

#	Subject	Summary of Change to Common Manual	Type of Update	Effective Date
1303	Checking Foreign Diplomas	<p><b>5.10 Required High School Diploma or Equivalent</b></p> <p>Adds that high school diplomas or transcripts from other countries may be an acceptable equivalent of the student eligibility general requirement that students must have a high school diploma or its equivalent to be eligible for Title IV aid. Schools can have the foreign diplomas or transcripts evaluated for validity by a credential evaluation service or the school itself, if qualified to do so.</p>	Guarantor	Evaluating high school diploma equivalents for loans in the FFEL program upon publication of the 2007-2008 Financial Aid Handbook.
1304	Defining Public Assistance for Purposes of the Economic Hardship Deferment	<p><b>11.4.A Eligibility Criteria-Economic Hardship</b></p> <p>Explains that for purposes of qualifying for the economic hardship deferment, federal or state public assistance programs must provide cash payments to individuals whose eligibility for the benefit is established by a needs or income test. Provides examples of specific federal programs that are not considered to qualify a borrower to be eligible for the deferment.</p>	Federal	Economic hardship deferment applications received on or after February 21, 2013.
1305	Special Allowance and Interest Rate Reporting	<p><b>Figure A-5 LaRS Special Allowance and Interest Rate Reporting for FFELP Loans</b></p> <p>Provides an updated version of the LaRS Special Allowance and Interest Rate Reporting for FFELP Loans chart. This version of the chart is dated August 2010, and contains statutory changes made to special allowance codes as a result of HEOA and SAFRA.</p>	Federal	For special exceptions for certain loans first disbursed on or after April 1, 2006 and before July 1, 2010.

1299	Closed School	<p><b>13.8.B Closed School</b></p> <p>Extends the current 90-day withdrawal or closure window to 120 days. Also adds that the Department may extend the 120-day window if the Department determines that exceptional circumstances related to the school's closing justify an extension.</p>	Federal	Applications received for school closures that occurred on or after July 1, 2014.
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Batch 200 (Out for Comment)

# COMMON MANUAL – GUARANTOR POLICY PROPOSAL

Date: March 28, 2014

X	DRAFT	Comments Due	Apr 18
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** Checking Foreign Diplomas

**AFFECTED SECTIONS:** 5.10 Required High School Diploma or Equivalent

**POLICY INFORMATION:** 1303/Batch 200

**EFFECTIVE DATE/TRIGGER EVENT:** Evaluating high school diploma equivalents for loans in the FFEL program upon publication of the 2007-2008 Financial Aid Handbook.

**BASIS:**  
2007-2008 FSA Handbook Volume 1, Chapter 1 and §668.16(p).

**CURRENT POLICY:**  
Current Policy states that students must have a high school diploma or its equivalent to be eligible for Title IV aid. Current Policy goes on to describe high school diploma equivalent examples in detail.

**REVISED POLICY:**  
Revised Policy adds that high school diplomas or transcripts from other countries may be an acceptable equivalent of the student eligibility general requirement that students must have a high school diploma or its equivalent to be eligible for Title IV aid. Schools can have the foreign diplomas or transcripts evaluated for validity by a credential evaluation service or the school itself, if qualified to do so.

**REASON FOR CHANGE:**  
This change is necessary to add this additional example of an acceptable high school diploma equivalent. This example was listed in the 2007-2008 FSA Handbook. In subsequent years, the provision was not mentioned again until the 2013-2014 version. Current policy should be updated to include this example.

**PROPOSED LANGUAGE - COMMON MANUAL:**  
Revise Subsection 5.10, page 14, column 2, paragraph 3, as follows:

## 5.10 Required High School Diploma or Equivalent

To be eligible for Title IV aid, the student must have a high school diploma or its equivalent. Historically some students may have been admitted under prior ability-to-benefit provisions; see History of Ability-to-Benefit Provisions, Appendix H.3. A school must develop and follow procedures to evaluate the validity of a student's claim of high school completion if the school or the Department has reason to believe that the student's high school diploma is not valid or the student obtained a diploma from an entity that does not provide secondary school education (see also Section 4.2).

The following are considered equivalent to a high school diploma for establishing Title IV eligibility:

- A General Education Development (GED) Certificate—or a state certificate issued after a student passes an approved examination that the state recognizes as an equivalent to the GED.[§668.32(e)(3)]
- An academic transcript in a recognized program. A school may admit a limited number of students without high school diplomas or equivalent certificates who have excelled academically in high school and met the school's admissions standards. If such a student completes a program of at least two years that is acceptable for full credit toward a bachelor's degree, the academic transcript for that program would be considered the equivalent of a high school diploma.[10-11 FSA Handbook, Volume 1, Chapter 1, p. 1-6]

- A high school diploma or transcript from another country, as long as the diploma is equivalent to a U.S. high school diploma. Schools can hire a credential evaluation service to determine the validity of the diploma or transcript, or the school itself may if qualified to do so.

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Checking Foreign Diplomas**

The *Common Manual* has been updated to include that a high school diploma or transcript from another country may be considered a high school diploma equivalent for establishing Title IV eligibility if the school verifies that the foreign diploma or transcript meets the required credential evaluation. The school may do this on their own if they are qualified to do so, or a credential evaluation service may be hired to perform this task.

**GUARANTOR COMMENTS:**

None

**IMPLICATIONS:**

*Borrower:*

None

*School:*

A school's acceptance of a foreign high school diploma as the equivalent of a U.S. high school diploma for Title IV eligibility purposes may be evaluated during a program review.

*Lender/Service:*

A lender/service may need to evaluate that the foreign high school diploma did indeed qualify as an equivalent of a U.S. high school diploma for Title IV eligibility purposes during program reviews or for false certification discharge claims.

*Guarantor:*

A guarantor may need to evaluate that the foreign high school diploma did indeed qualify as an equivalent of a U.S. high school diploma for Title IV eligibility purposes during program reviews or false certification discharge claims.

*U.S. Department of Education:*

The Department may need to evaluate if the foreign high school diploma did indeed qualify as an equivalent of a U.S. high school diploma for Title IV eligibility purposes during program reviews or false certification discharge claims.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

ASA

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

February 18, 2014

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

**PROPOSAL DISTRIBUTED TO:**

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Interested Industry Groups and Others

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# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: March 28, 2014

X	DRAFT	Comments Due	Apr 18
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** Defining Public Assistance for Purposes of the Economic Hardship Deferment

**AFFECTED SECTIONS:** 11.4.A Eligibility Criteria—Economic Hardship

**POLICY INFORMATION:** 1304/Batch 200

**EFFECTIVE DATE/TRIGGER EVENT:** Economic hardship deferment applications received on or after February 21, 2013.

**BASIS:**

Private letter guidance from Pam Moran, Department of Education dated February 21, 2013.

**CURRENT POLICY:**

Current policy states that one of the eligibility criteria for the economic hardship deferment is that the borrower is receiving payment or benefit under a federal or state public assistance program.

**REVISED POLICY:**

Revised policy explains that for purposes of qualifying for the economic hardship deferment, federal or state public assistance programs must provide cash payments to individuals whose eligibility for the benefit is established by a needs or income test. The revised policy provides examples of specific federal programs that are not considered to qualify a borrower to be eligible for the deferment.

**REASON FOR CHANGE:**

This revision is necessary to include Department of Education guidance clarifying the definition of public assistance benefits for qualifying for the economic hardship deferment.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 11.4.A, page 9, column 1, paragraph 1, as follows:

**11.4.A  
Eligibility Criteria—Economic Hardship**

This deferment is available only if the borrower had no outstanding balance on a FFELP loan as of the date he or she obtained a loan on or after July 1, 1993.

To qualify for this deferment, a borrower must request it and provide the lender with documentation that shows that he or she meets at least one of the following eligibility criteria:

1. The borrower has been granted an economic hardship deferment under either the FDLP or Federal Perkins Loan Program for the period of time for which the borrower has requested an economic hardship deferment for his or her FFELP loan.
2. The borrower is receiving payment or benefit under a federal or state public assistance program that provides cash payments to individuals whose eligibility for the benefit is established by a needs or income test, either on a pre-eligibility or ongoing basis during the receipt of the benefits. Examples of such public assistance include as Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance programs. Unemployment benefits and Social Security Administration (SSA) benefits in the form of retirement, disability, or survivor benefits are not awarded based on a needs or income test and therefore are not considered to be public assistance for this deferment.

[Federal Register dated June 29, 1994; Department of Education private letter guidance dated February 21, 2013]

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Defining Public Assistance for Purposes of the Economic Hardship Deferment**

The *Common Manual* has been updated to explain that for purposes of qualifying for the economic hardship deferment, federal or state public assistance programs must provide cash payments to individuals whose eligibility for the benefit is established by a needs or income test. Examples of program benefits that would not qualify the borrower for an economic hardship deferment include unemployment benefits and Social Security Administration (SSA) benefits in the form of retirement, disability, or survivor benefits.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

A borrower may not qualify for the economic hardship deferment if the borrower does not receive cash payments from a public assistance program that includes a needs or income test to establish eligibility.

*School:*

A school may need to update its counseling materials.

*Lender/Servicer:*

Lenders and servicers may need to update internal policy and borrower counseling regarding qualifying for the economic hardship deferment.

*Guarantor:*

A guarantor may need to update its borrower counseling materials.

*U.S. Department of Education:*

None

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

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March 25, 2014

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Interested Industry Groups and Others

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# COMMON MANUAL – FEDERAL POLICY PROPOSAL

Date: March 28, 2014

X	DRAFT	Comments Due	Apr 18
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**SUBJECT:** Special Allowance and Interest Rate Reporting

**AFFECTED SECTIONS:** Figure A-5 LaRS Special Allowance and Interest Rate Reporting for FFELP Loans

**POLICY INFORMATION:** 1305/Batch 200

**EFFECTIVE DATE/TRIGGER EVENT:** For special exceptions for certain loans first disbursed on or after April 1, 2006 and before July 1, 2010.

Prohibition of new FFELP loans after June 30, 2010.

**BASIS:**

Higher Education Opportunity Act (HEOA) of 2008; Student Aid and Fiscal Responsibility Act (SAFRA) of 2009; §682.302(b).

**CURRENT POLICY:**

The Manual currently contains a version of Figure A-5 LaRS Special Allowance and Interest Rate Reporting for FFELP Loans that is dated March 2008.

**REVISED POLICY:**

The National Council of Higher Education Resources (NCHER) Program Regulations Committee has provided an updated version of its LaRS Special Allowance and Interest Rate Reporting for FFELP Loans chart for inclusion in the Manual. This version is dated August 2010, and contains statutory changes made to special allowance codes as a result of HEOA and SAFRA.

An updated version of the chart, based on further changes to LaRS reporting requirements that were made as a result of the Consolidated Appropriations Act of 2012, is under development and scheduled for release in a future batch during the 2015 production year.

**REASON FOR CHANGE:**

This change incorporates a revised version of Figure A-5 LaRS Special Allowance and Interest Rate Reporting for FFELP Loans into Appendix A of the Manual.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Figure A-5, page 19, as follows:

See attached chart.

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Special Allowance and Interest Rate Reporting**

Appendix A of the *Common Manual* has been updated to incorporate a revised version of Figure A-5 LaRS Special Allowance and Interest Rate Reporting for FFELP Loans, provided by the NCHER Program Regulations Committee.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Student/Borrower:*

None.

*School:*

None.

*Lender/Service:*  
None.

*Guarantor:*  
None.

*U.S. Department of Education:*  
None.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**  
CM Policy Committee

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February 12, 2014.

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Interested Industry Groups and Others

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## LaRS Special Allowance and Interest Rate Reporting For FFELP Loans

Loan Type Code		Special Allowance Factor					
SF <sup>1</sup>	Subsidized Stafford and Subsidized FISL loans	SA	3.50% round up to 1/8%	SL	3.10%	CK	2.09%
PL	PLUS (parent) loans and Grad PLUS loans	SB	3.50%	CA, CE	1.74%	CI ENFP <sup>6</sup>	1.34%
PL <sup>2</sup>	PLUS (student) and ALAS loans	SD	3.25%	CB, CF	2.34%	CJ, CM ENFP <sup>6</sup>	1.94%
SU	Unsubsidized Stafford loans	SE, SG	3.10%	CC, CG	2.64%	CK ENFP <sup>6</sup>	2.24%
SL	SLS loans	SH	2.50% / 3.10% (see below)	CD, CH	2.64%	X* <sup>4,2</sup>	3.50%
SL <sup>3</sup>	PLUS (student) and ALAS loans	SJ	2.20%	CI	1.19%		
CL	Consolidation loans	SK	2.80%	CJ, CM	1.79%		
<b>Special Allowance Codes - For loans made or purchased with taxable funds or tax-exempt funds not subject to the minimum/maximum rules<sup>4</sup></b>							
SA	All loans first disbursed prior to 10-1-1981. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4, rounded up to the nearest 1/8 percent)	SB	All loans first disbursed on/after 10-1-1981 through 10-16-1986 and loans first disbursed on/after 10-17-1986 through 11-15-1986 with a loan period begin date prior to 11-16-1986. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4)				
SC	All loans first disbursed during sequester periods (1st four quarters after first disbursement). These sequester periods included 3-1-1986 to 9-30-1986 and 10-1-1989 to 12-31-1989. (Formulas no longer in effect)	SD	All loans first disbursed on/after 10-17-1986 through 11-15-1986 with a loan period begin date on/after 11-16-1986, and loans first disbursed on/after 11-16-1986 through 9-30-1992. (Formula: Average 90-day Tbill + 3.25% - Interest Rate / 4)				
SE	All loans first disbursed on/after 10-1-1992 through 6-30-1994, and consolidation loans based on applications received by the lender prior to 11-13-1997. (Formula: Average 90-day Tbill + 3.10% - Interest Rate / 4)	SG	All Stafford and PLUS loans first disbursed on/after 7-1-1994 through 6-30-1998 (except Stafford loans first disbursed on/after 7-1-1995 through 6-30-1998 while in school, grace, or deferment status) and consolidation loans based on applications received by the lender on/after 11-13-1997 through 9-30-1998. (Formula: Average 90-day Tbill + 3.10% - Interest Rate / 4)				
SH	All Stafford loans first disbursed on/after 7-1-1995 through 6-30-1998 while in school, grace, or deferment status, and PLUS loans first disbursed on/after 7-1-1998 through 12-31-1999. (Stafford Formula: Average 90-day Tbill + 2.50% - Interest Rate / 4) (PLUS Formula: Average 90-day Tbill + 3.10% - Interest Rate / 4)	SJ	All Stafford loans first disbursed on/after 7-1-1998 through 12-31-1999 while in school, grace, or deferment status. (Formula: Average 90-day Tbill + 2.20% - Interest Rate / 4)				
SK	All Stafford loans first disbursed on/after 7-1-1998 through 12-31-1999 while in a status other than in-school, grace or deferment status. (Formula: Average 90-day Tbill + 2.80% - Interest Rate / 4)	SL	Consolidation loans based on applications received by the lender on/after 10-1-1998 through 12-31-1999. (Formula: Average 90-day Tbill + 3.10% - Interest Rate / 4)				
CA	All Stafford loans first disbursed on/after 1-1-2000 through 3-31-2006 while in school, grace, or deferment status. (Formula: Average 3-month CP + 1.74% - Interest Rate / 4)	CB	All Stafford loans first disbursed on/after 1-1-2000 through 3-31-2006 while in a status other than in-school, grace, or deferment status. (Formula: Average 3-month CP + 2.34% - Interest Rate / 4)				
CC	Consolidation loans based on applications received by the lender on/after 1-1-2000 through first disbursed on/before 3-31-2006. (Formula: Average 3-month CP + 2.64% - Interest Rate / 4)	CD	PLUS loans first disbursed on/after 1-1-2000 through 3-31-2006. (Formula: Average 3-month CP + 2.64% - Interest Rate / 4)				
CE	All Stafford loans first disbursed on/after 4-1-2006 <u>through 9-30-2007</u> while in school, grace, or deferment status. (Formula: Average 3-month CP + 1.74% - Interest Rate / 4, subject to excess interest rebates)	CF	All Stafford loans first disbursed on/after 4-1-2006 <u>through 9-30-2007</u> while in a status other than in-school, grace, or deferment status. (Formula: Average 3-month CP + 2.34% - Interest Rate / 4, subject to excess interest rebates)				
CG	Consolidation loans first disbursed on/after 4-1-2006 <u>through 9-30-2007</u> . (Formula: Average 3-month CP + 2.64% - Interest Rate / 4, subject to excess interest rebates)	CH	PLUS loans first disbursed on/after 4-1-2006 <u>through 9-30-2007</u> . (Formula: Average 3-month CP + 2.64% - Interest Rate / 4, subject to excess interest rebates)				
CI	All Stafford loans first disbursed on/after 10-1-2007 <u>through 6-30-2010</u> while in school, grace, or deferment status, including loans held by an ENFP <sup>6</sup> . (Formula: Average 3-month CP + 1.19% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 3-month CP + 1.34% - Interest Rate / 4, subject to excess interest rebates)	CJ	All Stafford loans first disbursed on/after 10-1-2007 <u>through 6-30-2010</u> while in a status other than in-school, grace, or deferment status, including loans held by an ENFP <sup>6</sup> . (Formula: Average 3-month CP + 1.79% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 3-month CP + 1.94% - Interest Rate / 4, subject to excess interest rebates)				
CK	Consolidation loans first disbursed on/after 10-1-2007 <u>through 6-30-2010</u> , including loans held by an ENFP <sup>6</sup> . (Formula: Average 3-month CP + 2.09% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 3-month CP + 2.24% - Interest Rate / 4, subject to excess interest rebates)	CM	PLUS loans first disbursed on/after 10-1-2007 <u>through 6-30-2010</u> , including loans held by an ENFP <sup>6</sup> . (Formula: Average 3-month CP + 1.79% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 3-month CP + 1.94% - Interest Rate / 4, subject to excess interest rebates)				

Special Allowance Codes - For loans made or purchased with tax exempt funds subject to the minimum/maximum rules <sup>4</sup>				
SA	All loans first disbursed prior to 10-1-1980. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4, rounded up to the nearest 1/8 percent)		XA	All loans first disbursed on/after 10-1-1980 through 9-30-1981. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)
XB	All loans first disbursed on/after 10-1-1981 through 9-30-1992. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)		XC	All loans first disbursed during sequester periods (1st four quarters after first disbursement). These sequester periods include 3-1-1986 to 9-30-1986 and 10-1-1989 to 12-31-1989. (Formulas no longer in effect)
XE	All loans first disbursed on/after 10-1-1992 through 6-30-1994, and consolidation loans based on applications received by the lender prior to 11-13-1997. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)		XG	All Stafford and PLUS loans first disbursed on/after 7-1-1994 through 6-30-1998 (except Stafford loans while in school, grace, or deferment) and consolidation loans based on applications received by the lender on/after 11-13-1997 through 9-30-1998. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)
XH	All Stafford loans first disbursed on/after 7-1-1995 through 6-30-1998 while in school, grace, or deferment, and PLUS loans first disbursed on/after 7-1-1998 through 3-31-2006 <sup>4,7</sup> , for quarters prior to 4-1-2006. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)		XJ	All Stafford loans first disbursed on/after 7-1-1998 through 3-31-2006 <sup>4,7</sup> while in school, grace, or deferment. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)
XK	All Stafford loans first disbursed on/after 7-1-1998 through 3-31-2006 <sup>4,7</sup> while in a status other than in-school, grace or deferment. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)		XL	Consolidation loans based on applications received by the lender on/after 10-1-1998 through first disbursement on/before 3-31-2006 <sup>4,7</sup> . (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)
XM	All Stafford loans first disbursed on/after 4-1-2006 through 6-30-2010 while in school, grace, or deferment, held by lenders eligible for the HERA of 2005 special exemptions <sup>2</sup> . (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater, subject to excess interest rebates)		XN	All Stafford loans first disbursed on/after 4-1-2006 through 6-30-2010 while in a status other than in-school, grace or deferment, held by lenders eligible for the HERA of 2005 special exemptions <sup>2</sup> . (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater, subject to excess interest rebates)
XO	Consolidation loans first disbursed on/after 4-1-2006 through 6-30-2010, held by lenders eligible for the HERA of 2005 special exemptions <sup>2</sup> . (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater, subject to excess interest rebates)		XP	PLUS loans first disbursed on/after 4-1-2006 through 6-30-2010, held by lenders eligible for the HERA of 2005 special exemptions <sup>2</sup> . (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater, subject to excess interest rebates)
XQ	PLUS loans first disbursed on/after 1-1-2000 through 3-31-2006 <sup>4,7</sup> , for quarters beginning on/after 4-1-2006, which loans would have been reported under the "XH" category for quarters prior to 4-1-2006. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)			

Interest Rate Codes	
Fixed	For fixed rate loans, report applicable rate <del>as</del> with two decimal <del>point</del> places.
.07	Stafford loans at a fixed rate of 7% or less.
<del>.99999</del> Fixed	For Consolidation loans based on applications received by the lender on/after 10-1-1998 where the fixed interest rate is a weighted average of the underlying loan interest rates rounded up to the nearest 1/8 of a percent. Report the applicable fixed interest rate of the loan with five decimal places.
CVAR	PLUS loans and SLS loans made in 1986 and 1987 where the interest rate changes each January 1.
VAR	PLUS and SLS loans with first disbursements on or after 7-1-1987, but before 10-1-1992, where the interest rate changes each July 1.
EVAR	All FFELP loans that were guaranteed as variable rate loans with first disbursements on or after 10-1-1992 and Consolidation loans based on applications received by the lender between 11-13-1997 and 9-30-1998, inclusive, where the interest rate changes each July 1, and HEAL portions of Consolidation loans.
FVAR#	Stafford loans that were originally guaranteed as fixed rate loans, but were converted to a variable rate, where the interest rate now changes each July 1. Includes 8/10% loans except for those that fall under the FVARX category. FVAR# includes FVAR7, FVAR8, FVAR9, FVAR10.
FVARX	FFELP Stafford loans with a 8/10% interest rate first disbursed to prior borrowers on or after 7-23-1992 but before 10-1-1992, when such loans reach the 49 <sup>th</sup> month of repayment and beyond.
.068	<del>All</del> Stafford loans (subsidized and unsubsidized) made on or after 7-1-2006 (except subsidized Stafford loans made to undergraduate students as noted below).
.085	All PLUS loans (parent and Grad) made on or after 7-1-2006.
.060	Subsidized Stafford loans made to undergraduate students on or after 7-1-2008 through 6-30-2009.
.060 <sup>8</sup>	All FFELP loan types first disbursed on/after 7-1-2008 that are subject to the SCRA interest rate limitation.
.056	Subsidized Stafford loans made to undergraduate students on/after 7-1-2009 through 6-30-2010.

**Valid Special Allowance, Loan Type, and Interest Rate Code Reporting Combinations**

Subsidized Stafford		Unsubsidized Stafford		PLUS <sup>5</sup>		SLS <sup>5</sup>		Consolidation	
Taxable	Tax-exempt <sup>4</sup>	Taxable	Tax-exempt <sup>4</sup>	Taxable	Tax-exempt <sup>4</sup>	Taxable	Tax-exempt <sup>4</sup>	Taxable	Tax-exempt <sup>4</sup>
SA SF .07	SA SF .07	SE SU .07	XE SU .07	SA PL .09	XA PL .09	SA SL .09	XA SL .09	SC CL .09	XC CL .09
SA SF .09	XA SF .07	SE SU .08	XE SU .08	SB PL .14	XB PL .14	SB SL .14	XB SL .14	SC CL .10	XC CL .10
SB SF .07	XA SF .09	SE SU .09	XE SU .09	SB PL .12	XB PL .12	SB SL .12	XB SL .12	SC CL .11	XC CL .11
SB SF .08	XB SF .07	SE SU EVAR	XE SU EVAR	SB PL CVAR	XB PL CVAR	SB SL CVAR	XB SL CVAR	SC CL .12	XC CL .12
SB SF .09	XB SF .08	SE SU FVAR7	XE SU FVAR7	SC PL .12	XB PL VAR	SC SL .12	XB SL VAR	SD CL .09	XB CL .09
SC SF .07	XB SF .09	SE SU FVAR8	XE SU FVAR8	SC PL VAR	XC PL .12	SC SL VAR	XC SL .12	SD CL .10	XB CL .10
SC SF .08	XB SF .10	SE SU FVAR9	XE SU FVAR9	SD PL .12	XC PL VAR	SD SL .12	XC SL VAR	SD CL .11	XB CL .11
SC SF .09	XB SF FVAR7	SE SU FVAR10	XE SU FVAR10	SD PL CVAR	XE PL EVAR	SD SL VAR	XE SL EVAR	SD CL .12	XB CL .12
SD SF .07	XB SF FVAR8	SG SU EVAR	XG SU EVAR	SD PL VAR	XG PL EVAR	SD SL CVAR		SE CL .01-25	XE CL .01-25
SD SF .08	XB SF FVAR9	SH SU EVAR	XH SU EVAR	SE PL EVAR	XH PL EVAR	SE SL EVAR		SG CL EVAR	XG CL EVAR
SD SF .09	XB SF FVAR10	SJ SU EVAR	XJ SU EVAR	SG PL EVAR	XP PL EVAR			SL CL .#####	XL CL .#####
SD SF .10	XB SF FVARX	SK SU EVAR	XK SU EVAR	SH PL EVAR	XP PL .085			CC CL .#####	XO CL .#####
SD SF FVAR7	XC SF .07	CA SU EVAR	XM SU EVAR	CD PL EVAR	XQ PL EVAR			CG CL .#####	XO CL .06000 <sup>8</sup>
SD SF FVAR8	XC SF .08	CB SU EVAR	XN SU EVAR	CH PL EVAR	XP PL .060 <sup>8</sup>			CK CL .#####	
SD SF FVAR9	XC SF .09	CE SU EVAR	XM SU .068	CH PL .085				CK CL .06000 <sup>8</sup>	
SD SF FVAR10	XE SF .07	CF SU EVAR	XN SU .068	CM PL .085					
SD SF FVARX	XE SF .08	CE SU .068	XM SU .060 <sup>8</sup>	CM PL .060 <sup>8</sup>					
SE SF .07	XE SF .09	CF SU .068	XN SU .060 <sup>8</sup>						
SE SF .08	XE SF EVAR	CI SU .068							
SE SF .09	XE SF FVAR7	CJ SU .068							
SE SF EVAR	XE SF FVAR8	CI SU .060 <sup>8</sup>							
SE SF FVAR7	XE SF FVAR9	CJ SU .060 <sup>8</sup>							
SE SF FVAR8	XE SF FVAR10								
SE SF FVAR9	XG SF EVAR								
SE SF FVAR10	XH SF EVAR								
SG SF EVAR	XJ SF EVAR								
SH SF EVAR	XK SF EVAR								
SJ SF EVAR	XM SF EVAR								
SK SF EVAR	XN SF EVAR								
CA SF EVAR	XM SF .068								
CB SF EVAR	XN SF .068								
CE SF EVAR	XM SF .060 <sup>8</sup>								
CF SF EVAR	XN SF .060 <sup>8</sup>								
CE SF .068	XM SF .056								
CF SF .068	XN SF .056								
CI SF .068									
CJ SF .068									
CI SF .060 <sup>8</sup>									
CJ SF .060 <sup>8</sup>									
CI SF .056									
CJ SF .056									

Notes

1	Stafford Nonsubsidized and FISL Nonsubsidized loans disbursed prior to 10-1-1981 are included within SF loan types.
2	Loans disbursed prior to 10-17-1986 and <b>unable</b> to distinguish from PLUS (parent) loans.
3	Loans disbursed prior to 10-17-1986 and <b>able</b> to distinguish from PLUS (parent) loans.
4	Loans originally made or purchased with tax-exempt funds originally issued prior to 10-1-1993 receive ½ the regular special allowance rate but not less than 9.5% minus the applicable interest rate. Loans made or purchased with tax-exempt funds originally issued on or after 10-1-1993, loans held in tax-exempt bond issues that were refunded on or after 10-1-2004, and loans made or purchased on or after 2-8-2006 regardless of funding source (except those held by lenders eligible for the HERA of 2005 special exemptions), receive regular special allowance and must be reported using the taxable special allowance codes.
5	PLUS and SLS loans first disbursed on/after 7-1-1987 but before 6-30-1994 7-1-1994, and PLUS loans first disbursed on/after 7-1-1998 but before 4-31-1999 1-1-2000 do not receive any special allowance if the annual interest rate calculation does not exceed the applicable maximum interest rate. PLUS loans first disbursed on/after 1-1-2000 will receive special allowance for quarters beginning 4-1-2006, even if the annual interest rate calculation does not exceed the applicable maximum interest rate.
6	Eligible Not-For-Profit (ENFP) holders may receive the increased Special Allowance Factor on loans made on or after October 1, 2007 if they meet the statutory and regulatory requirements for ENFP holders and are designated as such in the Department of Education's Lender Reporting System (LaRS).
7	The HERA created a special exception for loans made or purchased through December 31, 2010, if the holder (1) Was, as of February 8, 2006, and during the quarter for which the special allowance is paid, a unit of the state or local government or a nonprofit private entity; (2) Was, as of February 8, 2006, and during the quarter, not owned or controlled by, or under the common ownership or control with, a for-profit entity; and (3) Held, directly or through any subsidiary, affiliate, or trustee, a total unpaid balance of principal equal to or less than \$100 million on loans for which special allowances were paid under section 438(b)(2)(B) in the most recent quarterly payment prior to September 30, 2005. Loans eligible for this special exception must have been first disbursed on or after April 1, 2006 but before July 1, 2010.
8	FFELP loans first disbursed on/after 7-1-2008 must be reported at the 6% rate when a borrower's interest rate is limited to 6% under the Servicemembers Civil Relief Act if the loan's applicable rate is higher than 6%. This also includes subsidized Stafford loans to graduates that have a 6.8% applicable rate.

# COMMON MANUAL – FEDERAL POLICY PROPOSAL

Date: March 28, 2014

X	DRAFT	Comments Due	Apr 18
	FINAL	Consider at GB meeting	
	APPROVED	with changes/no changes	

**SUBJECT:** Closed School

**AFFECTED SECTIONS:** 13.8.B Closed School

**POLICY INFORMATION:** 1299/Batch 200

**EFFECTIVE DATE/TRIGGER EVENT:** Applications received for school closures that occurred on or after July 1, 2014.

**BASIS:**  
§682.402(d)(1)(i) and §685.214(c)(1)(B).

**CURRENT POLICY:**  
Current policy states that a borrower may qualify for a loan discharge if the borrower or the student on whose behalf a parent borrowed could not complete the program of study at the school because the school closed while the borrower (or student) was enrolled or if the borrower or student withdrew from the school no more than 90 days before the school closed.

**REVISED POLICY:**  
Revised policy extends the current 90-day withdrawal or closure window to 120 days. Revised policy also adds that the Department may extend the 120-day window if the Department determines that exceptional circumstances related to the school's closing justify an extension.

**REASON FOR CHANGE:**  
These revisions incorporate regulatory changes published in the November 1, 2013, *Federal Register*, Vol. 78, No. 212.

**PROPOSED LANGUAGE - COMMON MANUAL:**

**Note: This policy proposal was previously distributed in Batch 199.**

Revise Subsection 13.8.B, page 22, column 2, paragraph 4, as follows:

## 13.8.B Closed School

If a borrower (or student for whom a parent obtained a PLUS loan) is unable to complete his or her program of study due to the closing of a school, the borrower may qualify to have his or her applicable loans discharged. A borrower is eligible for loan discharge of all or part of his or her Consolidation loan for the amount of the closed school loan discharge that would have been applicable to the borrower's underlying loan(s). A borrower is not eligible for loan discharge if the student's program of study was terminated by the school, but the school did not close at that time. An entire school or location must close for a borrower to be eligible for loan discharge.

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 for whom a parent obtained a PLUS loan) received any part of the proceeds of a FFELP loan on or after January 1, 1986, to attend a school that later closed.
- The borrower (or student) did not complete the program of study at the school for which the loan was obtained because the school closed while the student was

enrolled or on an approved leave of absence, or the student withdrew within ~~90~~ 120 days of the school's closing. The Department may extend the 120-day period due to exceptional circumstances related to a school's closing.

The Department will determine whether an exceptional circumstance exists on a case-by-case basis.

[§682.402(d)(1)(i); §685.214(c)(1)(B)]

• . . .

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Closed School**

The *Common Manual* has been updated to incorporate changes published in the November 1, 2013, *Federal Register*. The new rule extends the current 90-day withdrawal or closure window to 120 days. It also adds that the Department may extend this 120-day window if the Department determines that exceptional circumstances related to the school's closing justify an extension. The Department will determine whether an exceptional circumstance exists on a case-by-case basis.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Student/Borrower:*

A borrower may benefit from the extended withdrawal or closure window that qualifies a borrower to have his or her applicable loans discharged under the closed school provisions.

*School:*

The school's owner may have the potential to increase the Department's recovery and associated financial liability.

*Lender/Service:*

A lender may need to amend its closed school procedures.

*Guarantor:*

A guarantor may need to amend its closed school and program review procedures.

*U.S. Department of Education:*

The Department of Education must determine if exceptional circumstances are applicable to allow an extension of the 120 day window.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

January 31, 2014

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee  
CM Guarantor Designees  
Interested Industry Groups and Others

**Comments Received from:**

AES/PHEAA, ASA, College Assist, Evidens Group, FAME, Great Lakes, MDHE, NCHER, NELA, OGSLP, PPSV, SCSLC, TG, UHEAA, USA Funds and VSAC.

## Responses to Comments

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Most commenters supported this proposal as written. Other commenters recommended punctuation or wordsmithing changes that were 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:**

One commenter suggested removing the list of possible exceptional circumstances as it might give the impression that it is a change that coincides with the change to 120 days.

### **Response:**

The Committee agrees.

### **Change:**

The Committee has removed the examples of possible exceptional circumstances.

### **COMMENT:**

One commenter recommended clarifying that the Department determines to extend the 120-day period on an individual-school basis.

### **Response:**

The Committee agrees.

### **Change:**

The proposed text has been revised to include that the Department will determine on a case-by-case basis if an extension of the 120-day period is allowable due to an exceptional circumstance.

### **COMMENT:**

One commenter suggested revising the School Implication Statement to clarify that there are implications that may affect the school owner and not the school itself, since the school technically no longer exists.

### **Response:**

The Committee agrees.

### **Change:**

The school implication statement as follows:

“School:

The school owner may have the potential to increase the Department’s recovery and associated financial liability.”

### **COMMENT:**

The Committee notes that after this policy proposal went through community review, the effective date/trigger event of “Applications received for school closures that occurred on or after July 1, 2014” was made to the NCHER Final Rule side-by-side. The change was made to align with the Department’s intent that this provision was not to be applied retroactively for school closures that occurred prior to July 1, 2014. Therefore, the Committee is submitting the proposal to the community for a second round of consideration so that everyone is aware of this change.

### **Change:**

The Effective Date/Trigger Event has been changed as follows:

“**EFFECTIVE DATE/TRIGGER EVENT:** ~~Closed school~~ Applications received for school closures that occurred on or after July 1, 2014.”

om/edited-as