

#	Subject	Summary of Change to Common Manual	Type of Update	Effective Date
1258	Teacher Loan Forgiveness Interruptions in Qualifying Teaching Service	<p>13.9.A Teacher Loan Forgiveness Program</p> <p>Adds information regarding the Department's waiver of the statutory and regulatory requirements for an interruption in required teaching service under the Teacher Loan Forgiveness Program due to the borrower being affected by Hurricane Katrina or Hurricane Rita. The waiver applies to any period beginning on the date of the relevant hurricane and continues through June 30, 2006.</p>	Federal	Interruptions in required Teacher Loan Forgiveness Program teaching service for an affected borrower for any period beginning on the date of the relevant hurricane, Katrina or Rita, continuing through June 30, 2006.
1259	Medical or Dental Internship of Residency Forbearance	<p>11.24.B Medical or Dental Internship of Residency Forbearance</p> <p>No longer states that a borrower in any internship or residency program is eligible to receive a mandatory forbearance for the length of time remaining in the borrower's internship or residency that is required for the borrower to successfully complete his or her degree or to begin professional practice or service. This benefit is only available to borrowers in a medical or dental internship or residency program.</p>	Correction	Retroactive to the implementation of the <i>Common Manual</i> .

Batch 182 (Approved)

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: December 15, 2011

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Dec 15

SUBJECT: **Teacher Loan Forgiveness Interruptions in Qualifying Teaching Service**

AFFECTED SECTIONS: **13.9.A Teacher Loan Forgiveness Program**

POLICY INFORMATION: **1258/Batch 182**

EFFECTIVE DATE/TRIGGER EVENT: Interruptions in required Teacher Loan Forgiveness Program teaching service for an affected borrower for any period beginning on the date of the relevant hurricane, Katrina or Rita, and continuing through June 30, 2006.

BASIS:
Dear Colleague Letter GEN-06-07.

CURRENT POLICY:
Current policy does not include information regarding the Department's waiver of the statutory and regulatory requirements for an interruption in required teaching service under the Teacher Loan Forgiveness Program due to the borrower being affected by Hurricane Katrina or Hurricane Rita.

REVISED POLICY:
Revised policy adds information regarding the Department's waiver of the statutory and regulatory requirements for an interruption in required teaching service under the Teacher Loan Forgiveness Program due to the borrower being affected by Hurricane Katrina or Hurricane Rita. The waiver applies to any period beginning on the date of the relevant hurricane and continues through June 30, 2006.

REASON FOR CHANGE:
This change is being made to update Teacher Loan Forgiveness Program information regarding the Department's waiver of the statutory and regulatory requirements for an interruption in required teaching service due to the borrower being affected by Hurricane Katrina or Hurricane Rita.

PROPOSED LANGUAGE - COMMON MANUAL:
Revise Subsection 13.9.A, page 60, column 2, paragraph 1, as follows:

Interruptions in Qualifying Teaching Service

A lender should not consider the time that a borrower is on active duty as a result of a military mobilization as an interruption in the borrower's qualifying teaching service. This applies to a borrower who is a member of a reserve component of the Armed Forces and is called or ordered to active duty for more than 30 days, and to a borrower who is a regular active duty member of the Armed Forces and is reassigned to a different duty station for more than 30 days.

Completion of one-half of an academic year is considered to be one academic year if the borrower's employer considers the borrower to have fulfilled his or her contract requirements for the academic year for the purposes of salary increases, tenure, and retirement, and the borrower is unable to complete the academic year due to any one of the following:

- A return to postsecondary education on at least a half-time basis in a program directly related to the borrower's teaching service.
- A condition covered under the Family and Medical Leave Act of 1993.
- An order to active duty status for more than 30 days as a member of a reserve component of the Armed Forces.

An interruption in the borrower's teaching service for any one of the above reasons (even if not counted as part of an eligible academic year for the purpose of the forgiveness), along with the time required to return to qualifying teaching service at the beginning of the next regularly scheduled academic year, is not considered an interruption in the required 5 consecutive years of service.
[§682.216(c)(7)]

The Department waives the statutory and regulatory requirements pertaining to an interruption in a borrower's teaching service if the borrower was affected by Hurricane Katrina or Hurricane Rita. The waiver applies to any period beginning on the date of the relevant hurricane and continues through June 30, 2006.
[DCL GEN-06-07]

PROPOSED LANGUAGE - COMMON BULLETIN:

Teacher Loan Forgiveness Interruptions in Qualifying Teaching Service

The *Common Manual* has been revised to include information regarding the Department's waiver of the statutory and regulatory requirements for an interruption in required teaching service under the Teacher Loan Forgiveness Program if the borrower was affected by Hurricane Katrina or Hurricane Rita. The waiver applies to any period beginning on the date of the relevant hurricane, Katrina or Rita, and continues through June 30, 2006.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower will not be penalized for an interruption in teaching service for purposes of the Teacher Loan Forgiveness Program due to the borrower being affected by Hurricane Katrina or Hurricane Rita.

School:

None.

Lender/Service:

A lender may need to update its policy for processing loan forgiveness under the Teacher Loan Forgiveness Program.

Guarantor:

A guarantor may need to update its policy for processing loan forgiveness under the Teacher Loan Forgiveness Program.

U.S. Department of Education:

The Department may need to update its policy for processing loan forgiveness under the Teacher Loan Forgiveness Program.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

November 19, 2010

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

December 8, 2011

PROPOSAL DISTRIBUTED TO:

CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others
CM Governing Board Representatives

Comments Received from:

AES/PHEAA, ASA, Great Lakes, MGA, NASFAA, NCHelp, NSLP, OCAP, PPSV, SCSLC, SLSA, Sallie Mae, TG, USA Funds, and VSAC.

Responses to Comments

Many commenters supported this proposal as written. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

COMMENT:

One commenter suggested including the specific beginning dates of the relevant hurricanes within the text of the newly proposed paragraph for clarity and completeness of information.

Response:

The Committee understands that it would be helpful to include the specific date of each hurricane. However, since a hurricane may hit different states on different dates, as in the case of hurricane Katrina, it may be misleading for the Committee to provide a single date for every state in which an affected borrower was residing. We also note that the Department did not use a widely publicized date for each hurricane; rather they refer to the "date of the hurricane." To our knowledge, the Department did not provide details regarding whether a single date should be used for each state (even if the hurricane hit states on different dates). Further, we researched hurricane Katrina on the FEMA website, but that site shows the date that a state (or county) was declared a disaster. News reports seemed to provide the dates that Katrina hit various states. Lastly, the Manual historically has not provided specific dates for disasters, but rather refers readers to specific guidance published by the Department for each disaster.

Change:

None.

ma/edited-chh

COMMON MANUAL – CORRECTION POLICY PROPOSAL

Date: December 15, 2011

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Dec. 15

SUBJECT: Medical or Dental Internship or Residency Forbearance

AFFECTED SECTIONS: 11.24.B Medical or Dental Internship or Residency Forbearance

POLICY INFORMATION: 1259/Batch 182

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

BASIS:
§682.211(h)(2).

CURRENT POLICY:
Current policy states that a borrower who is in an internship or residency program other than a medical or dental internship or residency is eligible to receive a mandatory forbearance solely because he or she is in an internship or residency program.

REVISED POLICY:
Revised policy no longer states that a borrower in any internship or residency program is eligible to receive a mandatory forbearance for the length of time remaining in the borrower's internship or residency that is required for the borrower to successfully complete his or her degree or to begin professional practice or service. This benefit is available only to borrowers in a medical or dental internship or residency program.

REASON FOR CHANGE:
This change is made to comply with federal regulations in §682.211(h)(2).

PROPOSED LANGUAGE - COMMON MANUAL:
Revise Subsection 11.24.B, page 42, column 2, as follows:

11.24.B **Medical or Dental Internship or Residency Forbearance**

A lender must grant forbearance to a qualified borrower who meets either of the following criteria:

- The borrower has exhausted his or her eligibility for a medical or dental internship/residency deferment.
- The borrower's promissory note does not provide for an medical or dental internship/residency deferment.

Eligibility requirements are the same as for a borrower who has requested an medical or dental internship/residency deferment (see Section 11.7), except that the borrower does not need to be a new borrower before July 1, 1993, to qualify for forbearance. In addition, the documentation requirements are the same for both deferment and forbearance (see Subsection 11.7.A). A lender must grant forbearance in 12-month increments unless the actual period during which a borrower is eligible is less than 12 months. See Subsection 11.20.I for information regarding notices that the lender must send when granting forbearance and during the forbearance period.

...

Revise Subsection 11.24.B, page 42, column 2, paragraph 4:

For a borrower in an internship or residency that is not in the medical or dental field, the borrower may qualify for a mandatory forbearance based on the criterion that the borrower's debt payments exceed his or her monthly income (see Subsection 11.24.A) or for a discretionary forbearance (see Section 11.22).

For any other internship or residency, the forbearance must cover one of the following:

- ~~The length of time remaining in the borrower's internship or residency that must be successfully completed before the borrower may begin professional practice or service.~~
- ~~The length of time the borrower is serving in an internship or residency program leading to a degree or certificate awarded by an institution of higher education [HEA §428(c)(3)(A)(i)(I); §682.211(h)]~~

PROPOSED LANGUAGE - COMMON BULLETIN:

Medical or Dental Internship or Residency Forbearance

The *Common Manual* has been revised to reflect that only a borrower who is in a medical or dental internship or residency program is eligible to receive an internship or residency mandatory forbearance on his or her loan.

GUARANTOR COMMENTS:

IMPLICATIONS:

Borrower:

None

School:

None

Lender/Servicer:

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:

June 3, 2010

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

December 8, 2011

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

CM Governing Board Representatives

Comments Received from:

AES/PHEAA, ASA, Great Lakes, MGA, NASFAA, NCHELP, NSLP, OCAP, PPSV, SCSLC, SLSA, Sallie Mae, TG, USA Funds, and VSAC.

Responses to Comments

Many commenters supported this proposal as written. One commenter recommended a wordsmithing change that was considered without comment. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

COMMENT:

Three commenters suggested renaming Subsection 11.24.B to include the words “medical or dental” to clarify that this mandatory forbearance is only available to those borrowers who are in a medical or dental internship or residency. These same three commenters also suggested adding the words “medical or dental” throughout this subsection for further clarity.

Response:

The Committee agrees.

Change:

The words “medical or dental” have been added to Subsection 11.24.B where applicable.

COMMENT:

Two commenters suggested adding language that would provide reference to the types of forbearances for non-medical and non-dental interns and residents, since they will no longer be included in Subsection 11.24.B.

Response:

The Committee agrees.

Change:

The following suggested text was added to Subsection 11.24.B:

For a borrower in an internship or residency that is not in the medical or dental field, the borrower may qualify for the debt exceeds monthly income mandatory forbearance (see Subsection 11.24.A) or a discretionary forbearance (see Subsection 11.22)

COMMENT:

Two commenters requested the effective date/trigger event be revised to incorporate both a retrospective and a prospective date, as this provision has been in the *Common Manual* for over 15 years and many mandatory forbearances for non-medical or non-dental residents and interns have been granted under the current provision. The commenters indicated that lenders and servicers will need sufficient time to revise their policies and procedures and/or update their systems to allow for the handling of these non-medical and non-dental internship or residency forbearance requests.

Response:

The Committee agrees that it is unfortunate that the *Common Manual* text regarding this provision was incorrect.

The Policy Committee received several requests from the community to research the validity of this text. While researching this proposal the Committee was unable to find any prior statutes or regulations that allowed for non-medical or non-dental interns or residents to be eligible for this provision. However, the Committee welcomes any additional research or Department of Education private guidance that would point to the contrary.

ly/edited-RRL