

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
919	FSA Administration Training Requirement	<p><u>4.2.B Financial Aid Administrator Training</u></p> <p>This policy adds information about the FSA administration training requirement for schools. To participate in any Title IV program, a school is required to send at least two representatives to the Department of Education's Fundamentals of Title IV Administration Training workshop. Also, if a school changes ownership, structure, or governance, the school representatives must attend the training.</p>	Federal	Retroactive to the implementation of the <i>Common Manual</i> .
920	eZ-Audit Requirement	<p><u>4.3.A General School Financial Responsibility Requirements</u></p> <p>This policy includes information about the Department's requirement that schools use the eZ-Audit, Electronic Financial Reporting System for the submission of financial statements and compliance audits, and copies of the A -133 reports.</p>	Federal	Audited financial statements and compliance audits submitted by a school on or after June 16, 2003.
921	Closed School and the Transfer of Credits or Credit-Hours	<p><u>13.8.B Closed School</u></p> <p>This policy states that if the student transfers any amount of academic credits or credit hours to another school in order to pursue the same program of study as the one in which the student was enrolled at the closed school, the student or borrower, in the case of a PLUS Loan, is not eligible for closed school loan discharge.</p>	Federal	Retroactive to the implementation of the <i>Common Manual</i> .
922	Waiver for Rehabilitation of Defaulted Loans	<p><u>appendix H.4 Statutory and Regulatory Waivers</u></p> <p>Policy in appendix H.4, Statutory and Regulatory Waivers, item #20, is revised by updating the requirements to reflect that a</p>	Correction	Loan rehabilitation waivers granted on or after July 1, 2006. A guarantor has the option of considering a borrower to have met the new rehabilitation

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		borrower must make nine payments received by the holder within 20 days of the due date during 10 consecutive months.		standard if at least one of the borrower's payments under the rehabilitation agreement is made on or after July 1, 2006.
923	Variable Interest Rate Consolidation Loans	<u>15.2 Borrower Eligibility and Underlying Loan Holder Requirements</u> Revised policy removes text in section 15.2 regarding Consolidation loan interest rates for applications received by the lender between November 13, 1997, and September 30, 1998, inclusive, as it is no longer relevant to current Consolidation loan interest rate policy.	Organization	Upon approval by the Governing Board.

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: November 17, 2006

X	DRAFT	Comments Due	Dec 8
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: FSA Administration Training Requirement

AFFECTED SECTIONS: 4.2.B Financial Aid Administrator Training

POLICY INFORMATION: 919/Batch 137

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

BASIS:

2006-2007 *Federal Student Aid Handbook*, Volume 2, Chapter 2, page 2-20.

CURRENT POLICY:

Current policy does not include the requirement that the school ensure that its financial aid staff fulfill the FSA administration training requirement for schools.

REVISED POLICY:

Revised policy adds information about the FSA administration training requirement for schools. To participate in any Title IV program, a school is required to send at least two representatives to the Department's Fundamentals of Title IV Administration Training workshop. Also, if a school changes ownership, structure, or governance, the school representatives must attend the training.

REASON FOR CHANGE:

This change aligns the manual with the Department's training requirements for schools that participate in a Title IV program.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 4.2.B, page 12, column 1, paragraph 2, as follows:

**4.2.B
Financial Aid Administrator Training**

For a school to participate in any Title IV program, the school is required to send at least two representatives, including both its president or chief executive officer (CEO) and financial aid administrator (FAA), to the Department's Fundamentals of Title IV Administration Training workshop. Also, if a school changes ownership, structure, or governance, its representatives must attend the training. The training must take place up to one year prior to but no later than twelve months after the school executes its program participation agreement.

The CEO may designate another school executive level officer to attend the training in lieu of the CEO. However, the attending FAA must be the person designated by the school to be responsible for administering its Title IV programs. If the school uses a consultant to administer its financial aid, the consultant must attend the training as the school's FAA. However, the Department strongly recommends that a financial aid employee from the school attend the training along with the consultant.

The school may request a waiver of the training requirement from the Department.

~~A school's financial aid administrator (FAA) and staff must be adequately trained. Each school is strongly encouraged to develop a financial aid policy and procedures manual that outlines the forms and procedures used in administering Title IV programs. A publication provided by the Department—the *Federal Student Aid Handbook*—can assist in the training of an FAA or financial aid staff and can serve as a reference guide for the school. The Department makes this and other publications available to schools participating in Title IV~~

programs. For more information on available publications and how to order them, see subsection 2.3.B.

...

**PROPOSED LANGUAGE - COMMON BULLETIN:
FSA Administration Training Requirement**

The *Common Manual* has been revised to include information on the Fundamentals of Title IV Administration Training Workshop offered by the Department. A school must send at least two representatives, including both its president or chief executive officer (CEO) and the financial aid administrator (FAA). Also, if a school changes ownership, structure, or governance, its representatives must attend the training. The training must take place up to one year prior to but no later than twelve months after the school executes its program participation agreement.

The CEO may designate another school executive level officer to attend the training in lieu of the CEO. However, the attending FAA must be the person designated by the school to be responsible for administering its Title IV programs. If the school uses a consultant to administer its financial aid, the consultant must attend the training as the school's FAA. However, the Department strongly recommends that a financial aid employee from the school attend the training along with the consultant.

The school may request a waiver of the training requirement from the Department.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

A school must attend the FSA Administration Training Workshop offered by the Department in order to participate in any Title IV program or if there has been a change in ownership, structure, or governance.

Lender/Service:

None.

Guarantor:

May update program review procedures.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

AES

DATE SUBMITTED TO CM POLICY COMMITTEE:

July 28, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others

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COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: November 17, 2006

X	DRAFT	Comments Due	Dec 8
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	APPROVED	with changes/no changes	

SUBJECT: eZ-Audit Requirement

AFFECTED SECTIONS: 4.3.A General School Financial Responsibility Requirements

POLICY INFORMATION: 920/Batch 137

EFFECTIVE DATE/TRIGGER EVENT: Audited financial statements and compliance audits submitted by a school on or after June 16, 2003.

BASIS:
2006-2007 *Federal Student Aid Handbook*, Volume 2, Chapter 12, page 2-214.

CURRENT POLICY:
Current policy does not address the requirement that schools use eZ-Audit for the submission of financial statements and compliance audits to the Department.

REVISED POLICY:
Revised policy includes information about the Department's requirement that schools use the eZ-Audit, Electronic Financial Reporting System for the submission of financial statements and compliance audits, and copies of the A -133 reports.

REASON FOR CHANGE:
This change is necessary to align the manual with the Department's requirement for schools to submit audited financial statements and compliance audits, including copies of the A-133 reports, electronically through the eZ-Audit process.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 4.3.A, page 13, column 1, by inserting a new paragraph, as follows:

**4.3.A
General School Financial Responsibility Requirements**

Financial Statements and Audit Requirements

...
...

In addition, each year a school must submit to the Department a compliance audit of its administration of Title IV programs, conducted on a fiscal-year basis by an independent auditor. The compliance audit must be submitted to the Department not more than 6 months after the end of the school's fiscal year. The compliance audit must cover all Title IV transactions in that fiscal year and all transactions that occurred since the period covered by its last compliance audit. It must be conducted in accordance with generally accepted standards for compliance audits and procedures for audits contained in the Department's audit guide. The Department may also require the school to provide copies of its compliance audit report to guarantors, eligible FFELP lenders, state agencies, the Secretary of Veterans' Affairs, or nationally recognized accrediting agencies.
[§668.23(e)]

Schools participating in a Title IV program are required to submit audited financial statements and compliance audits to the Department electronically through eZ-Audit. Copies of the A-133 reports that non-profit and public schools file with the Federal Audit Clearinghouse must

also be submitted to the Department through eZ-Audit.

PROPOSED LANGUAGE - COMMON BULLETIN:

eZ-Audit Requirement

The *Common Manual* has been revised to include the requirement for schools participating in a Title IV program to submit audited financial statements and compliance audits to the Department electronically through eZ-Audit. Copies of the A-133 reports that non-profit and public schools file with the Federal Audit Clearinghouse must also be submitted to the Department through eZ-Audit.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

Schools must use the eZ-Audit process to submit audited financial statements and compliance audits, including copies of the A-133 reports, to the Department.

Lender/Service:

None.

Guarantor:

None.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

AES

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July 28, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

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COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: November 17, 2006

X	DRAFT	Comments Due	Dec 8
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Closed School and the Transfer of Credits or Credit-Hours

AFFECTED SECTIONS: 13.8.B Closed School

POLICY INFORMATION: 921/Batch 137

Effective Date/Trigger Event: Retroactive to the implementation of the *Common Manual*.

BASIS:

Preamble to final rules, April 29, 1994, *Federal Register*, page 22466, column 3, discussion point number 20.

CURRENT POLICY:

Current policy does not address borrower eligibility in cases where the student transfers some but not all of the academic credits or credit hours earned at the closed school to another school, and uses those hours to continue the program of study in which the student was originally enrolled at the closed school.

REVISED POLICY:

Revised policy states that if the student transfers any amount of academic credits or credit hours to another school in order to pursue the same program of study as the one in which the student was enrolled at the closed school, the student or borrower, in the case of a PLUS Loan, is not eligible for closed school loan discharge.

REASON FOR CHANGE:

The preamble to federal regulations clarifies that a student who transfers only a portion of the credits earned at a school that closes is not eligible for closed school loan discharge. This policy is not iterated in current policy text and thus, borrowers in this situation may be treated differently when their eligibility for closed school loan discharge is assessed.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 13.8.B of the October 2006 *Common Manual*, page 19, column 1, paragraph 2, bullet 3, as follows:

In most cases, to qualify for a closed school loan discharge, a borrower must complete, certify, and submit to his or her lender or guarantor the Loan Discharge Application: School Closure form approved by the Department. The borrower may be eligible to have a loan discharged if he or she meets all the following criteria:

- ...
- ...
- The borrower (or student) did not complete—and is not currently in the process of completing—the same or a similar program of study through a teach-out at another school, by transferring to another school all or a portion of the academic credits or hours earned at the closed school to another school, or by benefitting by any other means from the training provided by the closed school.

PROPOSED LANGUAGE - COMMON BULLETIN:

Closed School and the Transfer of Credits or Credit-Hours

The *Common Manual* has been revised to include the statement that a borrower who transfers to another school all or a portion of the academic credits or hours earned at the closed school is not eligible for closed school discharge. Previous policy did not clearly state that the borrower is ineligible for discharge if he or she transfers only a portion of the previously earned credits.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

Borrowers who transfer only a portion of the credits earned at the closed school will be treated consistently in the denial of the closed school loan discharge.

School:

None.

Lender/Service:

Lenders may be required to provide additional explanations to students attending schools that close if the students transfer a portion of their academic credit to another school to continue studies in the same program of study. Lenders may be required to amend their procedures.

Guarantor:

Guarantors may be required to amend their procedures and closed-school review parameters.

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 12, 2006

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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 17, 2006

X	DRAFT	Comments Due	Dec 8
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Waiver for Rehabilitation of Defaulted Loans

AFFECTED SECTIONS: appendix H.4 Statutory and Regulatory Waivers

POLICY INFORMATION: 922/Batch 137

EFFECTIVE DATE/TRIGGER EVENT: Loan rehabilitation waivers granted on or after July 1, 2006.
A guarantor has the option of considering a borrower to have met the new rehabilitation standard if at least one of the borrower's payments under the rehabilitation agreement is made on or after July 1, 2006.

BASIS:

Higher Education Act of 1965, Section 428F(a)(1)(A), as amended by the Higher Education Reconciliation Act (HERA) of 2005; 34 CFR 682.405; Dear Colleague Letter GEN-06-02.

CURRENT POLICY:

Current policy in appendix H.4, Statutory and Regulatory Waivers, item #20, defines satisfactory repayment arrangements as 12 consecutive, full, monthly payments to the holder of each defaulted loan.

REVISED POLICY:

Policy in appendix H.4, Statutory and Regulatory Waivers, item #20, is revised by updating the requirements to reflect that a borrower must make nine payments received by the holder within 20 days of the due date during 10 consecutive months.

REASON FOR CHANGE:

This change is being made to align the satisfactory payment arrangement language in the waiver with language in subsection 13.7 (which was recently updated with HERA provisions and subsequent guidance from the Department).

PROPOSED LANGUAGE - COMMON MANUAL:

Revise appendix H.4, page 100, column 1, paragraph 3, as follows:

20. Rehabilitation of Defaulted Loans (see section 13.7)

To be eligible for rehabilitation, a defaulted borrower must make satisfactory repayment arrangements, i.e., ~~twelve~~ nine consecutive on-time (received within 20 days of the due date), full, monthly payments to the appropriate holder of each defaulted loan during a period of 10 consecutive months. These payments must be made ~~on-time (within 15 days of the payment due date)~~; voluntarily (directly by the borrower, regardless of whether there is a judgment against the borrower), and must be reasonable and affordable.

The requirement that the borrower make ~~consecutive on-time~~ payments in order to rehabilitate a defaulted loan is waived. Guarantors should not treat any payment missed during the time that a borrower is an affected individual as an interruption in the requisite ~~twelve consecutive nine on-time, monthly, on-time~~ payments. When the borrower is no longer considered to be an affected individual, or in a 3-month transition period that immediately follows, the required sequence of qualifying payments may resume at the point they were discontinued as a result of the borrower's status.

PROPOSED LANGUAGE - COMMON BULLETIN:

Waiver for Rehabilitation of Defaulted Loans

Policy in appendix H.4, Statutory and Regulatory Waivers, item #20, is revised by updating the satisfactory repayment arrangement requirements to reflect that a borrower must make nine payments received by the

holder within 20 days of the due date during 10 consecutive months.

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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August 1, 2006.

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

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CM Guarantor Designees

Interested Industry Groups and Others

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COMMON MANUAL - ORGANIZATIONAL POLICY PROPOSAL

Date: November 17, 2006

X	DRAFT	Comments Due	Dec 8
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Variable Interest Rate Consolidation Loans

AFFECTED SECTIONS: 15.2 Borrower Eligibility and Underlying Loan Holder Requirements

POLICY INFORMATION: 923/Batch 137

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

BASIS:
None.

CURRENT POLICY:

Current policy includes text in section 15.2 regarding Consolidation loan interest rates for applications received by the lender between November 13, 1997, and September 30, 1998, inclusive.

REVISED POLICY:

Revised policy removes text in section 15.2 regarding Consolidation loan interest rates for applications received by the lender between November 13, 1997, and September 30, 1998, inclusive, as it is no longer relevant to current Consolidation loan interest rate policy.

REASON FOR CHANGE:

This change is being made because the information is no longer current, and is provided in appendix H for historical purposes.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise section 15.2, page 5, column 2, paragraph 2 of the October 2006 *Common Manual* as follows:

Lenders and borrowers should note 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. ~~However, a Consolidation loan made from an application received by the lender between November 13, 1997, and September 30, 1998, inclusive, retains a variable interest rate, not to exceed 8.25%, regardless of any new loans added after the original Consolidation loan is made.~~ 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)]

PROPOSED LANGUAGE - COMMON BULLETIN:

Variable Interest Rate Consolidation Loans

The *Common Manual* has been updated by removing text in section 15.2 pertaining to Consolidation loan interest rates for applications received by the lender between November 13, 1997, and September 30, 1998, inclusive. This information appears in appendix H of the manual for historical purposes.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:
None.

School:
None.

Lender/Service:
None.

Guarantor:
None.

U.S. Department of Education:
None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
November 7, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

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

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