

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 April 2013. 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. Please carefully note the effective date of each policy change.

Income-Based Repayment - Married Borrowers Filing Jointly

The *Common Manual* is updated to clarify that, for eligible married borrowers who file federal income tax jointly, the annual payment must be calculated on each borrower individually, with these totals added together to determine eligibility for PFH under the Income-Based Repayment plan. In addition, the PFH payment amount must be allocated between the two borrowers based on the percentage of the total eligible loan debt attributable to each individual borrower.

For married borrowers filing federal income taxes separately, AGI includes only the borrower's income. Married borrowers who file separately are not required to include their spouse's income and may not include their spouse's eligible debt when determining eligibility for PFH under the Income-Based Repayment plan. However, married borrowers who reside in community property states and file separately must divide all community income equally between each other when filing federal income taxes. As a result, such borrowers may state that their reported AGI does not reasonably reflect their own current income. In these cases, the Department encourages loan holders to request and use alternative documentation to determine the borrower's eligibility for PFH and the PFH payment amount.

Affected Sections:	10.8.D Income-Based Repayment Schedule
Effective Date:	Income-based repayment (IBR) plan requests or renewals processed by the lender on or after July 1, 2010.
Basis:	§682.215(a)(1), (a)(4)(ii), and (b)(ii); Final Rules published in the <i>Federal Register</i> dated October 29, 2009, p.55982; Final Rules published in the <i>Federal Register</i> dated November 1, 2012, p. 66112.
Policy Information:	1282/Batch 193
Guarantor Comments:	None.