

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
924	Student Eligibility and Source Data	<p><u>5.2.E Prior Default</u> <u>5.5 Effect of Exceeding Loan Limits on Eligibility</u></p> <p>Revised policy clarifies that, in addition to paper documentation, a school can rely upon information accessed directly from a loan holder's authoritative database as documentation that satisfactory repayment arrangements have been made on a defaulted loan, that a loan is no longer in default, or that eligibility problems created by excessive borrowing have been resolved.</p>	Federal	Title IV eligibility determinations made by a school on or after June 22, 2006.
925	Academic Year Definition	<p><u>6.1 Defining an Academic Year</u> <u>Figure 6-1</u> <u>appendix G</u></p> <p>Revised policy reduces the minimum academic year requirement for clock-hour programs from 30 weeks to 26 weeks in figure 6-1 and in the appendix G definitions of Academic Year and One-Academic-Year Training Program.</p> <p>Revised policy removes language that states that an academic year begins on the first day of classes and ends on the last day of classes or examinations. It adds language that says, for purposes of defining the academic year, a week of instructional time is any consecutive 7-day period in which the school provides at least one day of regularly scheduled classes or examination, or after the last scheduled day of classes for a term or payment period, at least one day of study for final examinations. Instructional time does not include periods of orientation, counseling, vacation, or homework.</p>	Federal	The reduction in the minimum number of weeks in an academic year for a clock-hour school is effective for periods of enrollment beginning on or after July 1, 2006. The removal of language stating that an academic year begins on the first day of classes and ends on the last day of classes or examinations is effective September 8, 2006.

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
926	Rehabilitation of Defaulted FFELP Loans	<p><u>13.7 Rehabilitation of Defaulted FFELP Loans appendix G</u></p> <p>Revised policy removes references to a borrower first making satisfactory repayment arrangements in order to rehabilitate a defaulted loan. Also, revised policy acknowledges that a borrower who has been convicted of, or has plead nolo contendere or guilty to a crime involving fraud in obtaining Title IV, HEA program assistance loan may not rehabilitate that loan. Further, revised policy changes the manual's glossary definition of the term "satisfactory repayment arrangements" to delete the reference to loan rehabilitation.</p>	Federal	<p>Regarding Satisfactory Repayment Arrangements: Loan Rehabilitation agreement eligibility determined on or after July 1, 2006.</p> <p>Regarding a borrower who has been convicted of, or has plead nolo contendere or guilty to a crime involving fraud in obtaining Title IV, HEA program assistance loan: Loan rehabilitation eligibility determinations made on or after September 8, 2006.</p>
927	Teacher Loan Forgiveness	<p><u>13.9.B Teacher Loan Forgiveness Program</u></p> <p>Revised policy states that a <i>qualifying school</i> also includes all elementary and secondary schools operated by the Bureau of Indian Affairs (BIA) or operated on Indian reservations by Indian tribal groups under contract with the BIA.</p>	Federal	Teacher Loan Forgiveness determinations made by the lender on or after September 8, 2006. Lenders may implement this provision on or after July 3, 2006.
928	Effects of Unallocated Consolidation Amounts on New Stafford Loan Eligibility	<p><u>6.11.G Effects of Consolidation Loan on New Stafford Loan Eligibility</u></p> <p>Revised policy removes from the third bullet in subsection 6.11.G the requirement for the FAA to investigate whether the unallocated amount of a Consolidation loan reported by NSLDS might impact a student's eligibility for additional Stafford loans.</p>	Correction	January 2006.

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: December 15, 2006

X	DRAFT	Comments Due	Jan 5
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Student Eligibility and Source Data

AFFECTED SECTIONS: 5.2.E Prior Default
5.5 Effect of Exceeding Loan Limits on Eligibility

POLICY INFORMATION: 924/Batch 138

EFFECTIVE DATE/TRIGGER EVENT: Title IV eligibility determinations made by a school on or after June 22, 2006.

BASIS:
NSLDS Newsletter Number 12, dated June 22, 2006.

CURRENT POLICY:

Current policy states that, before certifying a new loan for a borrower who has defaulted on a prior loan, the school must obtain documentation that the borrower has made the required payments to re-establish Title IV eligibility, including a certification from the guarantor regarding each defaulted loan. In addition, current policy states that the school may not certify a new loan for a borrower who has exceeded annual or aggregate loan limits, unless the excess amount has been repaid.

REVISED POLICY:

Revised policy clarifies that, in addition to paper documentation, a school can rely upon information accessed directly from a loan holder's authoritative database as documentation that satisfactory repayment arrangements have been made on a defaulted loan, that a loan is no longer in default, or that eligibility problems created by excessive borrowing have been resolved.

REASON FOR CHANGE:

This change is necessary to align the *Common Manual* with Departmental guidance.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 5.2.E, page 7, column 2, paragraph 4 as follows:

Documentation Required to Prove Default Resolution

If the school learns that the borrower has defaulted on a prior loan, the school must obtain, before certifying the borrower's eligibility for a new loan, documentation from the NSLDS, the borrower, or the holder of the loan that the borrower has made the required payments on any defaulted loan(s). The documentation must include a certification from the guarantor regarding each defaulted loan; either a written certification from the guarantor regarding each defaulted loan or documentation accessed directly from a loan holder's authoritative database that a loan shown on the NSLDS as being in default is no longer in default. Access to loan data directly from a loan holder's database includes the use of third-party web-based products that display a loan holder's real-time data. To be used for Title IV eligibility purposes, such web-based products must obtain data directly from the relevant guarantor, lender or servicer's system and be displayed without any modification. The school must retain an image of the information it obtains from the authoritative real-time site that clearly identifies the borrower, the status of the debt, and the source of the data. For a new loan to be guaranteed by a guarantor that is not the guarantor holder of the defaulted loan(s), the school or the borrower must forward documentation that the default has been resolved (such as a copy of the original promissory note stamped "paid in full", information accessed directly from a loan holder's authoritative database, or a letter from the guarantor holding holder of the defaulted loan(s) stating that the borrower has resolved the default with that guarantor). The documentation must be included with the new loan request when it is sent to the guarantor for guarantee

processing, unless the information is already available to the guarantor.
[HEA 428F(b); §668.35; §682.200; §682.401(b)(4); April 1996 Supplement to DCL 96-G-287/96-L-186, Q&A #6; NSLDS Newsletter Number 12, June 2006]

Revise subsection 5.5, page 11, column 1, paragraph 1 as follows:

5.5 Effect of Exceeding Loan Limits on Eligibility

The school may not, under any circumstances, certify additional funds for a student who has exceeded applicable annual or aggregate loan limits. If the school determines that the student inadvertently violated the annual or aggregate loan limits, the school must give the student an opportunity to repay the excess amount before making a final determination on the student's eligibility for additional Title IV assistance. In addition to paper documentation, schools can rely upon information they access directly from a loan holder's authoritative database to resolve eligibility problems created by the reporting in the NSLDS of excessive borrowing by a student. Schools must be able to verify that the loan being reviewed is the problematic loan. (See subsection 6.11.E.)

[§668.35(d); NSLDS Newsletter Number 12, June 2006]

PROPOSED LANGUAGE - COMMON BULLETIN:

Student Eligibility and Source Data

The *Common Manual* has been revised to clarify that, in addition to paper documentation, a school can rely upon information accessed directly from a loan holder's authoritative database as documentation that satisfactory repayment arrangements have been made on a defaulted loan, that a loan is no longer in default, or that eligibility problems created by excessive borrowing have been resolved.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

The borrower may experience quicker resolution of eligibility problems caused by prior default or inadvertent over-borrowing.

School:

The school may more quickly resolve borrower eligibility problems caused by prior default or inadvertent over-borrowing.

Lender/Servicer:

The lender may experience a decrease in requests for paper documentation of the resolution of borrower eligibility problems.

Guarantor:

The guarantor may experience a decrease in requests for paper documentation of the resolution of borrower eligibility problems. The guarantor may also need to revise program review procedures.

U.S. Department of Education:

The Department may need to revise program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

June 27, 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

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: December 15, 2006

X	DRAFT	Comments Due	Jan 05
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Academic Year Definition

AFFECTED SECTIONS: 6.1 Defining an Academic Year
Figure 6-1
appendix G

POLICY INFORMATION: 925/Batch 138

EFFECTIVE DATE/TRIGGER EVENT: The reduction in the minimum number of weeks in an academic year for a clock-hour school is effective for periods of enrollment beginning on or after July 1, 2006. The removal of language stating that an academic year begins on the first day of classes and ends on the last day of classes or examinations is effective September 8, 2006.

BASIS:
Higher Education Act of 1965, Section 481(a)(2), as amended by the Higher Education Reconciliation Act (HERA) of 2005; *Federal Register* dated August 9, 2006, p. 45669; Dear Colleague Letter GEN-06-05.

CURRENT POLICY:
Current policy in Figure 6.1 and appendix G of the *Common Manual* states that the academic year for a clock-hour program must include a minimum of 30 weeks.

Current policy also states that an academic year begins on the first day of classes and ends on the last day of classes or examinations.

REVISED POLICY:
Revised policy reduces the minimum academic year requirement for clock-hour programs from 30 weeks to 26 weeks in figure 6-1 and in the appendix G definitions of Academic Year and One-Academic-Year Training Program.

Revised policy removes language that states that an academic year begins on the first day of classes and ends on the last day of classes or examinations. It adds language that says, for purposes of defining the academic year, a week of instructional time is any consecutive 7-day period in which the school provides at least one day of regularly scheduled classes or examination, or after the last scheduled day of classes for a term or payment period, at least one day of study for final examinations. Instructional time does not include periods of orientation, counseling, vacation, or homework.

REASON FOR CHANGE:
This change is necessary to align the Academic Year definition in figure 6-1 and appendix G with changes approved in Policy 882 in Batch 132. This policy also incorporates in the *Common Manual* an additional change in the definitions of Academic Year and One-Academic-Year Training Program made by the interim final regulations published on August 9, 2006.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise section 6.1, page 1, Column 1, Paragraph 1 of the *Common Manual* as follows:

6.1 Defining an Academic Year

To determine and certify the appropriate loan amount, the school must first define the program's academic year for which the funds are intended.

Undergraduate Program of Study Measured in Clock Hours

- For an undergraduate program of study measured in clock hours, an academic year is a period of at least 26 weeks of instructional time ~~that begins on the first day of classes and ends on the last day of classes or examinations.~~ During this period a full-time student is expected to complete a minimum of 900 clock hours. [HEA 481(a)(2); §668.3]

Undergraduate Program of Study Measured in Credit Hours

- For an undergraduate program of study measured in credit hours, an academic year is a period of at least 30 weeks of instructional time ~~that begins on the first day of classes and ends on the last day of classes or examinations.~~ During this period, a full-time student is expected to complete a minimum of 24 semester or trimester hours, or 36 quarter hours. [668.3(a)]

For purposes of defining the academic year, a week of instructional time is any consecutive 7-day period in which the school provides at least one day of regularly scheduled classes or examination, or after the last scheduled day of classes for a term or payment period, at least one day of study for final examinations. Instructional time does not include periods of orientation, counseling, vacation, or homework. [668.3(b)]

...

Graduate or Professional Program of Study

For a graduate or professional program of study, an academic year is a period of at least 30 weeks of instructional time ~~that begins on the first day of classes and ends on the last day of classes or examinations.~~ While the Department regulates the amount of coursework that an undergraduate student is expected to complete in an academic year, it does not regulate the amount of coursework that a graduate or professional student is expected to complete in an academic year. For graduate and professional programs, the school is expected to establish academic standards to determine the amount of work that a full-time graduate or professional student is expected to complete within an academic year. [668.3(c)(1) and (2)]

Typically there are two categories of academic year:

- A scheduled academic year (SAY) is a “fixed” academic period as published in a school’s printed materials that generally begins and ends at about the same time each year according to an established schedule. ~~The year begins on the first day of classes and ends on the last day of classes or examinations.~~
- ...

Revise chapter 6, Figure 6-1, page 3 of the *Common Manual* as follows:

Statutory Definition of an Academic Year		Figure 6-1
Method used to measure academic progress	Number of hours a student enrolled full time is expected to complete in a full academic year	Minimum Instructional Time Requirement
Semester hours	24 semester hours	30 weeks
Trimester hours	24 trimester hours	30 weeks
Quarter hours	36 quarter hours	30 weeks

Revise appendix G, page 1, column 1 of the *Common Manual*, as follows:

Academic Year: For the purposes of Title IV aid, a period ~~that begins on the first day of classes and ends on the last day of classes or examinations and that consists of at least 30 weeks of instructional time~~ during which an undergraduate, full-time student is expected to complete either of the following:

- At least 30 weeks of instructional time and 24 semester or trimester hours, or 36 quarter hours in an educational program that measures program length in credit hours.
- At least 26 weeks of instructional time and 900 clock hours in an educational program that measures program length in clock hours.

Upon written request from a school, the Department may, at its option, reduce the minimum number of weeks in an academic year to between 26 and 29 weeks of instructional time for a credit-hour program that leads to an associate degree or a baccalaureate degree.

Revise appendix G, page 14, column 1 of the *Common Manual* as follows:

One-Academic-Year Training Program: A program that ~~is at least at least 30 weeks in length during which the student earns at least~~ includes:

- At least 30 weeks of instructional time and 24 semester or trimester hours or units, or 36 quarter hours or units at a school using credit hours or units to measure academic progress.
- At least 26 weeks of instructional time and 900 clock hours of supervised training at a school using clock hours to measure academic progress.
- At least 26 weeks of instructional time and 900 clock hours in a correspondence program.

PROPOSED LANGUAGE - COMMON BULLETIN:

Academic Year Definition

The *Common Manual* has been updated to incorporate changes derived from the Higher Education Reconciliation Act of 2005 and the interim final regulations published August 9, 2006. This change corrects the minimum academic year requirement for a program of study measured in clock hours from 30 weeks to 26 weeks in figure 6-1 and in the appendix G definition of Academic Year and One-Academic-Year Training Program. The policy also removes language which stated that an academic year begins on the first day of classes and ends on the last day of classes or examinations and inserts text to state that, for purposes of defining the academic year, a week of instructional time is any consecutive 7-day period in which the school provides at least one day of regularly scheduled classes or examination, or after the last scheduled day of classes for a term or payment period, at least one day of study for final examinations. Instructional time does not include periods of orientation, counseling, vacation, or homework.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

A school must ensure that the academic year for each of its programs of study complies with minimum academic year requirements.

Lender/Service:

None.

Guarantor:

A guarantor may need to modify program review procedures.

U.S. Department of Education:

The Department may need to modify program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

AES/PHEAA

Date Submitted to CM Policy Committee:

August 29, 2006

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PROPOSAL DISTRIBUTED TO:

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CM Guarantor Designees

Interested Industry Groups and Others

kke/edited-chh

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: December 15, 2006

X	DRAFT	Comments Due	Jan 5
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Rehabilitation of Defaulted FFELP Loans

AFFECTED SECTIONS: 13.7 Rehabilitation of Defaulted FFELP Loans
appendix G

POLICY INFORMATION: 926/Batch 138

EFFECTIVE DATE/TRIGGER EVENT: Regarding Satisfactory Repayment Arrangements: Loan Rehabilitation agreement eligibility determined on or after July 1, 2006.

Regarding a borrower who has been convicted of, or has plead nolo contendere or guilty to a crime involving fraud in obtaining Title IV, HEA program assistance loan: Loan rehabilitation eligibility determinations made on or after September 8, 2006.

BASIS:

Higher Education Act of 1965, Section 428F(a)(1)(A), as amended by the Higher Education Reconciliation Act (HERA) of 2005; Interim Final Rules published in the *Federal Register*, August 9, 2006, pages 45677 and 45707-45708.

CURRENT POLICY:

Current policy in section 13.7 states that to be eligible to rehabilitate a defaulted FFELP loan a borrower must first make satisfactory repayment arrangements with the guarantor or a collection agency acting on its behalf. The current glossary definition of "satisfactory repayment arrangements" states that satisfactory repayment arrangements may be established by a borrower to rehabilitate a defaulted loan. The definition further states that the "on-time" payment for rehabilitation is a payment received by the guarantor within 15 days before or after the scheduled due date. Further, the definition also contains a cross reference to section 13.7 for more information on loan rehabilitation.

Revised Policy:

Revised policy removes references to a borrower first making satisfactory repayment arrangements in order to rehabilitate a defaulted loan. Also, revised policy acknowledges that a borrower who has been convicted of, or has plead nolo contendere or guilty to a crime involving fraud in obtaining Title IV, HEA program assistance loan may not rehabilitate that loan. Further, revised policy changes the manual's glossary definition of the term "satisfactory repayment arrangements" to delete the reference to loan rehabilitation.

REASON FOR CHANGE:

Revised policy aligns the manual's language with current regulations regarding criteria for a borrower to rehabilitate his or her loan. Also, revised policy aligns the manual's glossary definition of "satisfactory repayment arrangements" with current regulations.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise section 13.7, page 14, column 2, paragraph 3, as follows:

**13.7
Rehabilitation of Defaulted FFELP Loans**

To be eligible to rehabilitate a defaulted FFELP loan, a borrower must ~~first make satisfactory repayment arrangements~~ enter into a loan rehabilitation agreement with the guarantor or a collection agency acting on its behalf. A borrower who receives loan funds for which he or she is ineligible due solely to his or her error may not rehabilitate the ineligible funds or otherwise have his or her Title IV eligibility reinstated until the ineligible funds are repaid in full. A borrower with a defaulted loan on which a judgment has been obtained may not include that

loan in a rehabilitation agreement. A borrower who has been convicted of, or has plead nolo contendere or guilty to a crime involving fraud in obtaining Title IV, HEA program assistance loan may not rehabilitate that loan.
[§682.405(a)(1)]

...

Revise appendix G, pg. 17, col. 1, par. 4, Satisfactory Repayment Arrangements, as follows:

Satisfactory Repayment Arrangements: A specified number of consecutive, on-time, voluntary, reasonable and affordable full monthly payments made by a borrower to the holder of any loan or loans in default. Satisfactory repayment arrangements may be established by a borrower either to regain eligibility for Title IV funds, ~~to rehabilitate a defaulted loan,~~ or to consolidate a defaulted loan. The loan holder's determination of a "reasonable and affordable" payment amount is based on the borrower's total financial circumstances. "Voluntary" payments are payments made directly by the borrower, and do not include payments obtained by state offsets or federal Treasury offset, garnishment, or income or asset execution. An "on-time" payment is a payment received by the guarantor within 15 days before or after the scheduled due date. See subsection 5.2.E for more information on regaining eligibility for Title IV funds. ~~See section 13.7 for more information on rehabilitating a defaulted loan.~~ See section 15.2 for more information on consolidating a defaulted loan.

PROPOSED LANGUAGE - COMMON BULLETIN:

The *Common Manual* has been updated to remove references to a borrower first making satisfactory repayment arrangements in order to rehabilitate a defaulted loan. Also, policy has been updated to acknowledge that a borrower who has been convicted of, or has plead nolo contendere or guilty to a crime involving fraud in obtaining Title IV, HEA program assistance loan may not rehabilitate that loan. Further, the definition of the term "satisfactory repayment arrangements" has been changed to delete references to loan rehabilitation. These changes align the manual's text with current regulations regarding criteria for a borrower to rehabilitate his or her loan.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

The borrower does not need to enter into a satisfactory repayment arrangement with the holder of the defaulted loan before entering into a rehabilitation agreement with the guarantor. Also, a borrower may not a rehabilitate a loan for which he or she has pled nolo contendere or guilty to a crime involving fraud in obtaining a Title IV, HEA program assistance loan.

School:

Schools may need to update counseling materials related to loan rehabilitation.

Lender/Service:

Lenders may need to update counseling materials related to loan rehabilitation.

Guarantor:

Guarantors may need to update counseling materials related to loan rehabilitation, as well as loan rehabilitation agreements.

U.S. Department of Education:

The Department may need to update loan rehabilitation counseling materials and update its program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

December 12, 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: December 15, 2006

X	DRAFT	Comments Due	Jan 5
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

SUBJECT: Teacher Loan Forgiveness

AFFECTED SECTIONS: 13.9.B Teacher Loan Forgiveness Program

POLICY INFORMATION: 927/Batch 138

EFFECTIVE DATE/TRIGGER EVENT: Teacher Loan Forgiveness determinations made by the lender on or after September 8, 2006. Lenders may implement this provision on or after July 3, 2006.

BASIS:

Interim Final Rules published in the *Federal Register* dated August 9, 2006, pages 45702 - 45703; DCL FP-06-13 dated July 3, 2006.

CURRENT POLICY:

Current policy states that a *qualifying school* is one that is in a school district that qualifies for funds under Title I of the Elementary and Secondary Education Act of 1965, as amended; has been selected by the Department based on a determination that more than 30 percent of the school's total enrollment is made up of children who qualify for services provided under Title I; and is listed in the *Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits*. (If this directory is not available before May 1 of any year, the previous year's directory may be used.)

REVISED POLICY:

Revised policy states that a *qualifying school* also includes all elementary and secondary schools operated by the Bureau of Indian Affairs (BIA) or operated on Indian reservations by Indian tribal groups under contract with the BIA.

REASON FOR CHANGE:

Revised policy aligns the manual with current regulations and the Department's OMB approved Teacher Loan Forgiveness Application published July 3, 2006, regarding qualifying schools for the Teacher Loan Forgiveness Program.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 13.9.B, page 44, column 1, bullet 1, subbullet 3, as follows:

Definitions Applicable to Teacher Loan Forgiveness

In the context of the teacher loan forgiveness provisions, the following definitions apply:

- A *qualifying school* is one that meets all of the following criteria:
 - Is in a school district that qualifies for funds under Title I of the Elementary and Secondary Education Act of 1965, as amended.
 - Has been selected by the Department based on a determination that more than 30 percent of the school's total enrollment is made up of children who qualify for services provided under Title I.
 - Is listed in the *Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits*. (If this directory is not available before May 1 of any year, the previous year's directory may be used.) All elementary and secondary schools operated by the Bureau of Indian Affairs (BIA) or operated on Indian reservations by Indian tribal groups under contract with the BIA qualify as

schools serving low-income students.

PROPOSED LANGUAGE - COMMON BULLETIN:

Teacher Loan Forgiveness

The *Common Manual* has been updated to reflect current regulations regarding qualifying schools for the Teacher Loan Forgiveness program by adding that all elementary and secondary schools operated by the Bureau of Indian Affairs (BIA) or operated on Indian reservations by Indian tribal groups under contract with the BIA qualify as schools serving low-income students.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower may qualify for Teacher Loan Forgiveness if he or she is teaching at an elementary and secondary school operated by the Bureau of Indian Affairs (BIA) or operated on an Indian reservation by Indian tribal group under contract with the BIA because these schools qualify as schools serving low-income students.

School:

A school may need to update its counseling materials for the Teacher Loan Forgiveness Program.

Lender/Service:

A lender may need to update its counseling materials for the Teacher Loan Forgiveness Program as well as update its procedures for identifying a qualifying school for this forgiveness program.

Guarantor:

A guarantor may need to update its counseling materials for the Teacher Loan Forgiveness Program as well as update its procedures for identifying a qualifying school for this forgiveness program.

U.S. Department of Education:

The Department may need to update its counseling materials for the Teacher Loan Forgiveness Program as well as update its procedures for identifying a qualifying school for this forgiveness program.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

December 12, 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 - CORRECTION POLICY PROPOSAL

Date: December 15, 2006

X	DRAFT	Comments Due	Jan 5
	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 Consolidation Loan on New Stafford Loan Eligibility

POLICY INFORMATION: 928/Batch 138

EFFECTIVE DATE/TRIGGER EVENT: January 2006.

BASIS:

DCL GEN-96-13, Q&A #13 and #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 removes from the third bullet in subsection 6.11.G the requirement for the FAA to investigate whether an unallocated amount might impact a student's eligibility for additional Stafford loans.

REASON FOR CHANGE:

This change aligns *Common Manual* guidance with the most recent guidance from the Department and with proposal 908 in Batch 135.

PROPOSED LANGUAGE - COMMON MANUAL:

Note: This subsection was previously updated in policy 908 in Batch 135.

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

. . .Unallocated amounts may represent any of the following:

- . . .
- . . .
- An underlying loan that is from the borrower's spouse that is included in the Consolidation, in the case of a joint Consolidation loan. ~~If the FAA determines that all or a portion of the unallocated amount reported by the NSLDS represents an underlying loan that is from the borrower's spouse, the FAA may deduct that portion from the reported aggregate amounts.~~
- . . .

PROPOSED LANGUAGE - COMMON BULLETIN:

Effects of Unallocated Consolidation Amounts on New Stafford Loan Eligibility

The *Common Manual* has been revised to remove the requirement that a financial aid administrator investigate whether the unallocated amount of a consolidation loan might impact a student's aggregate loan limit and eligibility for additional Stafford loans.

The Common Manual has been

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower who previously had a Title IV spousal consolidation loan may experience faster processing of additional Stafford loans.

School:

The school is not required to investigate whether an unallocated amount of a Consolidation loan impacts a student's eligibility for additional Stafford loans, except when the school has information that conflicts with NSLDS data.

Lender/Servicer:

The lender may experience a decrease in inquiries from schools and borrowers seeking to verify unallocated amounts of Consolidation loans.

Guarantor:

A guarantor 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:

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