The guidance for lenders to recalculate special allowance billings on loans, subject to the variable rate conversion provisions, for all or part of the period from July 23, 1992, to December 31, 1994, was effective on March 1, 1998. All revisions, except interest rate changes, to the chart are retroactive to the implementation of the <i>Common Manual</i> .
999	Regaining Eligibility after Failure to Meet Satisfactory Academic Progress	<p><u>6.2 Determining the Loan Period</u></p> <p>Clarifies that, if the student's loss of eligibility was based on a failure to meet satisfactory academic progress standards, the school must comply with its written satisfactory academic progress policy, if the written policy provides that the student's eligibility will</p>	Correction	Publication date of the 96-97 FSA Handbook.

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
		be reinstated at a later point.		
1000	Federal Data Matches	<p><u>5.2.A Citizenship Data Match</u></p> <p>Updates the information on acceptable documentation for verification of eligible U.S. Citizens and Nationals and Eligible Noncitizens.</p>	Correction	Implementation of a federal citizenship form is determined by the Department.
1001	Definition of "Change of Control"	<p><u>Appendix G</u></p> <p>Adds that it is considered a change of control if a school changes from a for-profit entity to a nonprofit entity, or vice versa.</p>	Correction	Retroactive to the implementation of the <i>Common Manual</i> .

Batch 146

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COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: November 9, 2007

X	DRAFT	Comments Due	Dec 7
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Servicing Parameters for a Consolidation Loan with Multiple Loan Records

AFFECTED SECTIONS:

3.5.E	Reporting Loan Assignments, Sales, and Transfers
11.1.A	General Deferment Eligibility Criteria
11.19	Forbearance
12.4	Due Diligence Requirements
13.1.A	Claim Filing Requirements
15.2	Borrower Eligibility and Underlying Loan Holder Requirements
15.4	Disbursement
15.5.B	Disclosing Repayment Terms
15.5.F	Delinquency, Claim Filing, Loan Forgiveness, and Discharge

POLICY INFORMATION: 991/Batch 146

EFFECTIVE DATE/TRIGGER EVENT: Consolidation loan applications received by the lender on or after November 13, 1997.

BASIS:

Emergency Student Loan Consolidation Act (ESLCA) of 1997 (P.L. 105-78); §682.301(a)(3)(iii).

CURRENT POLICY:

A Federal Consolidation loan made from an application received by the lender on or after November 13, 1997, is 1) eligible for interest subsidy during authorized periods of deferment on any portion of the Consolidation loan that paid an underlying subsidized FFELP loan or an underlying subsidized Direct loan, and 2) subject to a variable interest rate on any portion of the Consolidation loan that repaid a HEAL loan. Current policy does not specify how to calculate repayment terms, perform due diligence, or file claims for a single Consolidation loan that is recorded on a lender's system as separate portions of the loan. In addition, current policy does not clarify that the first disbursement date of such a loan is used to determine the loan's terms and conditions.

REVISED POLICY:

Revised policy clarifies that although the subsidized, unsubsidized, and HEAL portions of a single Consolidation loan may appear as separate loan records on the lender's system, the lender must ensure that the Consolidation loan is administered as a single Consolidation loan. Thus, the loan must be administered with a single payment amount and payment due date which must cover all separately serviced portions of the Consolidation loan. The status applicable to the Consolidation loan must be reflected consistently across all portions of the loan. Deferments and forbearances must be applied to the single Consolidation loan. That is, the same deferment or forbearance benefit must apply to each portion of the loan. If the Consolidation loan becomes delinquent, the number of days the loan is delinquent must be reflected consistently across the lender's system for each portion of the Consolidation loan. Due diligence must be performed at a loan level, and should the Consolidation loan default, all portions of the loan must default on the same date and be filed in the same claim or at least simultaneously with the guarantor.

REASON FOR CHANGE:

These changes are being incorporated into the *Common Manual* to add clarity to existing policy.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 3.5.E, page 13, column 2, paragraph 3, as follows:

3.5.E

Reporting Loan Assignments, Sales, and Transfers

...

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

A consolidating lender that establishes more than a single servicing record for the subsidized, unsubsidized, and HEAL portions of the loan, must report the assignment, sale, or transfer transaction simultaneously for the entire Consolidation Loan.

Revise Subsection 11.1.A, page 2, column 1, by inserting a new bullet after bullet 1, as follows:

11.1.A

General Deferment Eligibility Criteria

There are several conditions under which borrowers qualify for deferment. In granting a deferment, the lender should be aware of the following general characteristics of deferments:

...

- Endorsers are not entitled to deferment. If an endorser is repaying the loan and has temporary difficulty in continuing repayment, he or she may request a forbearance. [§682.210(a)(11)]
- A consolidating lender that establishes more than a single servicing record for the subsidized, unsubsidized, and HEAL portions of the loan, must grant a deferment on the entire loan. That is, the same deferment benefit must be applied simultaneously to each portion of the loan.

Revise Section 11.19, page 24, column 1, by inserting a new paragraph after last paragraph as follows:

11.19

Forbearance

...

If two individuals are jointly liable for repayment of a PLUS loan or Consolidation loan, a lender may grant forbearance on repayment of the loan only if the ability of each individual to make scheduled payments has been impaired based on the same or differing conditions—except in cases when one comaker has applied for a total and permanent disability loan discharge (see subsection 11.19.F, Forbearance of a Loan for a Comaker during the TPD Conditional Period). [§682.210(a)(3)]

A consolidating lender that establishes more than a single servicing record for the subsidized, unsubsidized, and HEAL portions of the loan, must grant a forbearance on the entire loan. That is, the same forbearance benefit must be applied simultaneously to each portion of the loan.

Revise Section 12.4, page 4, column 1, by adding new paragraph after paragraph 1, as follows:

12.4

Due Diligence Requirements

To satisfy due diligence requirements, a lender must perform the collection activities specified in the schedules in subsections 12.4.A and 12.4.B. A lender may perform the required activities in the manner that is most effective—provided the minimum number of written contacts and telephone attempts are made and no gap of greater than 45 days (60 days in the case of a loan sale or transfer) in activity occurs through the 270th day of delinquency (330th day for loans with repayment obligations less frequent than monthly). A violation occurs if a lender fails to complete any of the required activities within the corresponding time frame or if the lender permits a gap of greater than 45 days (60 days in the case of a loan sale or transfer) between activities. If a violation occurs, the lender may incur interest penalties or jeopardize the guarantee on the loan. If the guarantee on a loan is lost, the lender also loses the right to collect interest benefits and special allowance payments otherwise payable by the Department from the date of the earliest unexcused violation. See chapter 14 for more information regarding violations and the assessment of penalties. [§682.411(b)(2); §682.411(k); §682, Appendix D; DCL FP-04-08]

A consolidating lender that establishes more than a single servicing record for the subsidized, unsubsidized, and HEAL portions of the loan, must perform due diligence activities at the loan level. That is, the lender must perform due diligence activities on a single, accurate payment amount, payment due date, etc. for the single Consolidation loan that contains multiple loan servicing records. If the guarantor identifies a Consolidation loan serviced as separate consolidation records and submitted for claim with different interest rates, it will return the claim for correction of interest accruals, payment application, and loan balances, as appropriate. If the claim is submitted with different payment due dates on one or more portions of the loan, the claim will be returned to the lender as an uninsured loan.

Revise Subsection 13.1.A, page 1, column 1, by adding a new paragraph after paragraph 2, as follows:

13.1.A Claim Filing Requirements

If a lender submits a claim with any required documentation that is missing, incomplete, or inaccurate, the guarantor may attempt to obtain the necessary information from its own system or request the information from the lender. The lender must provide the requested information and, if applicable, refile the claim by the refile deadline (refer to subsection 13.2.A).

A consolidating lender that establishes more than a single servicing record for the subsidized, unsubsidized, and HEAL portions of the loan, must perform due diligence activities at the loan level. That is, the lender must perform due diligence activities on a single payment amount, payment due date, etc., for the single Consolidation loan that contains multiple loan servicing records. For claim filing purposes, including loan discharges, all loan records related to a single Consolidation loan promissory note must be filed as one claim package with the guarantor based on a single payment due date. The guarantor may cancel the guarantee on the entire loan if the guarantor identifies loan records that have been serviced separately based on inconsistent loan servicing parameters such as payment due dates, repayment terms, interest rates, application of deferment or forbearance, or other key loan servicing activities.

Revise Section 15.2, page 5, column 2, paragraph 2, as follows:

15.2 Borrower Eligibility and Underlying Loan Holder Requirements Adding Loans after Consolidation

...

Lenders ~~and borrowers~~ should note ~~and inform borrowers~~ that the interest rate and repayment terms on a Consolidation loan may be affected by adding loans. The lender must disclose new repayment terms to the borrower, if the terms of the borrower's Consolidation loan change due to the addition of loans within the 180-day add-on period. A consolidating lender

that establishes an additional loan servicing record for the add-on portion must perform due diligence activities on a loan level. That is, the lender must perform due diligence activities on a single payment amount, payment due date, etc. for the single Consolidation loan that contains multiple loan servicing records. (See Section 12.4 for more information on due diligence requirements.) For portions of the Consolidation loan attributable to HEAL loans, the variable interest rate is based on the average of the 91-day Treasury bill rate plus 3%, with no cap.
[HEA 428C(c)(1)(D)]

Revise Section 15.4, page 9, column 2, by adding a new paragraph after paragraph 3, as follows:

15.4 Disbursement

A Consolidation loan is considered to be disbursed on the date of the first individual or master check, payment advice, or noncash transfer that transfers funds from the consolidating lender to the holder of the loans to be consolidated. For funds disbursed by EFT, the Consolidation loan is considered disbursed on the first date that funds are transferred. If the loan funds for multiple underlying loans are disbursed on multiple days, including funds issued through the end of the 180-day add-on period, those disbursements are considered “subsequent disbursements.” The loan’s first disbursement date is used to determine its terms and conditions.

A consolidating lender that establishes an additional loan servicing record for the add-on portion of the loan must perform due diligence activities on a single payment amount, payment due date, etc. for the single Consolidation loan. In addition, a consolidating lender that establishes more than a single servicing record for the subsidized, unsubsidized, and HEAL portions of the loan, must establish a single repayment schedule with a single payment due date for all portions of the loan. The disbursement date for the first loan establishes the terms and conditions for every loan servicing record established under a single promissory note for the borrower. For loan guarantee purposes, the single Consolidation loan promissory note and addendums represent a single Consolidation loan. The lender must ensure that all servicing aspects for the multiple portions of the loan remain synchronized throughout the life of the loan. Failure to establish and maintain a single, accurate repayment schedule, first and next payment due date, accurate weighted average interest rate based on the sum of all loans consolidated under the single note, and to consistently apply deferment and forbearance or loan discharge provisions may result in the loss of the entire loan’s guarantee.

Revise Subsection 15.5.A, page 10, column 1, by adding a new paragraph after paragraph 1, as follows:

15.5.A Establishing the First Payment Due Date

A lender must establish the first payment due date on a Consolidation loan that is no later than:

- 60 days after the date of the last disbursement that pays underlying loans in full.
[§682.102(e)(5); §682.209(a)(1); §682.209(h)(1)]
- 60 days after the last day of a deferment or forbearance period, unless the borrower makes a prepayment during this period that advances the due date (see subsections 10.11.B and 10.11.D). For more information about establishing repayment after a deferment or forbearance period, see subsections 11.1.I and 11.19.J, respectively.
[§682.209(a)(3)(ii)(B)]

A consolidating lender that establishes an additional loan servicing record for the add-on portion of the loan must perform due diligence activities on a single payment amount, payment due date, etc. for the single Consolidation loan. In addition, a consolidating lender that establishes more than a single servicing record for the subsidized, unsubsidized, and HEAL portions of the loan, must establish a single repayment schedule with one first payment due date. The lender must ensure that all servicing aspects for the multiple portions of the

loan remain synchronized throughout the life of the loan.

Revise Subsection 15.5.B, page 10, column 2, paragraph 2, as follows:

15.5.B
Disclosing Repayment Terms

If the terms of a borrower's Consolidation loan change due to the addition of a loan(s) within the 180-day add-on period, a lender must disclose new repayment terms to the borrower. A lender may establish a new effective date for a revised payment amount that is no more than 60 days after the last disbursement that paid the add-on loan(s) in full. The lender must perform due diligence activities on a single accurate payment amount, payment due date, etc., for the single Consolidation loan that contains multiple subsidy records.
[§682.102(e)(5)]

PROPOSED LANGUAGE - COMMON BULLETIN:

Servicing Parameters for a Consolidation Loan with Multiple Loan Records

Guarantors recognize that a lender may load a Consolidation loan into multiple, separate loan servicing records on its system in order to better track the interest subsidy and interest rate. Guarantors also recognize that a lender may create a new servicing record when a loan or loans are added through the 180-day add-on process. Lenders may also provide the guarantor with two loan records for the single Consolidation loan to separate the unsubsidized and subsidized portions of the loan. However, the two separate records really comprise a single Consolidation loan, made under a single loan application and promissory note. Thus, the single loan has a single interest rate, repayment schedule, first and next payment due date, and one set of deferment and forbearance criteria and eligibility. A Consolidation lender that establishes more than a single loan servicing record for the subsidized, unsubsidized, and HEAL portions of the loan must perform due diligence activities at the loan level. That is, the lender must perform due diligence activities on a single, accurate payment amount, payment due date, etc. for the single Consolidation loan is recorded on the lender's system as multiple, separate loan servicing records.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower is ensured that his or her Consolidation loan will be serviced as a single loan.

School:

None.

Lender/Service:

A lender must ensure that a Consolidation loan with multiple loan servicing records is administered as a single Consolidation loan. Thus, the loan must be administered with a single payment amount and payment due date which must cover all separately serviced portions of the Consolidation loan. A lender may need to modify servicing procedures for Consolidation loans.

Guarantor:

A guarantor may need to modify claim review procedures to ensure that a Consolidation loan with multiple loan servicing records is administered as a single Consolidation loan. A guarantor may need to modify program review parameters.

U.S. Department of Education:

The Department may need to modify program review parameters to ensure that a Consolidation loan with multiple loan servicing records is administered as a single Consolidation loan.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

American Education Services
USA Funds

DATE SUBMITTED TO CM POLICY COMMITTEE:

September 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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COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: November 9, 2007

X	DRAFT	Comments Due	Dec 7
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Eligible Noncitizens

AFFECTED SECTIONS: 5.2.A Citizenship Data Match

POLICY INFORMATION: 992/Batch 146

EFFECTIVE DATE/TRIGGER EVENT: FFELP loans certified by the school on or after May 11, 2006.

BASIS:

07-08 FSA Handbook, Volume 1, Chapter 2, pp. 1-20 - 1-21; DCL GEN-06-09.

CURRENT POLICY:

Current policy does not include victims of human trafficking or their relatives as eligible noncitizens for purposes of determining eligibility for Title IV assistance.

REVISED POLICY:

Revised policy adds victims of human trafficking and their relatives as eligible noncitizens for purposes of determining eligibility for Title IV assistance.

REASON FOR CHANGE:

GEN-06-09 specifically provides that the Department considers victims of human trafficking and specific members of their family to be eligible for Title IV financial assistance. This change brings common policy in line with existing federal policy.

PROPOSED LANGUAGE - COMMON MANUAL:

Note: This subsection is also updated by Proposal 981, Batch 144.

Revise Subsection 5.2.A, page 4, column 2, paragraph 2, bullet 2, by inserting a new subbullet, as follows:

Eligible Noncitizens

A noncitizen is considered eligible for Stafford or PLUS loans if he or she meets all other applicable eligibility criteria and is:

- A U.S. permanent resident alien with an Alien Registration Receipt Card (Form I-151 or I-551).
- A refugee with a Departure Record (I-94) from the USCIS showing one of the following designations (indicating that the refugee is in the United States for other than a temporary purpose):
 - Refugee.
 - Asylum granted.
 - Alien paroled into the U.S. for at least one year.
 - Alien granted a stay of deportation [pursuant to 8 U.S.C. section 1253(h)] due to fear of persecution on account of race, religion, or political opinion.
 - Conditional Entrant (valid if I-94 was issued before April 1, 1980).
- A victim of human trafficking as certified by the U.S. Department of Health and Human

A school must verify the eligibility of a noncitizen. This may be done by performing a data match with another agency, such as the USCIS. If the student reports on the FASFA that he or she is an eligible noncitizen (and, therefore could be eligible for federal student aid) and reports an Alien Registration number, that information is checked against the database maintained by the USCIS. However, USCIS does not have the eligibility status of victims of human trafficking in its system, so a student in that category will fail the data match. For these students, the school must collect a copy of the Certification Letter or Eligibility Letter that was issued to the student by the HHS. The school must also call the HHS Office of Refugee Resettlement to confirm eligibility and document the date, time, and results of the call. This process is known as primary confirmation. If a student or parent borrower's eligible noncitizen status is not verified by this procedure, the school must transmit copies of the student's or parent borrower's documentation of immigration status to the USCIS. This process constitutes secondary confirmation. For purposes of secondary confirmation, a school may not require a student or parent borrower to produce evidence from the USCIS that he or she is a permanent resident of the U.S. or is in the U.S. for other than a temporary purpose with the intention of becoming a citizen or permanent resident if both of the following conditions are applicable.

...

PROPOSED LANGUAGE - COMMON BULLETIN:

Eligible Noncitizens

The *Common Manual* is updated to include victims of human trafficking and their relatives as eligible noncitizens for purposes of determining eligibility for Title IV assistance.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A FFELP applicant who is not a U.S. citizen and who is a victim of human trafficking, or the close relative of such a victim, may be eligible for Title IV assistance.

School:

The school may need to amend procedures to ensure that they include in the group of eligible noncitizens the victims of human trafficking and their relatives as specified.

Lender/Service:

None.

Guarantor:

Guarantors may be required to amend program review procedures.

U.S. Department of Education:

The Department may be required to amend program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

October 19, 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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J066 146

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: November 9, 2007

X	DRAFT	Comments Due	Dec 7
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Teacher Certification and Direct Assessment Programs of Study

AFFECTED SECTIONS: 5.11 Student Enrollment Requirements

POLICY INFORMATION: 993/Batch 146

EFFECTIVE DATE/TRIGGER EVENT: September 8, 2006.

BASIS:

Preamble language to the *Federal Register*, dated August 9, 2006, pp. 45668-45669; *07-08 FSA Handbook*, Volume 1, Chapter 1, pp. 1-5.

CURRENT POLICY:

Current policy does not explicitly exclude courses offered using direct assessment from the eligible courses a student might pursue for teacher certification.

REVISED POLICY:

Revised policy states that a course of study that uses direct assessment rather than credit hours or clock hours is not an eligible course for purposes of teacher certification or recertification.

REASON FOR CHANGE:

This change aligns common policy with recent guidance published as a result of the Higher Education Reconciliation Act of 2005.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 5.11, page 14, column 2, paragraph 2, bullet 2, as follows:

- *Teacher Certification or Recertification*
A student is exempt from the degree or certificate program requirement if he or she is enrolled at least half time in a required teacher-certification program, even though the teacher-certification program does not lead to a degree or certificate awarded by the school (e.g., the certificate may instead be granted by the state). A student who is not enrolled in a formal teacher certification program but who is taking a series of courses necessary to obtain certification from the state is also exempt from the degree requirements. The program, or series of courses, must be required for elementary or secondary teacher certification or recertification in the state where the student plans to teach or in the state where the student is completing the program or series of courses. A teacher certification or recertification program that uses direct assessment to measure student progress rather than credit hours or clock hours is not eligible. This exemption is not intended to cover optional courses that the student elects to take for professional recognition or advancement, nor does it cover courses that the school recommends but that are not required for certification or recertification. In addition, this exemption does not apply to students seeking a professional credential or certification that is required for employment as a non-teaching professional (e.g., a school administrator, nurse, or librarian).

...

PROPOSED LANGUAGE - COMMON BULLETIN:

Teacher Certification and Direct Assessment Programs of Study

The *Common Manual* has been revised to state that a course of study that uses direct assessment rather than credit hours or clock hours is not an eligible course for purposes of teacher certification or recertification.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:*Borrower:*

A student seeking a teaching certificate or a teacher attempting recertification is not eligible for FFELP loan funds if he or she enrolls in a course of study that uses direct assessment rather than credit or clock hours.

School:

A school offering teacher certification or recertification in a course of study measuring progress via direct assessment may not certify a FFELP loan for the student.

Lender/Servicer:

None.

Guarantor:

A guarantor's program review procedures may need to be updated to verify that schools using direct assessment measures rather than clock hours or credit hours are not certifying loans for a student participating in teacher certification or recertification coursework.

U.S. Department of Education:

The Department may need to update its program review procedures to ensure that schools using direct assessment measures rather than clock hours or credit hours are not certifying loans for a student participating in teacher certification or recertification coursework.

To be completed by the Policy Committee**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

October 19, 2007

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

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

ma(bg)/edited-chh

J064

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: November 9, 2007

X	DRAFT	Comments Due	Dec 7
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Late Disbursement and Post-withdrawal Disbursement Time Frames

AFFECTED SECTIONS: 8.7.E Late Delivery
9.5.A Return Amounts for Title IV Grant and Loan Programs

POLICY INFORMATION: 994/Batch 146

EFFECTIVE DATE/TRIGGER EVENT: Late disbursements delivered by the school on or after July 1, 2008.
Post-withdrawal disbursements delivered by the school on or after July 1, 2008.

BASIS:
§668.22(a)(5)(iii)(B)(1); §668.22(a)(5)(ii)(C); §668.164(g)(4)(i).

CURRENT POLICY:

Current policy permits the school to deliver a late disbursement of FFELP loan funds no later than 120 days after the school determines that the student withdrew, or if the student did not withdraw, no later than 120 days after the earlier of the end of the loan period for which the funds are intended or the date on which the student ceased to be enrolled at least half time. Current policy also permits the school to obtain special approval from the Department for the delivery of loan funds on an exception basis after the 120th day.

REVISED POLICY:

Revised policy extends to 180 days the time frame for the delivery of a late disbursement of FFELP loan funds but eliminates the option for the school to obtain Department approval for a late delivery of loan funds after the 180-day period expires. In addition, the time frame for making a post-withdrawal disbursement of loan funds has been extended to 180 days after the school determines the student withdrew. A note has been added to the text that a post-withdrawal disbursement of Title IV grant funds must be delivered within 45 days of the school's determination that the student withdrew.

REASON FOR CHANGE:

This change is based on regulatory changes made in the *Federal Register* of November 1, 2007, volume 72, pages 62018, 62027, and 62028.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 8.7.E, page 12, column 1, paragraph 4, bullet 6, as follows:

Conditions for Late Delivery

Before making a late delivery of Stafford or PLUS loan funds, a school must ensure that:

- ...
- ...
- ...
- ...
- ...
- ...
- The school delivers the loan funds no later than ~~120~~180 days after the school determines the

student withdrew (for additional information on post-withdrawal disbursements, see subsection 9.5.A; for additional information on required notices, see subsection 8.2.E), or, if the student did not withdraw, ~~120~~180 days after the earlier of the end of the loan period or the date on which the student ceased to be enrolled at least half time.

[§668.164(g)(4)(i)]

~~On an exception basis, and with the approval of the Department, the school may make a late delivery of loan funds after the applicable 120-day period, if the reason the late delivery was not made within the 120-day period is not the fault of the student.~~

~~[§668.164(g)(4)(i)]~~

Revise Subsection 9.5.A, page 15, column 1, paragraph 4, bullet 3, as follows:

A post-withdrawal disbursement is different from a late disbursement (as described in subsection 7.7.G) in the following ways:

- ...
- ...
- A late disbursement of FFELP loan funds must be delivered within ~~120~~ 180 days from the earlier of the end of the loan period or the date on which the student ceased to be enrolled at least half time. ~~A The 120-day period for the school to deliver the post-withdrawal disbursement of loan funds must be delivered within 180 days of disbursement is calculated from the date of the school's determination that the student withdrew. (Note: A post-withdrawal disbursement of Title IV grant funds must be delivered within 45 days of the date of the school's determination that the student withdrew.)~~

~~[§668.22(a)(5); §668.164(g)(4)]~~

Revise subsection 9.5.A, page 16, column 1, paragraph 1, bullet 1, as follows:

- ...
 - ...
 - ...
 - ...
 - ...
 - ...

The deadline for a borrower to accept a direct delivery of a post-withdrawal disbursement and the deadline to accept the delivery of a post-withdrawal disbursement to cover outstanding school charges must be the same. If the borrower submits a timely response that confirms that the loan funds may be credited to outstanding charges, or that he or she wishes to receive all or a portion of a direct delivery of funds, the school must deliver all loan funds, not only those used to pay school charges. If the borrower submits a late response, the school may deliver the funds as requested (provided the school delivers *all* of the funds accepted by the borrower), or the school may decline to deliver any funds. A post-withdrawal disbursement of loan funds may not be delivered later than ~~120~~180 days after the date of the school's determination that the student withdrew (45 days for Title IV grant funds); ~~unless an exception is granted by the Department.~~ If the borrower submits a late response and the school opts *not* to deliver the post-withdrawal disbursement, the school must notify the borrower in writing of that decision. If the borrower does not respond to the notice of the availability of the post-withdrawal disbursement, no portion of the disbursement may be delivered. The school must document in the student's file the result of the post-withdrawal disbursement notification, and the final determination made concerning the disbursement.

~~[§668.22(a)(5)(iii) and (iv); §668.164(g)(4)(i)]~~

PROPOSED LANGUAGE - COMMON BULLETIN:

Revised Late Disbursement and Post-withdrawal Disbursement Time Frames

The *Common Manual* has been revised to extend the time frame for the delivery of a late disbursement of loan funds to a student who has lost eligibility for a reason other than complete withdrawal. A late disbursement must now be delivered within 180 days of the date the student lost eligibility. The option for the school to obtain Department approval for a late delivery of loan funds after the 180-day period expires is eliminated. Loan funds not delivered by the end of the 180-day period may not be delivered to the student regardless of the circumstance that prevented timely delivery.

In addition, the time frame for the delivery of a post-withdrawal disbursement of FFELP loan funds has also been extended to 180 days *after the school's determination that the student withdrew*. A note has been added to the text that a post-withdrawal disbursement of Title IV grant funds must be delivered within 45 days of the date that the school determines that the student withdrew.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower will receive late disbursements of loan funds that the school has delivered within the 180-day period specified in regulation. If the school fails to make the delivery of the loan funds within these time frames, the school is not permitted to deliver the funds and the borrower will not receive them, regardless of the circumstances that prevented the timely delivery.

School:

A school may make late disbursements up to 180 days after the applicable trigger events for these transactions without seeking the approval of the Department. However, the school must develop procedures to reconcile loan records and ensure that loan disbursements are delivered timely. There are no exceptional circumstances under which the Department will approve additional time for the delivery of late disbursements later than the specified regulatory time frame.

Lender/Servicer:

A lender will not be issuing late disbursements beyond the regulated 180-day late disbursement time frame.

Guarantor:

A guarantor must amend program review procedures to accommodate the new time frame.

U.S. Department of Education:

The Department will no longer need to review and process school requests for exceptions to the late disbursement frames.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

October 21, 2007

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

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CM Guarantor Designees

Interested Industry Groups and Others

dt/edited-tmh

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: November 9, 2007

X	DRAFT	Comments Due	Dec 7
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Application of Administrative Forbearance During Conditional Discharge Period

AFFECTED SECTIONS: 11.1.A General Deferment Eligibility Criteria

POLICY INFORMATION: 995/Batch 146

EFFECTIVE DATE/TRIGGER EVENT: Administrative forbearances processed by a lender on or after July 1, 2007, unless implemented earlier by the guarantor.

BASIS:

Conditional Disability Discharge: Joint Consolidations, PLUS Co-Borrowers, and Disabled Endorsers dated August 2006. This document was developed by the Department in cooperation with NCHELP's Default Aversion and Claims Standardization (DACS) subcommittee and is located on the Department's Conditional Disability Discharge Unit's (CDD) website at <http://www.fsacollections.ed.gov/contractors/ga/cdd/index.asp>. The document was updated with minor revisions and republished in November 2006.

CURRENT POLICY:

Current policy explains the rules for servicing loans with comakers and endorsers when one party applies for a total and permanent disability loan discharge, including how to apply a loan deferment to the loan if the non-disabled comaker is eligible for deferment.

REVISED POLICY:

Revised policy expands this guidance by adding to the *Common Manual* an explanation of how lenders may grant administrative forbearance to a loan during a time when a nondisabled comaker is solely responsible for the repayment of the loan. The administrative forbearance may be applied in conjunction with a period of authorized deferment to satisfy a period of delinquency that remains outstanding after the application of an authorized deferment.

REASON FOR CHANGE:

To align *Common Manual* text more closely with published Department guidance.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 11.1.A, page 1, column 2, paragraph 3, bullet 4, as follows:

11.1.A General Deferment Eligibility

There are several conditions under which borrowers qualify for deferment. In granting a deferment, the lender should be aware of the following general characteristics of deferments:

- ...
- ...
- ...
- ...

If a PLUS loan is made to two parents as comakers or a Consolidation loan is made to spouses as comakers, and if the disabled comaker is in a conditional discharge status, the lender must defer the entire loan based solely on the non-disabled comaker's deferment eligibility. The deferment period for the non-disabled comaker

may not begin prior to the date the lender receives the disabled comaker's loan discharge application, or the notification from the guarantor that a loan discharge application was submitted to the guarantor, whichever is earlier. The deferment ends on the date that the non-disabled comaker's deferment eligibility ends, or the date on which the lender receives notice of the final discharge determination for the disabled comaker, whichever is earlier.

The loan holder may apply an administrative forbearance to any delinquency that exists prior to the start date of the deferment or, if the lender is processing the deferment retroactively, the forbearance may also be used to satisfy any delinquency that remains after the end-date of the deferment. The administrative forbearance may be applied only for the time period that the nondisabled comaker is solely responsible for the loan's repayment and may not begin earlier than the date the loan holder receives either the loan discharge application or notification from the guarantor that a loan discharge application was submitted to the guarantor, whichever is earlier. The administrative forbearance may not end later than the date the lender receives notification of the final discharge determination. The deferment and any associated administrative forbearance may cover a period less than, but never more than, the time the disabled borrower is granted a conditional discharge.

Revise subsection 11.19.F, page 26, column 1, paragraph 3 as follows:

...

...

The lender must explore with the non-disabled comaker any other available options such as alternative repayment agreements, deferments, discretionary forbearance, or reduced-payment forbearance. As a last resort, the lender may apply an administrative forbearance to ensure that the loan does not become delinquent or that an existing delinquency does not increase during the conditional discharge period. The administrative forbearance may be applied only for the time period that the nondisabled comaker is solely responsible for the loan's repayment and may not begin prior to the date the lender receives the disabled borrower's loan discharge application, or the notification from the guarantor that a loan discharge application was submitted to the guarantor, whichever is earlier. The administrative forbearance may not end later than the date the lender receives notification of the final discharge determination. (See subsection 10.6.C for repayment options; sections 11.2 to 11.18 for deferment information; section 11.21 for information on discretionary forbearance; and subsection 11.21.A for information on reduced-payment forbearance.)

Revise subsection 13.8.F, page 41, column 2, paragraph 3 as follows:

...

...

For a comade PLUS loan on which one comaker is applying for loan discharge, the lender must continue to collect on the full balance of the loan from the non-disabled comaker. The lender must ensure that the loan status does not deteriorate during the conditional discharge period, and should work with the non-disabled comaker to discuss deferment options or to negotiate forbearance terms. The lender may apply an administrative forbearance to the entire loan balance if the non-disabled comaker is not eligible for other repayment options or does not choose to defer or forbear the loan. The administrative forbearance may be applied only for the time period that the nondisabled comaker is solely responsible for the loan's repayment and may not begin prior to the date the lender receives the disabled borrower's loan discharge application, or the notification from the guarantor that a loan discharge application was submitted to the guarantor, whichever is earlier. The administrative forbearance may not end later than the date the lender receives notification of the final discharge determination.

PROPOSED LANGUAGE - COMMON BULLETIN:

Application of Administrative Forbearance During Conditional Discharge Period

The *Common Manual* has been revised to provide policies related to the application of an administrative forbearance to a loan during a time when a nondisabled comaker is solely responsible for the repayment of a loan. The administrative forbearance may be applied in conjunction with a period of authorized deferment to satisfy a period of delinquency that remains outstanding after the application of an authorized deferment.

Revised policy provides that the administrative forbearance may not begin prior to the date the lender receives the disabled comaker's loan discharge application, or the notification from the guarantor that a loan discharge application has been submitted to the guarantor, whichever is earlier. The policy further explains that the administrative forbearance may not end later than the date the lender receives notification of the final discharge determination.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

The nondisabled comaker will benefit by the resolution of an outstanding delinquency.

School:

None.

Lender/Servicer:

The lender/servicer may need to revise its process for granting administrative forbearances to nondisabled comakers when a borrower applies for a Total and Permanent Disability discharge and the nondisabled borrower qualifies for a period of deferment that leaves an outstanding period of unresolved delinquency.

Guarantor:

The guarantor may need to revise its program review procedures.

U.S. Department of Education:

The Department may need to revise its program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

July 7, 2007

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

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CM Guarantor Designees

Interested Industry Groups and Others

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COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: November 9, 2007

X	DRAFT	Comments Due	Dec 7
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Death Claim Documentation

AFFECTED SECTIONS: 13.1.D Claim File Documentation
13.8.C Death
Figure 13-3 Timely Filing Deadlines for Claims and Discharges

POLICY INFORMATION: 996/Batch 146

EFFECTIVE DATE/TRIGGER EVENT: Death discharges received by the lender on or after July 1, 2008, unless implemented earlier by the lender.

BASIS:
§682.402(b)(2).

CURRENT POLICY:
Current policy specifies that for a death claim, the lender must submit an original or certified copy of the death certificate.

REVISED POLICY:
Revised policy specifies that a lender must submit an original or certified copy, or an accurate and complete photocopy of the original or certified copy, of the death certificate when filing a death claim.

REASON FOR CHANGE:
This change is being made based on regulatory changes in the *Federal Register* of November 1, 2007, volume 72, page 62005.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 13.1.D, page 5, column 2, paragraph 4, as follows:

Death Claims

For a death claim, the lender must submit—in addition to the preceding items 1 through 5—an original or certified copy, or an accurate and complete photocopy of the original or certified copy, of the death certificate (see subsection 13.8.C). In the event of an exceptional circumstance on a case-by-case basis, the lender must submit other reliable documentation approved by the guarantor's CEO.
[§682.402(g)(1)(iii)]

Revise Subsection 13.8.C, page 27, column 2, paragraph 2, as follows:

Suspending Collection

If a lender receives reliable but unofficial notification of a borrower's death, or the death of a student for whom a PLUS loan was made in the case of a PLUS loan or Consolidation loan that paid in full a PLUS loan, the lender must suspend collection activity on the loan for up to 60 days and diligently attempt to obtain an original or certified copy, or an accurate and complete photocopy of the original or certified copy, of the death certificate. In the event of an exceptional circumstance and on a case-by-case basis, the guarantor's CEO may approve a discharge based on other reliable documentation. If additional time is needed to obtain this documentation, collection activity may be suspended for up to an additional 60 days, for a total suspension of up to 120 days. If documentation is not received, the lender should treat the period of suspension as though a forbearance had been granted. A signed forbearance

agreement is not required for this period. The delinquency status, if any, that existed on the loan before the lender suspended its collection activity remains. The lender must resume collection activity immediately at the level of delinquency at which it was suspended.
[§682.402(b)(3)]

After receiving an original or certified copy, or an accurate and complete photocopy of the original or certified copy, of the borrower's or student's death certificate or notification of discharge approval from the guarantor, the lender may not attempt to collect on a loan or the discharged portion of a loan from the borrower, the borrower's estate, or any endorser.
[§682.402(b)(4)]

Revise Subsection 13.8.C, page 28, column 1, paragraph 2, as follows:

Timely Filing Deadline for Death Claims

A lender must file a death claim within 60 days of receiving an original or certified copy, or an accurate and complete photocopy of the original or certified copy, of the death certificate. In the event of an exceptional circumstance and on a case-by-case basis, the guarantor's CEO may approve a discharge based on other reliable documentation.
[§682.402(b)(2) and (g)(2)(i)]

Revise Figure 13-3, page 46, as follows:

See attached chart.

PROPOSED LANGUAGE - COMMON BULLETIN:

Acceptable Death Claim Documentation

The *Common Manual* has been revised to include as acceptable death claim documentation, an accurate and complete photocopy of the original or certified copy of the death certificate, in addition to the already acceptable documentation of an original or certified copy of the death certificate.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower's loan may be discharged with an accurate and complete photocopy of the original or certified copy of the death certificate. This will decrease the burden on the borrower's family to provide an original or certified copy of the death certificate.

School:

None.

Lender/Service:

A lender may submit a death claim with an accurate and complete photocopy of the original or certified copy of the death certificate.

Guarantor:

A guarantor may need to update claim review procedures to accept a death claim package with an accurate and complete photocopy of the original or certified copy of the death certificate.

U.S. Department of Education:

The Department may need to update program review procedures to include an accurate and complete photocopy of the original or certified copy of the death certificate as acceptable documentation in a claim package.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

October 23, 2007

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PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

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Timely Filing Deadlines for Claims and Discharges*

Figure 13-3

Default Claim (subsection 13.6.A)

Loans with monthly installments:

- On or after the 271st day of delinquency but no later than the 360th day of delinquency.

Loans with installments less frequent than monthly:

- On or after the 331st day of delinquency but no later than the 420th day of delinquency.

Ineligible Borrower Claim (subsection 13.6.B)

On or after the 31st day and no later than the 120th day after the date on which the final demand letter is mailed to the borrower.

Bankruptcy Discharge (subsection 13.8.A)

- For filing a bankruptcy claim and proof of claim, the earlier of:
 - Within 30 days after the lender's receipt of Notice of the First Meeting of Creditors, or other confirmation issued by the debtor's attorney or the bankruptcy court.
 - Within 30 days after receiving the guarantor's instruction to file a bankruptcy claim.
- In response to a borrower's filing of an undue hardship petition (adversary complaint), the earlier of:
 - Within 15 days of receiving the petition.
 - Within 15 days of the date on which the guarantor instructs the lender to file a bankruptcy claim.
- In response to the lender's receipt of an extension from the bankruptcy court regarding the undue hardship petition (adversary complaint), the later of:
 - 25 days before the expiration of any extension received.
 - Within 15 days of the date that the guarantor instructs the lender to file a bankruptcy claim.
- If a borrower defaults and then files a bankruptcy petition, the earlier of:
 - Within 90 days of receiving notification of the bankruptcy's conclusion or reversal.
 - The 360th day of delinquency.

Closed School or False Certification Discharge (subsections 13.8.B and 13.8.D)

- Within 60 days of receiving a completed request from the borrower, or
- If the guarantor receives a request directly from the borrower, within 60 days of the guarantor's instruction to file a claim.

Death Discharge (subsection 13.8.C)

Within 60 days of receiving an original or certified copy, or an accurate and complete photocopy of the original or certified copy, of the death certificate.

Total and Permanent Disability Discharge (subsection 13.8.F)

Within 60 days of receiving a complete loan discharge application or other form(s) approved by the Department.

Unpaid Refund Discharge (subsection 13.8.G)

Once the lender determines that the borrower's discharge request is complete, it must send the completed request and other required information to the guarantor.

* See each referenced subsection for the comprehensive requirements applicable to each type of claim or discharge.

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: November 9, 2007

X	DRAFT	Comments Due	Dec 7
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Servicing of a Consolidation Loan with Multiple Loan Records

AFFECTED SECTIONS: 14.1.E Violations Associated with Unsynchronized Servicing of a Consolidation Loan with Multiple Loan Records
14.5.E Cures Associated with Unsynchronized Servicing of a Consolidation Loan with Multiple Loan Records

POLICY INFORMATION: 997/Batch 146

EFFECTIVE DATE/TRIGGER EVENT: Consolidation applications received by the lender on or after November 13, 1997.

BASIS:

Emergency Student Loan Consolidation Act (ESLCA) of 1997 (P.L. 105-78); §682.301(a)(3)(iii).

CURRENT POLICY:

A Federal Consolidation loan made from an application received by the lender on or after November 13, 1997, is 1) eligible for interest subsidy during authorized periods of deferment on any portion of the Consolidation loan that paid an underlying subsidized FFELP loan or an underlying subsidized Direct loan, and 2) subject to a variable interest rate on any portion of the Consolidation loan that repaid a HEAL loan. Current policy does not specify what violations and penalties will be incurred if a lender separately services portions of a Consolidation loan and how a lender will cure those violations.

REVISED POLICY:

Revised policy clarifies that although the subsidized, unsubsidized, and HEAL portions of a single Consolidation loan may appear as separate loan records on the lender's system, the lender must ensure that the Consolidation loan is administered as a single Consolidation loan. Thus, the loan must be administered with a single payment amount and payment due date which must cover all separate records of the Consolidation loan. If the lender fails to perform due diligence activities on a single accurate payment amount and due date and/or fails to grant deferment or forbearance for the single Consolidation loan the lender records on its system as multiple, separate loan servicing records, the lender will incur due diligence violations and penalties sufficient to cause a loss of guarantee on the loan. Revised policy also clarifies what a lender can do to cure these violations.

REASON FOR CHANGE:

The change is being incorporated into the *Common Manual* to add clarity and policy guidance regarding violations, penalties, and cures associated with the servicing of a Consolidation loan that consists of multiple loan servicing records.

PROPOSED LANGUAGE - COMMON MANUAL:

Add a new Subsection 14.1.E, page 2, column 2, as follows:

14.1.E

Violations Associated with Unsynchronized Servicing of a Consolidation Loan with Multiple Loan Records

A lender's failure to establish and maintain a single accurate repayment schedule and payment due date for the single Consolidation loan will result in a loss of guarantee on the Consolidation loan. Although the subsidized, unsubsidized, and HEAL portions of a single Consolidation loan may appear as separate loan servicing records on the lender's system, the lender must ensure that the Consolidation loan is administered as a single Consolidation loan.

If the lender fails to perform due diligence activities on a single, accurate payment amount or

payment due date, or fails to grant deferment or forbearance for the single Consolidation loan that contains multiple loan servicing records, the lender will incur due diligence violations sufficient to cause a loss of guarantee on the loan. If this occurs, interest benefits and special allowance cease on the earlier of the following dates:

- The second of the multiple due dates established by the lender.
- The beginning date of the deferment or forbearance applied to a portion of the Consolidation loan.

If the borrower was provided with more than one repayment schedule and payment due date for the various portions of the Consolidation loan, the lender must redisclose a single repayment schedule that is applicable to all portions of the single Consolidation loan. See Subsection 14.5.E for cure procedures.

EXAMPLE:

A borrower requests a Consolidation loan for underlying subsidized Stafford loans in the amount \$28,546. The loan is disbursed on July 28, 2006, and the lender establishes repayment terms for the Consolidation loan with first payment due date of September 1, 2006. The borrower requests on August 8, 2006, to add additional unsubsidized Stafford loans in the amount of \$3,684 to the existing Consolidation loan. The add-on amount is disbursed on August 25, 2006. The lender accommodates multiple subsidies of the underlying loans by establishing more than a single loan servicing record for the unsubsidized and subsidized portions of the loan. The lender establishes a different payment due date of October 1, 2006, for the add-on unsubsidized portion of the Consolidation loan and retains the September 1, 2006, payment due date for the subsidized portion of the loan. The lender performs separate due diligence activities on both the September 1, 2006, and October 1, 2006, payment due dates. In this example, the lender will incur due diligence violations sufficient to cause a loss of guarantee on the single Consolidation loan since they did not perform due diligence activities on a loan level. The guarantee on the loan will be cancelled effective with the date of the second of the multiple due dates (October 1, 2006) established by the lender. If the lender had established a new payment due date of October 1, 2006, and performed due diligence activities based on that single due date for the subsidized and unsubsidized portions of the single Consolidation loan, the guarantee on the loan would not be canceled.

EXAMPLE:

A borrower requests a Consolidation loan for underlying subsidized Stafford loans in the amount \$15,000 and unsubsidized Stafford loans in the amount of \$27,000. The loan is disbursed on July 28, 2006, for \$42,000 and the lender establishes repayment terms for the Consolidation loan with first payment due date of September 1, 2006. The lender establishes two separate loan servicing records for the Consolidation loan, one for the subsidized portion of the loan and one for the unsubsidized portion. On August 15, 2006, the borrower requests and is granted a discretionary forbearance. The lender applies the forbearance only to the unsubsidized portion of the Consolidation loan for the period September 1, 2006, through January 31, 2007. The lender continues to perform due diligence activities on the September 1, 2006, due date for the subsidized portion of the Stafford loan. At the conclusion of the forbearance the lender establishes a separate payment due date of March 1, 2007, for the unsubsidized Stafford loan. In this example the lender performs separate servicing and due diligence activities for the subsidized and unsubsidized portions of the Consolidation loan based on the September 1, 2006, and March 1, 2007, payment due dates. The guarantee on the loan will be cancelled effective with the beginning date of the forbearance (September 1, 2006). This is the date the split servicing first occurred on the loan.

Add a new Subsection 14.5.E, page 12, column 2, as follows:

14.5.E

Cures Associated with Unsynchronized Servicing of a Consolidation Loan with Multiple Loan Records

If a lender incurs a loss of guarantee on a Consolidation loan because the lender failed to establish and maintain a single accurate repayment schedule and payment due date for a single Consolidation loan, the lender may have the guarantee on the loan reinstated. A lender may have the guarantee on the single Consolidation loan reinstated by receiving a new repayment agreement that includes all of the portions of the single Consolidation loan and that is signed by the borrower, or a full payment from the borrower that is equal to or greater than the payment amount on the new repayment agreement for the single Consolidation loan. Interest and special allowance will be reinstated as of the date of the cure.

PROPOSED LANGUAGE - COMMON BULLETIN:

Servicing of a Consolidation Loan with Multiple Loan Servicing Records

Although the subsidized, unsubsidized, and HEAL portions of a single Consolidation loan may appear as separate loan records on the lender's system, the lender must ensure that the Consolidation loan is administered as a single Consolidation loan. Thus, the loan must be administered with a single payment amount and payment due date which must cover all separate records of the Consolidation loan. If the lender fails to perform due diligence activities on a single accurate payment amount or due date, or fails to grant deferment or forbearance for the single Consolidation loan that contains multiple records, the lender will incur due diligence violations sufficient to cause a loss of guarantee on the loan. The lender may have the guarantee reinstated by receiving a new repayment agreement that includes all of the portions of the single Consolidation loan and that is signed by the borrower, or a full payment from the borrower that is equal to or greater than the payment amount on the new repayment agreement for the single Consolidation loan.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower is ensured that his or her Consolidation loan will be serviced as a single loan.

School:

None.

Lender/Servicer:

A lender must ensure that a Consolidation loan is serviced as a single loan. A lender may need to modify servicing procedures for Consolidation loans.

Guarantor:

A guarantor may need to modify claim review procedures to ensure that a Consolidation loan is serviced as a single loan and to assess violations accordingly. A guarantor may need to modify program review parameters.

U.S. Department of Education:

The Department may need to modify program review parameters to ensure that a Consolidation loan is serviced as a single loan.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

American Education Services
USA Funds

DATE SUBMITTED TO CM POLICY COMMITTEE:

September 24, 2007

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: November 9, 2007

X	DRAFT	Comments Due	Dec 7
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Variable Rate Conversion Provisions

AFFECTED SECTIONS: H.2 History of Excess Interest Rebates and Variable Interest Rate Conversions
Figure H-1

POLICY INFORMATION: 998/Batch 146

EFFECTIVE DATE/TRIGGER EVENT: The guidance for lenders to recalculate special allowance billings on loans, subject to the variable rate conversion provisions, for all or part of the period from July 23, 1992 to December 31, 1994 was effective on March 1, 1998. All revisions, except interest rate changes, to the chart are retroactive to the implementation of the *Common Manual*.

BASIS:
DCLs 94-L-171; 98-L-202; 98-L-207.

CURRENT POLICY:
Current policy states in Section H.2 that lenders are not permitted to adjust special allowance billings for loans for which the applicable interest rate is retroactively revised. Figure H-1 does not clarify that the rates in the column entitled "Quarterly Variable Interest Rates" are to be used prior to conversion and that the rates in the column entitled "Annual Variable Interest Rates" are to be used after conversion to a variable rate.

REVISED POLICY:
Revised policy states in Section H.2 that lenders, based on October 1994 guidance from the Department in DCL 94-L-171, were not permitted to adjust special allowance billings for loans for which the applicable interest rate was retroactively revised. However, the Department provided guidance to lenders in DCL 98-L-202 on March 1, 1998 to recalculate special allowance billings on loans subject to the variable rate conversion provisions for all or part of the period from July 23, 1992 to December 31, 1994.

Revised policy clarifies in Figure H-1 that the "Quarterly Variable Interest Rates" which have been moved from the third to the second column are to be used prior to conversion to a variable rate. Revised policy also clarifies in Figure H-1 that the "Annual Variable Interest Rates", which have been moved from the second to the third column, are to be used after conversion to a variable rate. In addition, a footnote has been added to the chart to explain that quarterly variable interest rates were determined by adding 3.25% for the "1986 loans" or 3.10% for the "1992 loans" to the average of the bond equivalent rate of the 91-day Treasury bill rate as auctioned for the preceding 3-month period.

For loans subject to conversion under the Higher Education Amendments of 1992 in Figure H-1, the annual variable interest rate for the period from July 1, 2006 through June 30, 2007 was corrected from 7.949% to 7.94%. For all loans subject to conversion under the Higher Education Amendments of 1986 and 1992, the annual variable interest rates for the period from July 1, 2007 through June 30, 2008 were added.

REASON FOR CHANGE:
The text in Section H.2 and Figure H-1 is being revised to provide clarity, additional historical information, updated and corrected rates.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section H.2, page 96, column 2, paragraph 1, bullet 8, as follows:

Notes and Cautions

Several provisions are applicable to the rebate/variable interest rate conversion process:

- ...
- ...
- ...
- ...
- ...
- ...
- ...
- ...
- Based on guidance from the Department in October 1994, ~~lenders are~~ lenders were not permitted to adjust special allowance billings for loans for which the applicable interest rate ~~is~~ was retroactively revised. Based on guidance from the Department in March 1, 1998, lenders were permitted to recalculate special allowance billings on loans, for which the applicable interest rate was retroactively revised, for all or part of the period from July 23, 1992 to December 31, 1994. [DCLs 94-L-171 and 98-L-202]

Revise Figure H-1, Appendix H, page 98 as follows:

See attached chart.

PROPOSED LANGUAGE - COMMON BULLETIN:
Variable Rate Conversion Provisions

The *Common Manual* has been revised in Section H.2 to state that lenders were not permitted, based on October 1994 guidance from the Department in DCL 94-L-171, to adjust special allowance billings on loans - subject to the variable-rate conversion provisions of the Higher Education Amendments of 1986 and of 1992 - for which the applicable interest rate was retroactively revised. However, lenders were permitted, as a result of guidance from the Department on March 1, 1998 in DCL 98-L-202, to recalculate special allowance billings on the subject loans for all or part of the period from July 23, 1992 to December 31, 1994.

In addition, Figure H-1 was revised by reversing the second and third columns, expanding the column title, and adding a new footnote to explain that the quarterly variable interest rates were determined by adding 3.25% for the "1986 loans" or 3.10% for the "1992 loans" to the average of the bond equivalent rate of the 91-day Treasury bill rate as auctioned for the preceding 3-month period.

For loans subject to conversion under the Higher Education Amendments of 1992 in Figure H-1, the annual variable interest rate for the period from July 1, 2006 through June 30, 2007 was corrected from 7.949% to 7.94%. For all loans subject to conversion under the Higher Education Amendments of 1986 and 1992, the annual variable interest rates for the period from July 1, 2007 through June 30, 2008 were added.

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:

April 30, 2007

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

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Summary of Variable-Rate Conversion Provisions

Figure H-1

Loans Subject to Conversion	Quarterly Variable Interest Rates for Calculating Special Allowance prior to Conversion to an Annual Variable Interest Rate ¹		Annual Variable Interest Rates for Calculating Special Allowance after Conversion to an Annual Variable Interest Rate	
<i>Higher Education Amendments of 1986:</i>	Quarter ending 9/30/92	7.03%	7/1/93 through 6/30/94:	6.37%
8%/10% Stafford loans first disbursed before July 23, 1992, when such loans are accruing at the 10% interest rate.	Quarter ending 12/31/92:	6.39%	7/1/94 through 6/30/95:	7.58%
	Quarter ending 3/31/93:	6.42%	7/1/95 through 6/30/96::	9.07%
	Quarter ending 6/30/93:	6.30%	7/1/96 through 6/30/97:	8.41%
8%/10% Stafford loans first disbursed on or after July 23, 1992, but before October 1, 1992, when such loans are accruing at the 10% interest rate, to borrowers who had no outstanding FFELP loans on the date the promissory note was signed.	Quarter ending 9/30/93:	6.30%	7/1/97 through 6/30/98:	8.41%
	Quarter ending 12/31/93:	6.33%	7/1/98 through 6/30/99:	8.41%
	Quarter ending 3/31/94:	6.39%	7/1/99 through 6/30/00:	7.87%
	Quarter ending 6/30/94:	6.59%	7/1/00 through 6/30/01:	9.14%
	Quarter ending 9/30/94:	7.40%	7/1/01 through 6/30/02:	6.94%
	Quarter ending 12/30/94:	7.88%	7/1/02 through 6/30/03:	5.01%
	Quarter ending 3/31/95:	8.71%	7/1/03 through 6/30/04:	4.37%
			7/1/04 through 6/30/05:	4.32%
			7/1/05 through 6/30/06:	6.25%
			7/1/06 through 6/30/07:	8.09%
<i>Higher Education Amendments of 1992:</i>	Quarter ending 9/30/92:	6.88%	7/1/93 through 6/30/94:	6.22%
Stafford loans first disbursed at a fixed rate (7%, 8%, 9%, and 8%/10% loans when accruing at 8% and 10%) on or after July 23, 1992, to borrowers who had outstanding FFELP loans on the date the promissory note was signed.	Quarter ending 12/31/92:	6.24%	7/1/94 through 6/30/95:	7.43% ²
	Quarter ending 3/31/93:	6.27%	7/1/95 through 6/30/96:	8.92% ³
	Quarter ending 6/30/93:	6.15%	7/1/96 through 6/30/97:	8.26% ³
	Quarter ending 9/30/93:	6.15%	7/1/97 through 6/30/98:	8.26% ³
	Quarter ending 12/31/93:	6.18%	7/1/98 through 6/30/99:	8.26% ³
	Quarter ending 3/31/94:	6.24%	7/1/99 through 6/30/00:	7.72% ²
	Quarter ending 6/30/94:	6.44%	7/1/00 through 6/30/01:	8.99% ³
	Quarter ending 9/30/94:	7.25% ²	7/1/01 through 6/30/02:	6.79%
	Quarter ending 12/30/94:	7.73% ²	7/1/02 through 6/30/03:	4.86%
	Quarter ending 3/31/95:	8.56% ³	7/1/03 through 6/30/04:	4.22%
			7/1/04 through 6/30/05:	4.17%
			7/1/05 through 6/30/06:	6.10%
			7/1/06 through 6/30/07:	7.949%

¹ Quarterly interest rates are determined by adding 3.25% for the "1986 loans" or 3.10% for the "1992 loans" to the average 91-day Treasury bill rate as auctioned for the preceding 3-month period.

² Because the variable rate for Stafford loans in this category may not exceed the original interest rate, this variable interest rate does not apply to Stafford loans first disbursed at a fixed 7% interest rate, which are capped at 7%.

³ Because the variable rate for Stafford loans in this category may not exceed the original interest rate, this variable interest rate does not apply to Stafford loans first disbursed at a fixed 7% or 8% interest rate, which are capped at 7% and 8%, respectively.

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: November 9, 2007

X	DRAFT	Comments Due	Dec 7
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Regaining Eligibility after Failure to Meet Satisfactory Academic Progress

AFFECTED SECTIONS: 6.2 Determining the Loan Period

POLICY INFORMATION: 999/Batch 146

EFFECTIVE DATE/TRIGGER EVENT: Publication date of the 96-97 FSA Handbook.

BASIS:

96-97 FSA Handbook, Chapter 2, p. 2-27.

CURRENT POLICY:

Current policy states that when a student regains Title IV eligibility, the school may retroactively certify the loan period to the beginning of the student's current enrollment period.

REVISED POLICY:

Revised policy clarifies that, if the loss of eligibility was based on a failure to meet satisfactory academic progress standards, the school must comply with its written satisfactory academic progress policy, if the written policy provides that the student's eligibility will be reinstated at a later point.

REASON FOR CHANGE:

At the request of a commenter on policy proposal #976 in Batch 143, the *Common Manual* is being updated to clarify that, when a student regains Title IV eligibility after a loss of eligibility due to a failure to meet satisfactory academic progress standards, the student regains eligibility retroactive to the beginning of the current period of enrollment, *unless the school's written satisfactory academic progress policy provides for reinstatement of eligibility at a later point.*

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 6.2, page 5, column 2, paragraph 1, as follows:

This section was previously updated by policy proposal 976 of batch 143.

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 or parent borrower, as applicable, who meets conditions that include, but are not limited to, the following:

- The student or parent borrower, as applicable, 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). If the school's written satisfactory academic progress policy provides for reinstatement of eligibility at a later point, the school must comply with the written policy.
[07-08 FSA Handbook, Volume 1, Chapter 1, p. 1-10]
 - 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).

• ...

PROPOSED LANGUAGE - COMMON BULLETIN:

Regaining Eligibility after Failure to Meet Satisfactory Academic Progress

The *Common Manual* is being updated to clarify that, when a student regains Title IV eligibility after a loss of eligibility due to a failure to meet satisfactory academic progress standards, the student regains eligibility retroactive to the beginning of the current period of enrollment, *unless the school's written satisfactory academic progress policy provides for reinstatement of eligibility at a later point.*

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower who regains eligibility after a loss of eligibility based on a failure to meet satisfactory academic progress standards will be eligible for loan funds to cover costs for a retroactive period(s) that the student completed on at least a half-time basis in the current enrollment period, unless the school's written satisfactory academic progress policy provides for reinstatement of eligibility at a later date.

School:

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

Lender/Servicer:

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:

College Assist

DATE SUBMITTED TO CM POLICY COMMITTEE:

August 21, 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 - CORRECTION POLICY PROPOSAL

Date: November 9, 2007

X	DRAFT	Comments Due	Dec 7
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Federal Data Matches

AFFECTED SECTIONS: 5.2.A Citizenship Data Match

POLICY INFORMATION: 1000/Batch 146

EFFECTIVE DATE/TRIGGER EVENT: Implementation of a federal citizenship form is determined by the Department.

BASIS:
None.

CURRENT POLICY:

Current policy provides outdated information on acceptable documentation for verification of eligible U.S. Citizens and Nationals and Eligible Noncitizens.

REVISED POLICY:

Revised policy updates the information on acceptable documentation for verification of eligible U.S. Citizens and Nationals and Eligible Noncitizens.

REASON FOR CHANGE:

The *Common Manual* is being revised to provide the current names and numbers of acceptable forms for verification of citizenship eligibility.

PROPOSED LANGUAGE - COMMON MANUAL:

Note: This subsection is also being updated by Proposal 981, Batch 144 and Proposal 992, Batch 146.

Revise, Subsection 5.2.A, page 4, column 1, paragraph five, bullets one through four, as follows:

U.S. Citizens and Nationals

...

If the status of a student or parent borrower as a U.S. citizen or a U.S. national must be documented, the following are permissible forms of certification:

- A copy of the birth certificate showing that the student or parent borrower was born in the United States.
- A Certificate of Citizenship (N600 560 or N561) from the U.S. Department of Homeland Security, United States Citizenship and Immigration Service (USCIS); ~~which must include at least the student or parent borrower's name and application number, the certificate number (found in the upper right-hand corner), and the date the certificate was issued.~~ This certificate is issued to persons who were born abroad of U.S. parent(s) who became citizens when their parents were naturalized, or who were adopted by U.S. parents.
- A Certificate of Naturalization (N-550 or N-570) ~~from issued by the USCIS through a federal or state court, or through administrative naturalization after December 1990 to those who are individually naturalized.~~ ,which must contain at least the student or parent borrower's name and petition number, the certificate number (found in the upper right-hand corner), the USCIS A-Number, the name of the court that granted the naturalization, and the date of naturalization.

- A Consular Report of Birth Abroad of a Citizen of the United States (FS-240), Certificate of Birth Abroad (DS-1350) or a Certificate of Birth Abroad-Foreign Service (FS-545) issued prior to November, 1990, Certificate of Birth (DS-1350), or Freedom of Information Act Form (USCIS Form G-639). These first three forms are generated by the State Department and include an embossed seal with the words "United States of America" and "State Department."

• . . .

If the student or parent borrower submits a citizenship or naturalization certificate as documentation of his or her citizenship status, the school must place a copy of the form in the student's file, demonstrating that proof of citizenship was obtained (see the 07-08 FSA Handbook, Volume 1, Chapter 2, p. 1-198).

Eligible Noncitizens

A noncitizen is considered eligible for Stafford or PLUS loans if he or she meets all other applicable eligibility criteria and is:

- A U.S. permanent resident alien with an Alien Permanent Resident Registration Receipt Card (Form I-151 ~~or I-551~~) or a Resident Alien Card (Form I-151 issued prior to June 1978).
- A refugee with an Arrival/Departure Record (CBP Form I-94) or the new Departure Record (Form I-94A, which is used at land border ports of entry) with the endorsement "Processed for I-1551. Temporary Evidence of Lawful Admission for Permanent Residence. Valid until _____ . Employment authorized." The form will have an A-number annotated on it and is acceptable if the expiration date has not passed. These records are issued by from the USCIS showing one of the following designations (indicating that the refugee is in the United States for other than a temporary purpose):
 - Refugee.
 - Asylum granted.
 - Alien paroled into the U.S. for at least one year.
 - Alien granted a stay of deportation [pursuant to 8 U.S.C. section 1253(h)] due to fear of persecution on account of race, religion, or political opinion.
 - Conditional Entrant (valid if I-94 was issued before April 1, 1980).
- A victim of human trafficking as certified by the U.S. Department of Health and Human Services (HHS) [pursuant to 22 U.S.C. section 7101 Victims of Trafficking and Violence Protection Act (VTVPA)].
[DCL GEN-06-09]

A school must verify the eligibility of a noncitizen. This may be done by performing a data match with another agency, such as the USCIS. If the student reports on the FASFA that he or she is an eligible noncitizen (and, therefore could be eligible for federal student aid) and reports an Alien Registration number, that information is checked against the database maintained by the USCIS. However, USCIS does not have the eligibility status of victims of human trafficking in its system, so a student in that category will fail the data match. For these students, the school must collect a copy of the Certification Letter or Eligibility Letter that was issued to the student by the HHS. The school must also call the HHS Office of Refugee Resettlement to confirm eligibility and document the date, time, and results of the call. This process is known as primary confirmation. If a student or parent borrower's eligible noncitizen status is not verified by this procedure, the school must transmit copies of the student's or

parent borrower's documentation of immigration status to the USCIS. This process constitutes secondary confirmation. For purposes of secondary confirmation, a school may not require a student or parent borrower to produce evidence from the USCIS that he or she is a permanent resident of the U.S. or is in the U.S. for other than a temporary purpose with the intention of becoming a citizen or permanent resident if both of the following conditions are applicable..

- . . .
- . . .

A school may not deny eligibility to an applicant based on immigration status while awaiting primary confirmation from the USCIS . . .

A school may deliver funds to an otherwise eligible student pending ~~the~~ USCIS response to the secondary confirmation if at least 15 business days have elapsed since the school submitted the documentation to the USCIS . . .

The school must retain copies of documentation provided by an eligible noncitizen. The ~~Alien Permanent Resident Registration Receipt Card (Form I-551 or I-151) or a Resident Alien Card (Form I-151), Arrival/Departure Record (CBP Form I-94) or the new Departure Record (Form I-94),~~ or other documentation provided as proof of the student's or borrower's status may be photocopied (front and back) and placed in the student's file. . .

PROPOSED LANGUAGE - COMMON BULLETIN:

Federal Data Matches

The *Common Manual* has been updated to reflect current form names and numbers that are used to verify eligible citizenship status .

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:

October 29, 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 - CORRECTION POLICY PROPOSAL

Date: November 9, 2007

X	DRAFT	Comments Due	Dec 7
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Definition of “Change of Control”

AFFECTED SECTIONS: Appendix G

POLICY INFORMATION: 1001/Batch 146

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

BASIS:

95-96 FSA Handbook, chapter 3, section 10.

CURRENT POLICY:

Current policy defines a change of control with respect to a school but does not include in the definition that a change in status from a profit to a nonprofit organization or vice versa.

REVISED POLICY:

Revised policy adds that it is considered a change of control if a school changes from a for-profit entity to a nonprofit entity, or vice versa.

REASON FOR CHANGE:

This change provides a more complete definition of the term as described in the Federal Student Aid Handbook (FSAH).

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Appendix G, page 3, column 2, definition of “change of control” as follows:

Change of Control: An occurrence that signifies that a different person, partnership, or corporation has obtained authority to control the actions of a school, or that the school has changed from a for-profit entity to a nonprofit, or vice versa. For example, a change of control can occur when stock is transferred to the parent corporation; when schools merge or divide; when a company is retained to manage a school; or when a school transfers assets or liabilities to the parent corporation.

PROPOSED LANGUAGE - COMMON BULLETIN:

“Change of Control” Definition

The definition of change of control has been amended to state that a school that changes status from a for-profit entity to a nonprofit, or vice versa, is also considered to have undergone a change of control. The school would be required to perform the administrative tasks applicable to any school that undergoes a change of control in order to retain its eligibility to participate in Title IV programs based on this change.

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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October 19, 2007

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PROPOSAL DISTRIBUTED TO:

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CM Guarantor Designees

Interested Industry Groups and Others

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