

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 June 2014. 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.

Verbal Forbearance for Defaulted Loans

The *Common Manual* has been updated to align with November 1, 2013, Final Rules regarding verbal discretionary forbearance and affirmation of the obligation to repay the debt received after default but prior to claim payment. The updated policy states that if a lender grants a verbal request and affirmation of the obligation to repay the debt, the forbearance period is limited to 120 days and cannot be granted consecutively. The lender must verbally review with the borrower or endorser the terms of the forbearance, including the consequences of interest capitalization, and all other repayment options available to the borrower or endorser.

Updated policy also adds information regarding an affirmation of the debt. An affirmation in this case means an acknowledgement of the loan by the borrower or endorser in a legally binding manner. The form of the affirmation of the debt may include, but is not limited to, one of the following:

- A new signed repayment agreement or schedule, or another form of signed agreement to repay the debt;
- A verbal acknowledgment and agreement to repay the debt documented by the lender in the borrower's or endorser's file and confirmed by the lender in a notice to the borrower or endorser; or
- A payment made on the loan.

Further, the updated policy states that if the lender grants a discretionary forbearance based on a verbal agreement and affirmation of the debt, the lender must record the forbearance terms and the affirmation of the debt in the borrower's file. The lender must send, within 30 days of that agreement, a notice to the borrower or endorser confirming the terms of the forbearance agreement and affirmation of the debt as well as information on all other repayment options available to the borrower or endorser.

Affected Sections: **11.20.B Documentation Required for Authorized Forbearance**
 11.20.C Forbearance Length
 11.20.H Forbearance of Defaulted Loans
 11.22 Discretionary Forbearance

Effective Date: Forbearances granted by the lender on or after July 1, 2014, based on the borrower's or endorser's verbal request. The lender may choose to implement the provision no earlier than November 1, 2013.

Basis: §682.211(d); §685.205(a)(8).

Policy Information: 1293/Batch 198

Guarantor Comments: None.

Forbearance Provisions for Borrowers Receiving Department of Defense Student Loan Repayment Benefits

The *Common Manual* has been updated to align with the November 1, 2013, Final Rule regarding mandatory forbearance for borrowers who are receiving Student Loan Repayment benefits authorized under the Department

of Defense. The updated policy states that a lender must grant forbearance, in yearly increments or lesser amounts to equal the actual service period that the borrower is eligible to a borrower who is performing eligible service under *any* Department of Defense programs for repayment of student loans.

Affected Sections: **11.24.C National Service, Loan Forgiveness, Department of Defense
Repayment, or Active Military State Duty**

Effective Date: Forbearances granted by the lender for performing service that qualifies a borrower for Department of Defense loan repayment programs as of July 1, 2014. A lender may choose to implement the provision no earlier than November 1, 2013.

Basis: §682.211(h); §685.205(a)(9)(i).

Policy Information: 1294/Batch 198

Guarantor Comments: None.

Administrative Forbearance for Delinquency before an Authorized Forbearance

The *Common Manual* has been updated to align with November 1, 2013, Final Rules. Lenders may now use an administrative forbearance to resolve the delinquency that exists before an authorized period of forbearance. This allows a borrower to exit the deferment or forbearance in a current status.

Affected Sections: **11.20.G Forbearance of Delinquent Loans
Figure 11-2 Forbearance Eligibility Chart**

11.21.G Delinquency before a Deferment or Certain Forbearances

Effective Date: Administrative forbearances granted by the lender on or after July 1, 2014, to resolve a delinquency before an authorized period of forbearance. The lender may choose to implement the provision no earlier than November 1, 2013.

Basis: §682.211(f)(2); §685.205(b)(2).

Policy Information: 1295/Batch 198

Guarantor Comments: None.