

The nation's guarantors provide the following summaries to inform schools, lenders, and servicers of the latest *Common Manual* policy changes. These changes will appear in the manual's next annual update. These changes will also be incorporated into the *Integrated Common Manual* released in November 2011. The *Integrated Common Manual* is available on several guarantor websites, and it is also available on the *Common Manual's* website at [www.commonmanual.org](http://www.commonmanual.org). Please carefully note the effective date of each policy change.

### **Electronic Bankruptcy Documents**

The *Common Manual* is updated to recognize that some lenders may file electronic documents with the bankruptcy court. The lender must include a copy of those electronically filed documents, such as the Proof of Claim, in any claim file that it files.

<b>Affected Sections:</b>	<b>13.1.D Claim File Documentation</b> <b>13.8.A Bankruptcy</b>
<b>Effective Date:</b>	Claims filed by the lender on or after March 1, 2012, unless implemented earlier by the guarantor.
<b>Basis:</b>	§682.402(g)(1)(v)(A).
<b>Policy Information:</b>	1252/Batch 180
<b>Guarantor Comments:</b>	None.

### **Modules and Return of Title IV Funds**

The *Common Manual* has been revised to provide the following clarifications with respect to the newest return of Title IV funds rules, as follows:

- Aligns Subsection 8.7.G regarding modular programs with existing Manual text in Subsection 6.3.F to clarify the treatment of a student who withdraws from and returns to a clock-hour program or a non-term-based credit-hour program offered in modules within 180 days.
- Clarifies that for a term-based program offered in modules, if the student withdraws and misses only a portion of a module or modules during a term but re-enters within that period of enrollment or payment period, the school is not required to recalculate the student's award based on the student's attendance in only a portion of a module. The school must restore the student's original award, and is not required to adjust any award based on the student's attendance in only part of a module. If, however, the student withdraws and does not attend any portion of a module for which he or she was originally scheduled, the school must re-evaluate the student's cost of attendance based on the omitted module(s) and adjust the Title IV aid eligibility prior to awarding additional funds.
- Clarifies that if the student who is enrolled in a program offered in modules withdraws and confirms at the time of withdrawal his or her intent to resume enrollment within the payment period or period of enrollment, as applicable, and, for a clock-hour or non-term-based credit-hour program, within 45 days of the date of withdrawal but fails to return, the withdrawal date is the last day of the student's recorded, eligible academic attendance if the school is considered to be "required to record attendance."

- Clarifies that a student who ceases attendance in a credit-hour program offered in modules is *not* considered to have withdrawn if the school obtains written confirmation from the student at or close to the time of his or her withdrawal that the student will attend a subsequent module in the same program and payment period or period of enrollment, as applicable.
- Provides new guidance that the school may not rely solely on the student's enrollment or registration in a subsequent module prior to his or her withdrawal as a statement of the student's intent to re-enroll unless the student registered for that subsequent module at the time he or she withdrew.
- Clarifies that an administrative withdrawal is considered to be an exceptional circumstance beyond the student's control and that in this instance, the school must consider the withdrawal date to be no later than the first day of the period of nonattendance that resulted in the administrative withdrawal.

**Affected Sections:**                **8.7.G Delivery to Borrowers in Special Circumstances**  
**9.4 Withdrawal Dates**

**Effective Date:**                July 1, 2011, for students who withdraw from payment periods or periods of enrollment that begin on or after that date.

**Basis:**                                §668.4(g); *Dear Colleague Letter* (DCL) GEN-11-14.

**Policy Information:**            1253/Batch 180

**Guarantor Comments:**        None.

#### **Direct Consolidation Loan Program Treatment of Underpayments and Overpayments**

The *Common Manual* has been revised by including information regarding the Department's policy on the treatment of underpayments and overpayments made to a borrower's underlying loan holder(s) when a borrower consolidates his or her federal student loans under the Direct Consolidation Loan Program. The policy describes the underpayment and overpayment tolerances that apply to the aggregate eligible balance of principal, interest, fees, and collection costs.

The underpayment and overpayment tolerance amounts apply to the total of all of the borrower's loans by loan program type (subsidized Stafford loans, unsubsidized Stafford loans, PLUS loans, and Federal Consolidation loans). In other words, there is a tolerance amount for the borrower's subsidized Stafford loan(s), a separate tolerance amount for the borrower's unsubsidized Stafford loan(s), etc.

If a loan holder receives a payoff that is:

- Less than the amount needed to pay in full a borrower's underlying loan(s), the loan holder may apply its own policy for write-off and may apply to the Direct Loan Consolidation Center for any underpayment amount that exceeds the loan holder's policy. Whether the balance is written off or the loan holder requests the additional funds from the Direct Loan Consolidation Center, loan holders may not bill the borrower for the underpayment amount and in both instances, the loan holder must notify the borrower that the loan(s) is paid in full.
- More than the amount needed to pay in full a borrower's underlying loan(s) and that overpayment amount is *less than \$10.00*, the loan holder may retain the overpayment.
- More than the amount needed to pay in full a borrower's underlying loan(s) and that overpayment amount is *\$10.00 or more*, the loan holder must promptly return the full overpayment amount to the Direct Loan Consolidation Center.

All requests for funds and returns of funds to the Direct Loan Consolidation Center must be made promptly and must include identifiers for each borrower and the specific loan type(s).

**Affected Sections:** 15.8 Direct Consolidation Loan Program Treatment of Underpayments and Overpayments

**Effective Date:** Underpayments and overpayments received by loan holders from the Direct Consolidation Loan Program on or after July 1998.

**Basis:** Department letter to loan holders dated July 1998 and Electronic Announcement dated June 28, 2011.

**Policy Information:** 1254/Batch 180

**Guarantor Comments:** None.