

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
908	Effects of Unallocated Consolidation Amounts on New Stafford Loan Eligibility	<p><u>6.11.G Effects of a Consolidation Loan on New Stafford Loan Eligibility</u></p> <p>The unallocated amount of a Consolidation loan is no longer required to be included in the aggregate outstanding principal balances on the NSLDS, and that the FAA is no longer required to investigate whether an unallocated amount might impact a student's eligibility for additional Stafford loans. However, if the FAA has conflicting information indicating that the unallocated amount would cause the student to exceed the aggregate limit, the conflict must be resolved and the information derived from that resolution must be used in determining the student's remaining Stafford eligibility.</p>	Federal	January 2006.
909	NSLDS Ad Hoc Reporting	<p><u>9.2 Student Enrollment Status Reporting</u> <u>9.2.B Reporting Student Enrollment Status Changes to the Lender or Guarantor</u> <u>9.2.C Information Sharing with the Department, a Lender, or a Guarantor</u></p> <p>In addition to submitting regular reports to NSLDS, a school may be required to report enrollment status changes that affect the grace period, repayment responsibility, or deferment privileges of a student through an ad hoc report. Revised policy also states that unless the school expects to submit a Submittal File within the next 60 days, the school must submit an ad hoc report to NSLDS within 30 days of discovering that a student for whom a FFELP loan was made has changed his or her permanent address. In addition, subsection 9.2.B has been renamed "Ad Hoc Reporting" and new subsection 9.2.C "Information Sharing with the Department, a Lender, or a</p>	Federal	Enrollment status changes reported by the school on or after September 1, 1996.

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		Guarantor" has been added.		
910	Unpaid Refund	<u>13.8.F Unpaid Refund</u> Revised policy states that a borrower must complete, certify, and submit to his or her lender or guarantor an unpaid refund loan discharge application <i>which includes</i> a sworn statement of several declarations.	Correction	Retroactive to the approval of the common Loan Discharge Application: Unpaid Refund.

Batch 135

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COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: September 15, 2006

X	DRAFT	Comments Due	Oct 6
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Effects of Unallocated Consolidation Amounts on New Stafford Loan Eligibility

AFFECTED SECTIONS: 6.11.G Effects of a Consolidation Loan on New Stafford Loan Eligibility

POLICY INFORMATION: 908/Batch 135

EFFECTIVE DATE/TRIGGER EVENT: January 2006.

BASIS:

Dear Colleague Letter GEN-96-13, Q&A #14; NSLDS Newsletter Number 11, February 2006.

CURRENT POLICY:

Current policy states that the financial aid administrator (FAA) must review any part of a Consolidation loan that is reported by the National Student Loan Data System (NSLDS) as unallocated and determine whether it might affect the student's loan eligibility, based on the aggregate loan limits.

REVISED POLICY:

Revised policy states that, as of January 2006, the unallocated amount of a Consolidation loan is no longer required to be included in the aggregate outstanding principal balances on the NSLDS, and that the FAA is no longer required to investigate whether an unallocated amount might impact a student's eligibility for additional Stafford loans. However, if the FAA has conflicting information indicating that the unallocated amount would cause the student to exceed the aggregate limit, the conflict must be resolved and the information derived from that resolution must be used in determining the student's remaining Stafford eligibility.

REASON FOR CHANGE:

This change aligns *Common Manual* guidance with the most recent guidance from the Department.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 6.11.F, page 21, column 2, paragraph 2 of the July 2005 *Common Manual* as follows:

Note: this subsection was previously renumbered from 6.11.F to 6.11.G by Proposal 893/Batch 133, approved by the Governing Board on July 20, 2006.

The NSLDS identifies the underlying loans of the Consolidation loan and uses those loan amounts to allocate the current outstanding principal balance between subsidized Stafford, unsubsidized Stafford, and combined aggregate Stafford amounts, excluding Perkins and PLUS loans from the aggregate computations. The NSLDS then subtracts the total of the calculated subsidized and unsubsidized outstanding balance amounts from the actual outstanding balance of the Consolidation loan. Any remaining balance is considered to be "unallocated." Unallocated amounts occur when, with the information that has been provided by data providers, the NSLDS is unable to account for the full amount of the outstanding balance of the Consolidation loan. The NSLDS, while continuing to report (on web pages and on ISIRs) unallocated amounts, no longer includes unallocated amounts when calculating aggregate subsidized, unsubsidized, and combined outstanding principal balances.

~~If the borrower's outstanding loan balance is close to the aggregate Stafford loan limits, the FAA must also review any remaining balance of a Consolidation loan that is reported by the NSLDS as unallocated. No additional action is necessary if the FAA can assume that the unallocated amount is from either subsidized or unsubsidized Stafford loans and if, when the unallocated amount is added to the reported aggregate Stafford loan amounts, such an assumption would not affect the amount of a new Stafford loan the student would otherwise be eligible to receive. If this assumption changes the amount of a new Stafford loan for which a student may be eligible, the FAA must verify the unallocated amount. Unallocated amounts may~~

represent any of the following:

- Capitalized interest that is included in the Consolidation loan. Capitalized interest does not count toward a borrower's aggregate limits. ~~If the FAA determines that all or a portion of the unallocated amount reported by the NSLDS represents capitalized interest, the FAA may deduct that portion from the reported aggregate amounts.~~
- An underlying Health and Human Services (HHS) loan that is included in the Consolidation loan. HHS loans are not reported to the NSLDS and are not, therefore, automatically excluded from the aggregate calculations. ~~If the FAA determines that all or a portion of the unallocated amount reported by the NSLDS represents an underlying HHS loan, the FAA may deduct that portion from the reported aggregate amounts.~~
- An underlying FFELP or FDLP loan that has not yet been added to the NSLDS because of an edit condition that occurred when the information was sent to the NSLDS, but that is included in the Consolidation loan. ~~If the FAA determines that all or a portion of the unallocated amount reported by the NSLDS represents an underlying Stafford loan that does not yet appear on the NSLDS, the FAA must add that portion to the reported aggregate amounts.~~

~~After identifying the underlying subsidized and unsubsidized Stafford loans, including amounts previously identified as unallocated, those outstanding principal balance amounts must be allocated to the proper aggregate loan limit for each Stafford loan type (subsidized or unsubsidized) when determining new Stafford loan eligibility. If the FAA has included or excluded all or a portion of an unallocated amount, the school must document its findings and calculations for audit purposes. A school is only responsible for the financial aid history information that is available from the NSLDS at the time it delivers aid to the student. If the school receives written documentation that confirms that a student is eligible for additional aid, the school may deliver the aid without waiting for the NSLDS to be updated. The FAA is not required to investigate whether an unallocated amount of a Consolidation loan might impact a student's eligibility for additional Stafford loan funds unless the FAA has information that conflicts with the data reported in the NSLDS. The FAA must resolve any conflicting information and must include the result of that resolution in the school's certification of the student's eligible loan amount.~~

~~[DCL GEN-03-12 DCL GEN-96-13, Q&A #14; NSLDS Newsletter Number 11, February 2006]~~

PROPOSED LANGUAGE - COMMON BULLETIN:

Effects of a Consolidation Loan on New Stafford Loan Eligibility

The *Common Manual* has been revised to reflect a change in the treatment of the unallocated amount of a Consolidation loan by the National Student Loan Data System (NSLDS). The unallocated amount of a Consolidation loan is no longer included in the aggregate subsidized, unsubsidized, and outstanding principal balances on NSLDS, and the financial aid administrator is no longer required to investigate whether an unallocated amount might impact a student's eligibility for additional Stafford loans.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

The borrower is no longer required to provide to the financial aid administrator documentation of the unallocated amounts of a Consolidation loan. A borrower who previously had Title IV loans consolidated may experience faster processing of additional Stafford loans.

School:

The school is no longer be required to investigate whether an unallocated amount of a Consolidation loan impacts a student's eligibility for additional Stafford loans.

Lender/Service:

The lender may experience a decrease in inquiries from schools and borrowers seeking to verify unallocated

amounts of Consolidation loans.

Guarantor:

Guarantors may need to amend program review procedures.

U.S. Department of Education:

The Department may need 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:

February 15, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

ke/edited-chh

H031

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: September 15, 2006

X	DRAFT	Comments Due	Oct 6
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: NSLDS Ad Hoc Reporting

AFFECTED SECTIONS: 9.2 Student Enrollment Status Reporting
9.2.B Reporting Student Enrollment Status Changes to the Lender or Guarantor
9.2.C Information Sharing with the Department, a Lender, or a Guarantor

POLICY INFORMATION: 909/Batch 135

EFFECTIVE DATE/TRIGGER EVENT: Enrollment status changes reported by the school on or after September 1, 1996.

BASIS:

§682.610(c)(2); Dear Colleague Letters GEN-96-17 and GEN-96-L-189; October 2005 NSLDS Enrollment Reporting Guide, Chapter 3, Section 3.3.

CURRENT POLICY:

Current policy states that federal regulations specify conditions under which a school is to report changes in the student's enrollment status directly to the applicable lender or guarantor. Current policy also states that unless a school expects to report to either NSLDS or a third-party servicer within 30 days of discovering a change in an enrolled borrower's permanent address, the school should notify the holder of the loan directly or through the guarantor of changes in an enrolled borrower's permanent address.

REVISED POLICY:

Revised policy states that in addition to submitting regular reports to NSLDS, a school may be required to report enrollment status changes that affect the grace period, repayment responsibility, or deferment privileges of a student through an ad hoc report. Revised policy also states that unless the school expects to submit a Submittal File within the next 60 days, the school must submit an ad hoc report to NSLDS within 30 days of discovering that a student for whom a FFELP loan was made has changed his or her permanent address. In addition, subsection 9.2.B has been renamed "Ad Hoc Reporting" and new subsection 9.2.C "Information Sharing with the Department, a Lender, or a Guarantor" has been added.

REASON FOR CHANGE:

This change is necessary to align *Common Manual* language with federal regulations.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise section 9.2, page 1, column 2, paragraph 3, of the July 2005 *Common Manual*, as follows:

Reporting by All Schools Except Foreign Schools

All schools . . . If a student's enrollment status changes and the school does not expect its NSLDS enrollment reporting to be completed within the next 60 days, the school must submit an ad hoc report within 30 days. See subsection 9.2.B.
[§682.610(c)]

Revise subsection 9.2.B, page 4, column 1, paragraph 3, of the July 2005 *Common Manual*, as follows:

9.2.B

Reporting Student Enrollment Status Changes to the Lender or Guarantor
Ad Hoc Reporting

In addition to submitting regular reports to NSLDS, a school may be required to report enrollment status changes that affect the grace period, repayment responsibility, or deferment privileges of a student through an ad hoc report, requiring the timely completion of student enrollment reporting; federal regulations specify conditions under which a school is to report changes in the student's enrollment status directly to the applicable lender or guarantor.

Unless the school expects to submit a Submittal File within the next 60 days, the school must ~~report to the lender or guarantor~~ submit an ad hoc report to NSLDS within 30 days of discovering that a student for whom a FFELP loan was made:

- Has dropped to less than half-time enrollment.
- Has failed to enroll on at least a half-time basis.
- Has ceased to be enrolled on a full-time basis.
[§682.610(c)(2)]
- Has changed his or her permanent address.
[§682.610(c)(2); October 2005 NSLDS Enrollment Reporting Guide, Chapter 3, Section 3.3]

~~A school should notify the lender and/or guarantor of an enrollment status change by any means acceptable to the guarantor (such as an individual letter on school letterhead, a computer-generated report, or a specific form provided by the guarantor).~~

By providing notice of a change in student status as outlined in this subsection, participating schools help the lender promptly establish repayment terms with the borrower. This will help prevent FFELP loan defaults and assist in controlling the school's cohort default rate.

9.2.C

Information Sharing with the Department, a Lender, or a Guarantor

A school (or its designated servicer) is required—upon request by the Department, a lender, or a guarantor—to promptly provide any information the school has regarding the last known address, full name, telephone number, enrollment information, employer and employer address of a ~~borrower~~ student who attends or has attended the school. The school should respond to such a request within 30 days.

[§668.24(f)(4)]

In addition, a school (or its designated servicer) must respond to all requests for borrower information from guaranty agencies and lenders including information needed to locate the borrower, determine the borrower's eligibility for deferment, or to establish the borrower's repayment schedule.

[2006-07 Federal Student Aid Handbook, Volume 2, Chapter 10, page 2-172]

~~If the school discovers that a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address, the school is required to notify the holder of the loan of the new address within 30 days, either directly or through the guarantor.~~

~~Schools should be aware that the National Student Loan Data System (NSLDS) and some third-party servicers, in addition to reporting enrollment status changes, are capable of reporting to lenders and guarantors changes in an enrolled borrower's full name, permanent address, telephone number, enrollment information, employer, and employer address. However, the reporting frequencies of the NSLDS or the third-party servicer may not comply with the required federal 30-day time frame for school reporting of changes in an enrolled borrower's address.~~

~~Unless a school expects to report to either the NSLDS or a third-party servicer within 30 days of discovering a change in an enrolled borrower's permanent address, the school should notify the holder of the loan directly or through the guarantor of changes in an enrolled borrower's permanent address.~~

[§668.24(f)(4); §682.610(c)(2); DCL 96-L-186/96-G-287]

PROPOSED LANGUAGE - COMMON BULLETIN:

NSLDS Ad Hoc Reporting

The *Common Manual* has been updated to include information regarding National Student Loan Data System (NSLDS) ad hoc reporting. In addition to submitting regular reports to NSLDS, a school is required to report a change in the student's permanent address or enrollment status changes that affect the grace period, repayment responsibility, or deferment privileges of a student through an ad hoc report within 30 days unless the school expects to submit a Submittal File within the next 60 days.

A school (or its designated servicer) must respond to all requests for borrower information from guaranty agencies and lenders—including information needed to locate the borrower, determine the borrower's eligibility for deferment, or to establish the borrower's repayment schedule.

In addition, subsection 9.2.B has been renamed "Ad Hoc Reporting" and a new subsection 9.2.C "Information Sharing with the Department, a Lender, or a Guarantor" has been added.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

Schools may need to update procedures to ensure that all enrollment reporting is submitted through the National Student Loan Data System (NSLDS).

Lender/Servicer:

None.

Guarantor:

Guarantors may need to update internal policies and procedures.

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:

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

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CM Guarantor Designees

Interested Industry Groups and Others

om/bb

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: September 15, 2006

X	DRAFT	Comments Due	Oct 6
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Unpaid Refund

AFFECTED SECTIONS: 13.8.F Unpaid Refund

POLICY INFORMATION: 910/Batch 135

EFFECTIVE DATE/TRIGGER EVENT: Retroactive to the approval of the common Loan Discharge Application: Unpaid Refund.

BASIS:

Loan Discharge Application: Unpaid Refund.

CURRENT POLICY:

Current policy states that to qualify for an unpaid refund loan discharge, a borrower must complete, certify, and submit to his or her lender or guarantor an unpaid refund loan discharge application *and* a sworn statement of several declarations.

REVISED POLICY:

Revised policy states that a borrower must complete, certify, and submit to his or her lender or guarantor an unpaid refund loan discharge application *which includes* a sworn statement of several declarations.

REASON FOR CHANGE:

When the policy for unpaid refund discharge was incorporated into the manual, a common unpaid refund loan discharge application form had not been approved by the Department. When the form was approved, it included the borrower declarations, thus eliminating the need for a separate sworn statement.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 13.8.F, page 34, column 2, paragraph 2, of the July 2005 *Common Manual*, as follows:

Note: *This subsection was previously updated by proposal 857/Batch 128 and 886/Batch 132 approved by the Governing Board on March 16, 2006, and July 27, 2006, respectively.*

13.8.F Unpaid Refund

The Higher Education Act provides relief for borrowers who are entitled to, but did not receive, refunds from their respective schools. Borrowers who meet the criteria outlined in this subsection may be eligible to have a loan discharged, in full or in part.

To qualify for an unpaid refund loan discharge, a borrower must complete, certify, and submit to his or her lender or guarantor an unpaid refund loan discharge application ~~and~~ which includes a sworn statement (notarization is not required), made under penalty of perjury, that declares the following:

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

The borrower's discharge application ~~must~~ also includes the following:

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

PROPOSED LANGUAGE - COMMON BULLETIN:

Unpaid Refund

The *Common Manual* has been revised to reflect that a borrower is no longer required to submit a separate sworn statement of declarations along with the Loan Discharge Application: Unpaid Refund form because this information has been included on that application.

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:

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Interested Industry Groups and Others

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