

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1050	NSLDS Reporting and Frequency	<p><b><u>3.5.G</u>      <u>NSLDS Reporting</u></b></p> <p>Incorporates the directive from the Department that strongly encourages monthly reporting of NSLDS data by a lender or servicer, while retaining the minimum quarterly reporting requirement.</p>	Federal	Publication date of NSLDS Technical Update 2000-01.
1051	Defining Enrollment Status	<p><b><u>6.9</u>      <u>Defining Enrollment Status</u></b> <b><u>Appendix G</u></b></p> <p>Includes new standards for determining full-time enrollment status for a student enrolled in a nonstandard term-based, credit hour program or in correspondence coursework. Deletes obsolete formulas for determining full-time enrollment status for students enrolled in a program using both credit and clock hours . Clarifies that noncredit and reduced-credit remedial courses <i>must</i> be included when determining a student's enrollment status, if the student qualifies for aid for the remedial courses.</p>	Federal	Loans first disbursed on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.
1052	Stafford Annual and Aggregate Loan Limit Increases for Undergraduate Students	<p><b><u>6.11.A</u>      <u>Stafford Annual Loan Limits</u></b> <b><u>6.11.B</u>      <u>Stafford Aggregate Loan Limits</u></b> <b><u>Figure 6-4</u></b></p> <p>Incorporates increases in the unsubsidized Stafford annual loan limits, and the combined Stafford aggregate loan limits, for undergraduate students authorized by the ECASLA.</p>	Federal	Stafford loans first disbursed on or after July 1, 2008, for loan periods that include or begin on or after July 1, 2008.
1053	Special Aggregate Stafford Loan Limits for Graduate and Professional Health Profession Students	<p><b><u>6.11.D</u>      <u>Increased Unsubsidized Stafford Loan Limits for Health Profession Students</u></b></p> <p>Incorporates the increase in the Stafford aggregate loan limit for graduate and professional health profession students who are eligible for increased unsubsidized Stafford loans, from \$189,125 to \$224,000.</p>	Federal	Effective on April 18, 2008.

1054	FFELP Delivery to Transfer Students	<p><b><u>8.7.G</u></b>      <b><u>Delivery to Transfer Students</u></b></p> <p>Incorporates a regulatory change regarding a school's examination of a transfer student's financial aid history, made by the HERA Interim Final Rule, published July 3, 2006. The school must determine the amount of any ACG or National SMART grants awarded and delivered during the award year for the transfer student prior to the delivery of FFELP funds.</p>	Federal	Eligibility determinations made on or after July 1, 2007, unless implemented earlier by the school.
1056	Ineligibility for Title IV Aid Due to Prior Default on a Title IV Loan	<p><b><u>5.2.D</u></b>      <b><u>NSLDS Data Match</u></b></p> <p>Clarifies that an individual who is in default on any Title IV loan is ineligible to receive any Title IV aid, including the benefit of a parent PLUS loan, until the default is resolved. However, a parent's unresolved default on a Title IV loan, including a PLUS loan, does not adversely impact a dependent student's eligibility for other Title IV aid.</p>	Correction	Retroactive to the implementation of the <i>Common Manual</i> .
1057	Eligibility Amounts for PLUS Loans	<p><b><u>6.11</u></b>      <b><u>Loan Limits</u></b>  <b><u>6.11.C</u></b>      <b><u>PLUS Loans for Graduate and Professional Students</u></b>  <b><u>6.15.C</u></b>      <b><u>PLUS Loan Certification</u></b></p> <p>Revises text to state explicitly that there is no annual or aggregate loan limit for a parent or Grad PLUS loan. A PLUS loan may not exceed the cost of attendance minus estimated financial assistance for the student.</p>	Correction	Retroactive to the implementation of the <i>Common Manual</i> .
1058	Delivering Loan Funds	<p><b><u>8.7</u></b>      <b><u>Delivering Loan Funds at Eligible Schools</u></b></p> <p>Clarifies that there are three exceptions to the general rule that a student must maintain continuous eligibility for the loan period certified, and provides cross-references to explanations of those exceptions.</p>	Correction	Retroactive to the implementation of the <i>Common Manual</i> .

1059	Diligent Effort	<p><b><u>12.4.A</u></b> <b><u>Due Diligence Requirements for Loans with Monthly Repayment Obligations</u></b></p> <p><b><u>12.4.B</u></b> <b><u>Due Diligence Requirements for Loans with Repayment Obligations Less Frequent Than Monthly</u></b></p> <p><b><u>12.4.D</u></b> <b><u>Contact by Telephone</u></b></p> <p><b><u>12.4.E</u></b> <b><u>Endorser Due Diligence</u></b></p> <p><b><u>12.7.C</u></b> <b><u>Required Address Skip Tracing Activities</u></b></p> <p><b><u>12.8.A</u></b> <b><u>Telephone Skip Tracing Activities</u></b></p> <p><b><u>Appendix G</u></b></p> <p>Specifies that a diligent effort is one successful contact or two attempts to contact the borrower or endorser by telephone. Each effort consists of one successful contact or two attempts to contact the borrower or endorser on different days and at different times.</p>	Correction	Retroactive to the implementation of the <i>Common Manual</i> .
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# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: September 18, 2008

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

**SUBJECT:** NSLDS Reporting and Frequency

**AFFECTED SECTIONS:** 3.5.G NSLDS Reporting

**POLICY INFORMATION:** 1050/Batch 151

**EFFECTIVE DATE/TRIGGER EVENT:** Publication date of NSLDS Technical Update 2000-01.

**BASIS:**

*Technical Update Lenders and Lender Servicers 2000-01; NSLDS Guaranty Agency Data Provider Instructions (DPI), Version 4.1, 1.2 (Appendix A, Fields 135 through 138).*

**CURRENT POLICY:**

Current policy indicates that the lender must report NSLDS data to the guarantor each quarter using the NSLDS Lender Manifest file.

**REVISED POLICY:**

Revised policy incorporates the directive from the Department that strongly encourages monthly reporting, while retaining the minimum quarterly reporting requirement. It also expands the reporting process explanation to indicate that NSLDS data may be reported via the Common Account Maintenance (CAM) process.

**REASON FOR CHANGE:**

The directive is being included to align the Manual with information contained in the *Technical Update for Lenders and Lender Servicers 2000-01*, which strongly encourages monthly reporting of balances by lenders and servicers. In addition, the directive is supported by the information contained in the *NSLDS Guaranty Agency Data Provider Instructions* (revised June 2005) – specifically, instructions for fields 135 through 138 – that indicates that guarantors should, at a minimum, collect balance information monthly and report lender updates to balances monthly. Implementing the monthly reporting directive will allow guarantors to provide more accurate information and improve the quality and accessibility of student aid data, two of the goals of the NSLDS.

Also, although the NSLDS Lender Manifest was developed as a common report format to exchange required information between lenders/servicers and guarantors, the revised policy allows the same information to be exchanged through the CAM process or any other agreed upon format that is an acceptable alternative.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 3.5.G of the July 2008 *Common Manual*, page 17, column 1, paragraph 1, as follows:

**3.5.G NSLDS Reporting**

The National Student Loan Data System (NSLDS) is a national ~~data base~~ database of information on Title IV student aid, including FFELP loans. The NSLDS was developed to provide ~~current~~ loan-level information on Title IV ~~aid loans~~ and to provide an integrated view of ~~other~~ Title IV programs ~~in terms of aid approval, disbursements, repayments, delinquencies, and school closings~~. The overall goals of the NSLDS are to improve the quality and accessibility of student aid data, reduce the burden of administering Title IV aid, and minimize abuse within the aid programs through accurate tracking of funds awarded to assist the postsecondary students for whom the programs were designed ~~efficiency of the Title IV delivery system and to support research on improving program administration~~.

~~Each quarter, a~~ A lender must report NSLDS data on each FFELP loan it holds to the appropriate guarantor. A lender is strongly encouraged to report this data on a monthly basis,

but must report it at least quarterly. A lender may arrange for a designated servicer to report on its behalf.

A lender may reports NSLDS data to the guarantor using the NSLDS Lender Manifest, a common report format developed by the National Council of Higher Education Loan Programs (NCHELP). The lender reporting requirement may also be met through the Common Account Maintenance (CAM) process if the guarantor agrees and the lender provides all the required data, including any resubmission that may be necessary as the result of an error. The lender and guarantor may agree to another format, in which case the guarantor may opt to discontinue the NSLDS Lender Manifest reporting requirement. Although ~~this~~ the NSLDS Lender Manifest record layout will be used throughout the program, specific data requirements may vary slightly among guarantors.

Instructions for the NSLDS Lender Manifest provide complete details on lender reporting requirements. A lender will receive reporting instructions from each guarantor represented in its portfolio of FFELP loans. It is critical that the lender review each guarantor's instructions carefully; the required frequency of reporting and requirements for reporting certain fields may vary among guarantors.

[DCL 95-L-177; NSLDS Technical Update for Lenders and Lender Servicers 2000-01]

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**NSLDS Reporting and Frequency**

The *Common Manual* has been revised to incorporate the directive from the Department that strongly encourages monthly reporting of NSLDS data by a lender or servicer, while retaining the minimum quarterly reporting requirement. The directive aligns the Manual with information contained in the *Technical Update for Lenders and Lender Servicers – 2000-01*, which strongly encourages monthly reporting of balances by lenders and servicers. Implementing monthly reporting of NSLDS data will allow guarantors to provide more accurate information and improve the quality and accessibility of student aid data, two of the goals of the NSLDS.

Revised policy language also expands the reporting process explanation to indicate NSLDS data may be reported via the Common Account Maintenance (CAM) process, if the guarantor agrees and the lender provides all the required data, including any resubmission that may be necessary as the result of an error.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

A borrower's information on the NSLDS may be more current.

*School:*

A school may receive more current information on which to base student eligibility for Title IV aid.

*Lender/Servicer:*

A lender or servicer implementing the monthly reporting directive will be providing more current information.

*Guarantor:*

A guarantor may receive and be able to report more current loan balance information to the NSLDS.

*U.S. Department of Education:*

The Department, through the NSLDS, may receive more current information.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

NCHELP Program Operations Committee NSLDS Workgroup

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

March 26, 2007

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**  
September 11, 2008

**PROPOSAL DISTRIBUTED TO:**  
CM Policy Committee  
CM Guarantor Designees  
Interested Industry Groups and Others  
CM Governing Board Representatives

**COMMENTS RECEIVED FROM:**  
AES/PHEAA, ASA, CSLF, EAC, Great Lakes, HESAA, HESC, KHEAA, MGA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, USA Funds, and VSAC.

**RESPONSES TO COMMENTS**

Most of the commenters supported this proposal as written. Other commenters recommended wordsmithing changes or typographical corrections that made no substantive changes to the policy 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 that the Reason for Change section be revised to mention fields 136 and 138 from the *NSLDS Guaranty Agency Data Provider Instructions* as these are companion fields to data fields 135 and 137.

**Response:**

The Committee agrees.

**Change:**

The Reason for Change was revised to reference fields 136 and 138.

**COMMENT:**

One commenter suggested revising Subsection 3.5.G NSLDS Reporting to explain that if a lender reports through the CAM process, it must have the ability to re-create the transaction in the event an error occurs. The commenter explained that this stipulation is important based on the fact that CAM is event-driven. Therefore, the update is typically reported only one time; however, if the update is rejected due to errors, the lender must have a process in place to support re-sending the updated data. The commenter emphasized that this is especially critical because without Lender Manifest, there is no monthly loan snapshot to update the guarantor's database.

**Response:**

The Committee agrees, but revised the sentence so as not to use operational language.

**Change:**

Subsection 3.5.G is revised as follows:

The lender reporting requirement may also be met through the Common Account Maintenance (CAM) process if the guarantor agrees and the lender is providing provides all the required data and the guarantor agrees, including any resubmission that may be necessary as the result of an error.

nm/edited-rl

# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: September 18, 2008

	DRAFT	Comments Due	
	FINAL	Consider at GB Meeting	
X	APPROVED	with no changes	Sep 18

**SUBJECT:** Defining Enrollment Status

**AFFECTED SECTIONS:** 5.11 Student Enrollment Requirements  
6.9 Defining Enrollment Status  
Appendix G

**POLICY INFORMATION:** 1051/Batch 151

**EFFECTIVE DATE/TRIGGER EVENT:** Loans first disbursed on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.

**BASIS:**  
§668.2(b); 08-09 FSA Handbook, Volume 1, pp. 1-11 and 1-12.

**CURRENT POLICY:**  
Current policy does not include the minimum requirements for full-time enrollment status for a student enrolled in a nonstandard term-based credit-hour program. Current policy includes obsolete formulas for determining full-time enrollment status for students enrolled in a program using both credit and clock hours.

In addition, the glossary definition of "full-time student" states that non-credit courses *may* be included in a school's determination of enrollment status.

**REVISED POLICY:**  
Revised policy includes standards for determining full-time enrollment status for a student enrolled in a nonstandard term-based credit-hour program, and deletes the obsolete formulas for determining full-time enrollment status for students enrolled in a program using both credit and clock hours.

In addition, revised policy clarifies that non-credit and reduced-credit remedial courses *must* be included when determining a student's enrollment status, if the student qualifies for Title IV aid for those courses. A cross-reference to Section 6.9 has also been added in Section 5.11.

**REASON FOR CHANGE:**  
This change is required to comply with final rule changes published in the November 1, 2007, *Federal Register*, Vol. 72, No. 211, and to clarify the effect of non-credit and reduced-credit remedial courses on a student's enrollment status.

## PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 5.11 of the July 2008 *Common Manual*, page 16, column 1, by adding a new paragraph 2, as follows:

...

For more information about defining a student's enrollment status, see Section 6.9.

Revise Section 6.9, page 21, column 1, paragraph 3, as follows:

### 6.9 Defining Enrollment Status

A school must define full-time enrollment status for each of its undergraduate, graduate, ~~or~~ and professional programs of study. A student's enrollment may include any combination of courses, work, research, or special studies (see Section 6.1 for information regarding the

definition of an academic year and the frequency of annual loan limits). Non-credit or reduced-credit remedial courses must be included in the determination of the student's enrollment status if the student qualifies for Title IV aid for those courses. A student's enrollment status may affect the student's cost of attendance (COA), and, therefore, the amount of loan funds the school may certify.

[§668.2(b); ~~07-08~~ 08-09 FSA Handbook, Volume 1, Chapter 1, pp. 1-11 and 1-12]

### Undergraduate Students

For an undergraduate student, the school's definition of full-time enrollment for a program must meet, at a minimum, one of the following standards:

- 12 semester or quarter hours per academic term, for a program that measures in which academic progress is measured in semester, trimester, or quarter hours and uses standard terms (i.e., semesters, trimesters, or quarters).
- ~~24 semester or 36 quarter hours per 30-week academic year, for a program in which academic progress is measured in credit hours without using a semester, trimester, or quarter system. In this case, a week is any period of 7 consecutive days in which the school provides for at least one day of regularly scheduled instruction, examinations, or preparation for final examinations. Any time frame allotted to such preparation for final examinations must be after the last scheduled day of classes for the term or payment period.~~
- For a nonstandard term-based credit-hour program, the product of:

$$\frac{\text{number of weeks of instructional time in the term}}{\text{number of weeks of instructional time in the program's academic year}} \times \frac{\text{number of credit hours in the program's academic year}}{\text{number of credit hours in the program's academic year}}$$

- 24 semester or 36 quarter hours over the weeks of instructional time in the academic year, for a non-term based credit-hour program, or the prorated equivalent if the program is less than an academic year in length. In this case, a week is any period of 7 consecutive days in which the school provides for at least one day of regularly scheduled instruction, examinations, or preparation for final examinations. Any time frame allotted to such preparation for final examinations must be after the last scheduled day of classes for the term or payment period.
- 24 clock hours per week of instructional time, for a program that measures in which academic progress is measured in clock hours.
- A series of courses or seminars that equals 12 semester hours or 12 quarter hours in a maximum of 18 weeks.
- The work portion of a cooperative education program in which the amount of work performed is equal to the academic workload of a full-time student.
- ~~In an educational program using both credit and clock hours, any combination of credit and clock hours in which the sum of the following fractions is equal to or greater than one:~~

*For a program using a semester, trimester, or quarter system:*

$$\frac{\text{number of credit hours per term}}{12} + \frac{\text{number of clock hours per week}}{24}$$

~~For a program not using a semester, trimester, or quarter system:~~

$$\frac{\text{number of semester}}{\text{number of}} + \frac{\text{number of}}{\text{number of}}$$



or trimester hours <u>per academic year</u> 24	+ _____ +	quarter hours per <u>academic year</u> 36	+ _____ +	clock hours <u>per week</u> 24
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The school's definition of half-time enrollment for an undergraduate program must include at least half of the academic workload of the applicable regulatory minimum full-time enrollment standard for that program, as outlined above.  
[§668.2(b)]

Revise Appendix G, page 9, column 2, paragraph 5, as follows:

**Full-Time Student:** An enrolled student (other than a student enrolled in a program of study by correspondence) who is carrying a full academic workload as determined by the school under standards applicable to all students enrolled in the same program of study. The student's workload may include any combination of courses, work, research, or special studies, ~~whether or not for credit~~, that the school considers sufficient to classify the student as a full-time student. Non-credit and reduced-credit remedial courses must be included when determining enrollment status if the student qualifies for Title IV aid for those courses. See Section 6.9 for a detailed definition of a full-time student that includes credit- and clock-hour requirements.

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Defining Enrollment Status**

The *Common Manual* has been revised to include standards for determining full-time enrollment status for a student enrolled in a nonstandard term-based credit-hour program, as required by the final regulations published November 1, 2007. The policy also deletes obsolete formulas for determining full-time enrollment status for students enrolled in a program using both credit and clock hours .

In addition, revised policy clarifies that non-credit and reduced-credit remedial courses *must* be included when determining a student's enrollment status, if the student qualifies for Title IV aid for those courses.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

A borrower enrolled in a nonstandard term-based credit-hour program is subject to a standard for determining enrollment status, which may affect loan eligibility.

*School:*

A school must ensure that the student's enrollment status is properly determined, based on the type of program in which the student is enrolled.

*Lender/Service:*

None.

*Guarantor:*

A guarantor may be required to amend program review procedures.

*U.S. Department of Education:*

The Department may be required to amend program review procedures.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

February 5, 2008

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

September 11, 2008

**PROPOSAL DISTRIBUTED TO:**

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

**Comments Received From:**

AES/PHEAA, ASA, CSLF, EAC, Great Lakes, HESAA, HESC, KHEAA, MGA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, USA Funds, and VSAC.

**Responses to Comments**

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Many of the commenters supported this proposal as written. Other commenters recommended wordsmithing or other non-substantive 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 requested that the Committee review Section 5.11, "Student Enrollment Requirements," for corresponding changes to align with the changes made by this proposal.

**Response:**

The Committee does not believe that the information present in Section 6.9 is appropriate for repetition in Section 5.11. Sections 6.9 and 5.11 cover different topics. Section 5.11, and subsequent Sections 5.12 (telecommunications and correspondence programs) and 5.13 (foreign schools and study-abroad programs) cover general requirements for the types of programs or, as applicable, coursework for which an enrolled student may receive Title IV aid. Section 6.9 contains detailed information about enrollment status definitions and thresholds that impact an individual student's eligibility for Title IV aid. However, the Committee believes that a cross-reference from Section 5.11 to Section 6.9 would be beneficial.

**Change:**

Section 5.11 has been modified to include a new last paragraph, which states:

For information about defining a student's enrollment status, see Section 6.9.

**COMMENT:**

One commenter questioned why correspondence students were not included in the bulleted list of full-time, undergraduate student definitions in Section 6.9, since November 1, 2007, final rule changes to §668.2 do include information about correspondence students.

**Response:**

Section 6.9 devotes a separate subheading to special enrollment status considerations for an undergraduate or graduate student who is enrolled in a correspondence program or coursework, which includes the November 1, 2007, final rule changes. Please see Section 6.9, page 22, column 1, as updated by policy proposal 1031 in Batch 149.

**Change:**

None.

**COMMENT:**

One commenter requested the following clarification, from §668.2, in the second bullet under the subheading "Undergraduate Students" in Section 6.9:

For an undergraduate student, the school's definition of full-time enrollment for a program must meet, at a minimum, one of the following standards:

- . . .

- 24 semester or 36 quarter hours over the weeks of instructional time in the academic year, for a non-term based credit-hour program, or the prorated equivalent if the program is less than an academic year in length. In this case, a week is any period of 7 consecutive days in which the school provides for at least one day of regularly scheduled instruction, examinations, or preparation for final examinations. Any time frame allotted to such preparation for final examinations must be after the last scheduled day of classes for the term or payment period.

**Response:**

The Committee thanks the commenter for bringing this important point to our attention.

**Change:**

The second bullet under the subheading “Undergraduate Students” in Section 6.9 has been modified per the commenter’s request.

**COMMENT:**

One commenter indicated that the Revised Policy description contained an inaccuracy, in that it indicates the full-time enrollment status standards for nonstandard term programs are new. The commenter noted that they were previously found in the Pell grant section of the regulations, and were moved to §668.2 as the result of the November 1, 2007, final rule changes. The commenter stated that the Department always deferred to the calculation found in the Pell section for determining the student’s enrollment status for loans.

**Response:**

The Committee thanks the commenter for offering this observation.

**Change:**

The Revised Policy and Common Bulletin have been modified to remove any inference that the standards for determining full-time enrollment status in nonstandard term-based credit-hour programs are new to the regulations.

**COMMENT:**

One commenter requested the following change in the 2<sup>nd</sup> bullet under “Undergraduate Students” in Section 6.9:

For an undergraduate student, the school’s definition of full-time enrollment for a program must meet, at a minimum, one of the following standards:

- . . .
- 24 semester or 36 quarter hours ~~over the weeks of instructional time in the~~ per academic year, for a non term-based credit-hour program, or the prorated equivalent if the program is less than an academic year in length.

The commenter indicated that the phrase “over the weeks of instructional time in the academic year” is redundant and somewhat confusing.

**Response:**

The Committee respectfully declines to make the commenter’s requested deletion because it would remove an essential point. In order for a student attending a non-term based credit-hour program of an academic year in length to be considered a full-time student, the student must be enrolled in the minimum number of credit hours in the program’s academic year over a period that is no greater than the number of instructional weeks in the program’s academic year.

**Change:**

None.

**COMMENT:**

One commenter requested that the Committee reverse the order of the 2<sup>nd</sup> and 3<sup>rd</sup> bullets under “Undergraduate Students” in Section 6.9. The commenter stated that this change would improve the flow of text by grouping term-based programs together.

**Response:**

The Committee agrees.

**Change:**

The order of bullets under the subheading “Undergraduate Students” in Section 6.9 has been changed per the commenter’s request. The Committee also took this opportunity to draw on regulatory language in §668.2 to clarify that bullet 1 relates to a program that measures academic progress in credit hours *and uses standard terms* (i.e., semesters, trimester, or quarters).

**COMMENT:**

One commenter requested a modification to the new text in the Appendix G definition of “Full-Time Student,” as follows:

Non-credit and reduced-credit remedial courses must be included when determining enrollment status if the student qualifies for Title IV aid for ~~the remedial~~ those courses.

The commenter indicated this change is needed to clarify that non-Title IV aid is not necessarily subject to these restrictions, and to align with language in Section 6.9, paragraph 4.

**Response:**

The Committee agrees.

**Change:**

The new text in the Appendix G definition of “Full-Time Student” has been modified per the commenter’s request. Corresponding changes were also made to the Revised Policy and Common Bulletin.

**COMMENT:**

One commenter requested to clarify bullet 4 under “Undergraduate Students” in Section 6.9, as follows:

For an undergraduate student, the school’s definition of full-time enrollment for a program must meet, at a minimum, one of the following standards:

- . . .
- . . .
- . . .
- 24 clock hours per week of instructional time, for a program that measures academic progress in clock hours.

**Response:**

The Committee agrees.

**Change:**

The commenter’s requested change has been made.

**COMMENT:**

One commenter questioned the use of the phrase “nonstandard term-based credit-hour program,” stating that it seemed awkward and less consistent with terminology used throughout the Manual.

**Response:**

The phrase “nonstandard term-based credit-hour program” is the preferred Manual convention for describing a program of this type.

**Change:**

None.

**COMMENT:**

Three commenters recommended an update to the FSA Handbook citation which supports the change to the first paragraph of Section 6.9.

**Response:**

The Committee agrees.

**Change:**

The citation under paragraph 1 of Section 6.9 has been changed to the 08-09 FSA Handbook, Volume 1, Chapter 1. The page numbers remain accurate.

ke-jcs/kk

# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: September 18, 2008

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

**SUBJECT:** **Stafford Annual and Aggregate Loan Limit Increases for Undergraduate Students**

**AFFECTED SECTIONS:** **6.11.A Stafford Annual Loan Limits**  
**6.11.B Stafford Aggregate Loan Limits**  
**Figure 6-4**

**POLICY INFORMATION:** **1052/Batch 151**

**EFFECTIVE DATE/TRIGGER EVENT:** Stafford loans first disbursed on or after July 1, 2008, for loan periods that include or begin on or after July 1, 2008.

**BASIS:**  
Ensuring Continued Access to Student Loans Act (ECASLA) of 2008 (P.L. 110-227); DCL GEN-08-08.

**CURRENT POLICY:**  
Current policy does not include increases in the unsubsidized Stafford annual loan limits for certain undergraduate students, or the increase in the combined Stafford aggregate loan limit for all undergraduate students.

**REVISED POLICY:**  
Revised policy incorporates increases in the unsubsidized Stafford annual loan limits for certain undergraduate students, and the increase in the combined Stafford aggregate loan limit for all undergraduate students.

**REASON FOR CHANGE:**  
This change is necessary to incorporate increases in the unsubsidized Stafford annual loan limits and the combined Stafford aggregate loan limit for undergraduate students, authorized by the ECASLA.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 6.11.A of the July 2008 *Common Manual*, page 23, column 1, paragraph 3, by adding a new bullet 2, as follows:

**6.11.A Stafford Annual Loan Limits**

The amount of Stafford loan funds that a student may borrow for each academic year—the annual loan limit—is based on whether the student is enrolled in an undergraduate, graduate, or professional program of study. For an undergraduate student, the annual loan limit varies according to several factors:

- The student's dependency status, as defined in Section 6.8.
- For a dependent student, the student's enrollment in undergraduate or graduate preparatory coursework, or teacher certification or recertification coursework (see Figure 6-4).  
[DCL GEN-08-08]
- The year of study in which the student is enrolled (first, second, third, fourth, or subsequent year).
- The length of the undergraduate program of study, regardless of how long it takes the student to complete the program.

- The length of the student's program or final period of enrollment, expressed as a proportion of the school's academic year.

[§682.204(i)]

Revise Subsection 6.11.A, page 24, column 1, bullet 1, as follows:

In determining the appropriate Stafford annual loan limit for an undergraduate student, including a transfer student or a student who has completed a program of study at the same school or a different school, schools and lenders must adhere to the following additional parameters:

...  
...  
...

A student who has an associate degree or bachelor's degree that is required for admission into a program and who is not a graduate or professional student is eligible for Stafford loan funds not to exceed the annual loan limits applicable to ~~third-, fourth-, and fifth-year~~ third-year and beyond undergraduate students. In this case, in order to determine the student's grade level and the applicable annual loan limit, the school may consider the number of years the student completed in the required degree program.  
[§682.204(a)(3), (a)(4), and (d)(4)]

...  
...  
...

- A dependent student who is enrolled as a regular student in an eligible undergraduate degree or certificate program and whose parent has *not* been determined to be unable to obtain a PLUS loan is eligible to borrow up to the base Stafford annual loan limit applicable to the student's current grade level plus an additional \$2,000 in unsubsidized Stafford loan funds (see Figure 6-4). Such a student who is enrolled in preparatory coursework necessary for the student to enroll in an undergraduate or graduate program, or teacher certification or recertification coursework, is eligible to borrow only the base Stafford annual loan limit (see the following three bullets). HEA §428H(d)(3)(A); DCL GEN-08-08
- A student who has a bachelor's degree and is enrolled or accepted for enrollment in coursework necessary for a professional credential or certification from a state that is required for employment as a teacher in an elementary or secondary school in that state is eligible to borrow the following:
  - ~~For a~~ For a dependent student, who has a bachelor's degree and is enrolled or accepted for enrollment in coursework necessary for a professional credential or certification from a state that is required for employment as a teacher in an elementary or secondary school in that state is eligible to borrow the base Stafford annual loan limit of up to \$5,500.
  - ~~For a~~ An independent student, or a dependent student whose parent is *not* eligible for unable to obtain a PLUS loan (because the parent has adverse credit or other exceptional circumstances that are documented by the FAA), is eligible to borrow a the combined subsidized and unsubsidized Stafford annual loan limit of up to \$12,500. Of the total amount borrowed for the year, no more than \$5,500 may consist of subsidized Stafford loan funds (see Figure 6-4).

The loan limits for this category of student are not prorated.  
[HEA §428H(d)(2)(A)(ii); §682.204(a)(7) and (d)(6)(iii); DCL GEN-08-08]

- A student who is taking preparatory coursework that the school has determined and documented to be necessary for the student to enroll in an undergraduate program is eligible to borrow the following:

- ~~For a dependent student, who is taking preparatory coursework that the school has determined and documented to be necessary for the student to enroll in an undergraduate program is eligible to borrow the base Stafford annual loan limit of up to \$2,625.~~
- ~~For an independent student, or a dependent student whose parent is not eligible for unable to obtain a PLUS loan (because the parent has adverse credit or other exceptional circumstances that are documented by the FAA), is eligible to borrow a the combined subsidized and unsubsidized Stafford annual loan limit of up to \$6,625 \$8,625. Of the total amount borrowed for the year, no more than \$2,625 may consist of subsidized Stafford loan funds (see Figure 6-4).~~

A student is eligible for loans for one period of 12 consecutive months beginning on the first day of the loan period for which the student is enrolled. The loan limits for this category of student are not prorated ~~if the coursework is less than an academic year.~~  
[HEA §428H(d)(4)(A)(iii); §682.204(a)(6)(i) and (d)(6)(i); 07-08 FSA Handbook, Volume 3, Chapter 4, p. 3-91; DCL GEN-08-08]

- A student who is taking preparatory coursework that the school has determined and documented to be necessary for the student to enroll in a graduate or professional program is eligible to borrow the following:

- ~~For a dependent student, who is taking preparatory coursework that the school has determined and documented to be necessary for the student to enroll in a graduate or professional program is eligible to borrow the base Stafford annual loan limit of up to \$5,500.~~
- ~~For an independent student, or a dependent student whose parent is not eligible for unable to obtain a PLUS loan (because the parent has adverse credit or other exceptional circumstances that are documented by the FAA), is eligible to borrow a the combined subsidized and unsubsidized Stafford annual loan limit of up to \$12,500. Of the total amount borrowed for the year, no more than \$5,500 may consist of subsidized Stafford loan funds (see Figure 6-4).~~

Preparatory coursework required for admission into a graduate or professional program may be taken at a school that is not generally permitted to certify loans at the fifth-year undergraduate loan level. A student is eligible for loans for one period of 12 consecutive months beginning on the first day of the loan period for which the student is enrolled. The loan limits for this category of student are not prorated.  
[HEA §428H(d)(2)(A)(ii); §682.204(a)(6)(ii) and (d)(6)(ii); DCL GEN-98-2; DCL GEN-08-08]

...

Revise Figure 6-4, page 26, as indicated in the attached chart.

Revise Subsection 6.11.B, page 27, column 1, paragraph 3, as follows:

...



A Stafford aggregate loan limit also does not include the amount of any PLUS loan borrowed by the student or his or her parents. A borrower who has reached the FFELP Stafford aggregate loan limit and whose principal is paid in part through refunds, returned funds, prepayments, payments, cancellations, discharge, or other reductions in principal regains eligibility up to the lesser of the applicable annual loan limit or the aggregate amount.

...

Revise Subsection 6.11.B, page 27, column 2, paragraph 2, as follows:

#### **Undergraduate Students**

A dependent undergraduate student borrower is eligible to borrow up to a combined subsidized and unsubsidized base Stafford aggregate loan amount limit of up to \$23,000 \$31,000 (including all ~~SLs and~~ Direct Stafford loans received or any portion of an outstanding Consolidation loan that fully repaid such loans). Of the total amount borrowed, no more than \$23,000 may consist of subsidized Stafford loan funds. If a ~~student borrower~~ is ineligible for subsidized Stafford loan funds, ~~the student he or she~~ may borrow up to the entire \$23,000 \$31,000 Stafford aggregate loan limit in unsubsidized Stafford loan funds. If the borrower has not reached the \$31,000 limit, the borrower may be eligible for the Stafford annual loan limit applicable to his or her current grade level. To calculate the borrower's remaining Stafford aggregate loan eligibility, subtract the subsidized and unsubsidized Stafford loan amounts the borrower has received from the combined Stafford aggregate loan limit of \$31,000.  
[HEA §428(b)(1)(B)(i); §428H(d)(3)(B); DCL GEN-08-08]

An independent undergraduate student borrower or a dependent student borrower whose parent is unable to obtain a PLUS loan (because the parent has adverse credit or other exceptional circumstances that are documented by the FAA) is eligible to borrow up to a combined subsidized and unsubsidized Stafford aggregate loan amount limit of up to \$46,000 \$57,500 (including all ~~SLs and~~ Direct Stafford loans received or any portion of an outstanding Consolidation loan that fully repaid such loans). Of the total amount borrowed, Subsidized Stafford loans may comprise no more than \$23,000 may consist of subsidized Stafford loan funds of the total amount borrowed. If a ~~student borrower~~ is ineligible for subsidized Stafford loan funds, ~~the student he or she~~ may borrow up to the entire \$46,000 \$57,500 Stafford aggregate loan limit in unsubsidized Stafford loan funds. If the borrower has not reached the ~~\$46,000 \$57,500~~ limit, the borrower may ~~qualify~~ be eligible for the Stafford annual loan ~~amount limit~~ applicable to his or her current grade level. To calculate the borrower's remaining Stafford aggregate loan eligibility, subtract the subsidized and unsubsidized Stafford loan amounts the borrower has received from the combined Stafford aggregate loan limit of ~~\$46,000 \$57,500~~.  
[HEA §428(b)(1)(B)(ii); HEA §428H(d)(4)(B); DCL GEN-97-3; DCL GEN-08-08; ~~07-08 FSA Handbook, Volume 3, Chapter 5, p. 3-96~~]

#### **PROPOSED LANGUAGE - COMMON BULLETIN:**

##### **Stafford Annual and Aggregate Loan Limit Increases for Undergraduate Students**

The July 2008 annual update of the *Common Manual* has been revised to incorporate increases in the unsubsidized Stafford annual loan limit for certain undergraduate students, and increases in the undergraduate Stafford aggregate loan limit authorized by the Ensuring Continued Access to Student Loans Act (ECASLA) of 2008.

Annual loan limits for all undergraduate students, including those that did not increase as the result of the ECASLA, are as follows:

#### **• Preparatory Coursework for Undergraduate Program**

- Base Stafford eligibility (subsidized and unsubsidized): \$2,625
- Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to borrow a PLUS loan): N/A

- Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan): \$6,000
- **First-Year Undergraduates**
  - Base Stafford eligibility (subsidized and unsubsidized): \$3,500
  - Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to borrow a PLUS loan): \$2,000
  - Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan): \$6,000
- **Second-Year Undergraduates**
  - Base Stafford eligibility (subsidized and unsubsidized): \$4,500
  - Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to borrow a PLUS loan): \$2,000
  - Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan): \$6,000
- **Third-Year and Beyond Undergraduates**
  - Base Stafford eligibility (subsidized and unsubsidized): \$5,500
  - Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to borrow a PLUS loan): \$2,000
  - Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan): \$7,000
- **Teacher Certification Coursework, or Preparatory Coursework for Graduate or Professional Program**
  - Base Stafford eligibility (subsidized and unsubsidized): \$5,500
  - Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to borrow a PLUS loan): N/A
  - Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan): \$7,000

A school that does not repackage students who have already received financial aid awards for the 2008-09 academic year must notify students who are eligible for additional unsubsidized Stafford loan amounts that the student may have additional loan eligibility.

The ECASLA increased the Stafford aggregate loan limit for all categories of dependent students to \$31,000, of which no more than \$23,000 may consist of subsidized Stafford loan funds. The Stafford aggregate loan limit for an independent student, and for a dependent student whose parent is unable to borrow a PLUS loan, increased to \$57,500. Of the total amount borrowed, no more than \$23,000 may consist of subsidized Stafford loan funds.

**GUARANTOR COMMENTS:**  
None.

**IMPLICATIONS:**  
*Borrower:*

An undergraduate borrower may be able to receive additional unsubsidized Stafford loan funds in place of private loan funds that may be more costly over the life of the loan. In addition, because the Stafford aggregate loan limits have increased, an independent student, or a dependent student whose parent is unable to borrow a PLUS loan, may be able to take advantage of his or her full annual loan eligibility for a five-year program of study.

*School:*

A school may be required to revise student consumer information and financial aid policies and procedures to reflect changes in the Stafford annual and aggregate loan limits for undergraduate students. A school that does not repackage students who have already received financial aid awards for the 2008-09 academic year must notify students who are eligible for additional unsubsidized Stafford loan amounts that the students may have additional loan eligibility.

*Lender/Service:*

A lender may need to update consumer information for students and parents. A lender that edits for Stafford annual and aggregate loan limits may be required to make system changes.

*Guarantor:*

A guarantor may need to train its program participants on the new Stafford annual and aggregate loan limits, update consumer information for students and parents, and revise school program review policies. A guarantor that edits for annual and aggregate loan limits may be required to make system changes.

*U.S. Department of Education:*

The Department may need to train federal student loan program participants on the new Stafford annual and aggregate loan limits, update consumer information for students and parents, revise school program review policies, make system changes to accommodate loans originated at the higher annual and aggregate limits, and facilitate coordinating changes to the NSLDS.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

May 19, 2008

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

September 11, 2008

**PROPOSAL DISTRIBUTED TO:**

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

**Comments Received From:**

AES/PHEAA, ASA, CSLF, EAC, Great Lakes, HESAA, HESC, KHEAA, MGA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, USA Funds, and VSAC.

**Responses to Comments**

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Many of the commenters supported this proposal as written. Other commenters recommended wordsmithing or typographical 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 requested that the Committee examine the structure of the text in Subsection 6.11.A to determine how the new text may be better integrated into the existing text. The commenter indicated that including the new language in a separate bullet creates a disconnect as it applies to several of the preceding

paragraphs. The commenter also notes that students eligible for third-year and beyond loan limits are not addressed in this subsection.

A second commenter opined that this proposal was unnecessarily lengthy and recommended the use of a more succinct, easy-to-follow format that replaced much of the text to depict the loan limits, such as a table.

A third commenter requested that the Committee consider redesigning Figure 6-4 to fit the loan limits for each definition on one page and then the definitions of each category and proration calculation on a second page.

A fourth commenter requested that Figure 6-4 make a clearer distinction between the loan amounts available to dependent versus independent students. The commenter stated that the only distinction is the parenthetical descriptions, which are easy to overlook and may cause confusion. The commenter asked the Committee to consider restructuring to make it easier to distinguish between the two additional unsubsidized Stafford eligibility descriptions.

**Response:**

The Committee believes that the commenters' requests to reformat the content of Subsection 6.11.A and Figure 6-4 would create such substantive changes as to necessitate redistribution for additional community comment. Given that the undergraduate Stafford annual loan limits introduced into the Manual by this proposal took effect retroactively on July 1, 2008, the Committee believes it is important to move forward with the proposal and consider the commenter's suggestions for restructuring separately.

**Change:**

None.

**COMMENT:**

One commenter indicated that Manual users would benefit from a clearer distinction in Subsection 6.11.A and Figure 6-4 between "base" and "additional unsubsidized" Stafford annual loan limits.

**Response:**

The Committee agrees and believes that clarity may be best achieved through the restructuring of Subsection 6.11.A and Figure 6-4, as requested by prior commenters. The Committee welcomes suggestions from the commenter as to how this may be achieved.

**Change:**

None.

**COMMENT:**

One commenter stated that the bulleted items in Subsection 6.11.A, page 24, column 2, were very text-heavy and asked if they could be broken down further to make them more reader-friendly. The commenter also indicated that it was unclear throughout bullets 3 and 4 in Subsection 6.11.A, page 24, column 2, that the text referred only to students enrolled in teacher certification or recertification coursework, or undergraduate preparatory coursework, respectively. The commenter suggested a heading for each topic discussed in those bullets.

**Response:**

The Committee will take under advisement, for separate policy proposal development, the recommendation of this and other commenters to look at ways to significantly restructure the text of Subsection 6.11.A to make it more reader-friendly. However, the Committee believes that a more modest change can be made to bullets 3, 4, and 5 to clarify the applicability of the information in those bullets to students who are enrolled in teacher certification coursework, undergraduate preparatory coursework, and graduate preparatory coursework, respectively.

**Change:**

Bullets 3, 4, and 5 in Subsection 6.11.A, page 24, column 2, have been modestly restructured. Each bullet now opens with an explanation of the type of coursework in which the student is enrolled, followed by subbullets that address the annual loan limits for a dependent student and an independent student (or a dependent student whose parent is unable to obtain a PLUS loan), respectively, who is enrolled in that type of coursework.

**COMMENT:**

Two commenters requested that the bulleted items in the Common Bulletin be updated to align with proposed policy text, to clarify that the annual loan limits for undergraduate dependent students do not include a dependent student whose parent is unable to borrow a PLUS loan.

**Response:**

The Committee agrees and thanks the commenters for noting this inconsistency.

**Change:**

All of the bulleted items in the Common Bulletin that describe the annual loan limits for all levels of undergraduate coursework have been modified as exemplified below:

- **Preparatory Coursework for Undergraduate Program**
  - . . .
  - Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to borrow a PLUS loan): N/A
  - . . .

**COMMENT:**

One commenter noted that reference to SLS loans had not been deleted from Subsection 6.11.A, page 27, column 2, paragraph 3, while it was deleted from the prior paragraph.

**Response:**

The Committee thanks the commenter for noting this inadvertent inconsistency.

**Change:**

Reference to SLS loans has been deleted from Subsection 6.11.A, page 27, column 2, paragraph 3.

**COMMENT:**

One commenter requested a change to the category “Third- Through Fifth-Year Undergraduate” students in Figure 6-4. The commenter indicated that it is incorrect to imply that a student is eligible for a Stafford loan only through the fifth year of undergraduate studies, and recommended that the category be revised to read “Third-Year and Beyond Undergraduates.”

For the same reason, this commenter also requested a change in the Figure 6-4 text, below the chart, that addresses Dependent Undergraduate Students, as follows:

. . . The total amount of subsidized and unsubsidized Stafford loans made for any academic year to a dependent, ~~first- through fifth-year~~ undergraduate student may not exceed . . .

**Response:**

Existing Manual references to “third- through fifth-year” or “first- through fifth-year” undergraduates refers to grade level annual loan limits, is not meant to imply termination of Stafford loan eligibility for undergraduate study beyond the fifth year, and aligns with terminology the Department uses in the 07-08 FSA Handbook. However, the Committee also notes that the Department more recently described grade level annual loan limits in the same fashion as the commenter in GEN-08-08.

**Change:**

The commenter’s requested changes have been made, as well as another coordinating change in Subsection 6.11.A, page 24, column 1, bullet 1.

**COMMENT:**

One commenter requested the following change in Subsection 6.11.A, page 24, column 2, new bullet 2:

- A dependent student who is enrolled as a regular student in an eligible undergraduate degree or certificate program and whose parent ~~has not been determined to be unable~~ is able to

obtain a PLUS loan is eligible to borrow the base Stafford annual loan limit applicable to the student's current grade level plus an additional \$2,000 in unsubsidized Stafford loan funds (see Figure 6-4).

The commenter stated that the original wording is confusing. Re-wording this phrase clarifies the parent's ability to obtain a PLUS loan.

**Response:**

The Committee respectfully declines to make the commenter's requested change because it infers that a school may be required to determine whether a dependent student's parent is able, i.e., eligible, to borrow a PLUS loan in cases when the parent declines to apply. In the absence of the school's determination that a dependent student's parent is unable to borrow a PLUS loan, e.g., through documentation of the lender's PLUS loan denial due to adverse credit or other exceptional circumstances documented by the school, the school may assume that a dependent student is eligible only for the base, grade level annual loan limit plus an additional \$2000 in unsubsidized Stafford loan funds.

**Change:**

None.

jcs/edited-kk

**Stafford Undergraduate Annual and Aggregate Loan Limits for Undergraduate Students**

**Figure 6-4**

**Length of Program or Final Period of Enrollment**

	Program of study of at least a full academic year in length	One-year program of study with less than a full academic year remaining	Program of study of less than one academic year
<b>Preparatory Coursework for Undergraduate Program</b>			
Base Stafford eligibility (subsidized and unsubsidized)	\$2,625	N/A	N/A
<u>Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to obtain a PLUS loan)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan)	<del>\$4,000</del> \$6,000	N/A	N/A
<b>First-Year Undergraduates</b>			
Base Stafford eligibility (subsidized and unsubsidized)	\$3,500	Proportional Proration Calculation #1	Proportional Proration Calculation #2
<u>Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to obtain a PLUS loan)</u>	<u>\$2,000</u>	<u>Proportional Proration Calculation #1</u>	<u>Proportional Proration Calculation #2</u>
Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan)	<del>\$4,000</del> \$6,000	Proportional Proration Calculation #1	Proportional Proration Calculation #2

**Length of Program or Final Period of Enrollment**

	Program of study of at least an academic year in length	Program of study with less than a full academic year remaining
<b>Second-Year Undergraduates</b>		
Base Stafford eligibility (subsidized and unsubsidized)	\$4,500	Proportional Proration Calculation #1
<u>Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to obtain a PLUS loan)</u>	<u>\$2,000</u>	<u>Proportional Proration Calculation #1</u>
Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan)	<del>\$4,000</del> \$6,000	Proportional Proration Calculation #1
<b>Third-, Fourth-, and Fifth-Year Third-Year and Beyond Undergraduates</b>		
Base Stafford eligibility (subsidized and unsubsidized)	\$5,500	Proportional Proration Calculation #1
<u>Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to obtain a PLUS loan)</u>	<u>\$2,000</u>	<u>Proportional Proration Calculation #1</u>
Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan)	<del>\$5,000</del> \$7,000	Proportional Proration Calculation #1

## Teacher Certification Coursework or Preparatory Coursework for Graduate or Professional Program

Base Stafford eligibility (subsidized and unsubsidized)	\$5,500	Proportional Proration Calculation #1
<u>Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to obtain a PLUS loan)</u>	<u>N/A</u>	<u>N/A</u>
<u>Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan)</u>	<u>\$7,000</u>	<u>N/A</u>

### Proportional Proration Calculation #1

Multiply the following ratio by the applicable Stafford annual loan limit for a full academic year:

$$\frac{\text{Number of semester, trimester, quarter, or clock hours enrolled}}{\text{Number of semester, trimester, quarter, or clock hours in academic year}}$$

[§682.204(a)(ii) and (d)(ii)]

### Proportional Proration Calculation #2

Multiply the lesser of the following ratios by \$3,500 for base Stafford annual loan limit, and by \$2,000 (for a dependent student) or \$4,000 \$6,000 (for an independent student or a dependent student whose parent is unable to obtain a PLUS loan) for additional unsubsidized Stafford annual loan limit:

$$\frac{\text{Number of semester, trimester, quarter, or clock hours enrolled}}{\text{Number of semester, trimester, quarter, or clock hours in academic year}}$$

or

$$\frac{\text{Number of weeks enrolled in program}}{\text{Number of weeks in academic year}}$$

[§682.204(a)(iii) and (d)(iii)]

### Dependent Undergraduate Students

The total amount of subsidized and unsubsidized Stafford loans made for any academic year to a dependent undergraduate student enrolled in undergraduate or graduate preparatory coursework, or teacher certification coursework, may not exceed the “base Stafford eligibility” specified above for that student’s grade level. The total amount of subsidized and unsubsidized Stafford loans made for any academic year to a dependent, first-year and beyond undergraduate student may not exceed the “base Stafford eligibility” specified above for that student’s grade level plus an “additional unsubsidized Stafford eligibility” amount of \$2,000. A dependent undergraduate student’s unpaid principal amount of subsidized and unsubsidized Stafford loans (including all Direct Stafford loans received or any portion of an outstanding Consolidation loan that paid in full a Stafford or Direct Stafford loan) may not exceed \$23,000 \$31,000. Of the total amount borrowed, no more than \$23,000 may consist of subsidized Stafford loan funds.

[HEA §428(b)(1)(B)(i); HEA §428H(d)(3); §682.204(b)(1) and (c)(1); DCL GEN-08-08]

If a dependent undergraduate student’s parent is unable to obtain a PLUS loan (because the parent has adverse credit or other exceptional circumstances exist that are documented by the FAA), the total amount of subsidized and unsubsidized Stafford loans for any academic year may not exceed the “base Stafford eligibility” plus the “additional unsubsidized Stafford eligibility” specified above for that student’s grade level. Only one parent need be unable to obtain a PLUS loan for the student to be eligible for the additional loan funds. See Subsection 6.15.D for more information.

[HEA §428H(d)(4)(A); §682.204(d); DCL GEN-08-08]

The student’s aggregate unpaid principal amount of all Stafford loans (including all ~~SLS loans~~ and Direct Stafford loans received or any portion of any outstanding Consolidation loan that paid in full a Stafford, SLS, or Direct Stafford loan) may not exceed ~~\$46,000~~ \$57,500 for undergraduate study, ~~with subsidized Stafford loans comprising no more than \$23,000 of the total limit.~~ See Section 6.11 for more information. Of the total amount borrowed, no more than \$23,000 may consist of subsidized Stafford loan funds.

[HEA §428(b)(1)(B)(ii); HEA §428H(d)(4)(B); §682.204(b)(1) and (e)(1); DCL GEN-08-08]

### Independent Undergraduate Students

The total amount of subsidized and unsubsidized Stafford loans for any academic year may not exceed the “base Stafford eligibility” plus the “additional unsubsidized Stafford eligibility” specified above for that student’s grade level. An independent undergraduate student’s unpaid principal amount of all Stafford loans (including all SLS and Direct Stafford loans received or any portion of an outstanding Consolidation loan that paid in full a Stafford, SLS, or Direct Stafford loan) may not exceed ~~\$46,000~~ \$57,500 for undergraduate study, ~~with subsidized Stafford loans comprising no more than \$23,000 of the total limit.~~ See Section 6.11 for more information. Of the total amount borrowed, no more than \$23,000 may consist of subsidized Stafford loan funds.

[HEA §428(d)(4); HEA §428H(d)(4)(B); §682.204(b)(1) and (e)(1); DCL GEN-08-08]



# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: September 18, 2008

	DRAFT	Comments Due	
	FINAL	Consider at GB Meeting	
X	APPROVED	with no changes	Sep 18

**SUBJECT:** Special Aggregate Stafford Loan Limits for Graduate and Professional Health Profession Students

**AFFECTED SECTIONS:** 6.11.D Increased Unsubsidized Stafford Loan Limits for Health Profession Students

**POLICY INFORMATION:** 1053/Batch 151

**EFFECTIVE DATE/TRIGGER EVENT:** April 18, 2008.

**BASIS:**  
DCL GEN-08-04.

**CURRENT POLICY:**  
Current policy states that the Stafford aggregate loan limit for a graduate or professional health profession student who is eligible for increased unsubsidized Stafford loans is \$189,125. (Comment: this aligns with the current text and the bulletin language)

**REVISED POLICY:**  
Revised policy states that the Stafford aggregate loan limit for a graduate or professional health profession student who is eligible for increased unsubsidized Stafford loans is \$224,000.

**REASON FOR CHANGE:**  
This change is necessary to coordinate the Manual's text with an increase in the Stafford aggregate loan limit that the Department authorized for graduate and professional health profession students who are eligible for increased unsubsidized Stafford loans in DCL GEN-08-04.

## PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 6.11.D of the July 2008 *Common Manual*, page 29, column 2, paragraph 3, as follows:

### **Special Aggregate Stafford Aggregate Loan Limits**

Graduate and professional health profession students who are eligible for increased unsubsidized Stafford loans may receive an aggregate amount of ~~\$189,125~~ \$224,000 (including all SLS and Direct Stafford loans received or any portion of an outstanding Consolidation loan that fully repaid such loans). Subsidized Stafford loans may comprise no more than \$65,500 of this amount. If a student is ineligible for subsidized Stafford loan funds, the student may borrow the ~~entire \$189,125~~ \$224,000 aggregate loan limit in unsubsidized Stafford loan funds.

Undergraduate 5-year Bachelor of Pharmacology students may receive an aggregate amount of \$70,625.

## PROPOSED LANGUAGE - COMMON BULLETIN:

### **Special Stafford Aggregate Loan Limits for Graduate and Professional Health Profession Students**

The July 2008 version of the *Common Manual* has been updated to reflect an increase in the Stafford aggregate loan limit for graduate and professional health profession students who are eligible for increased unsubsidized Stafford loans, from \$189,125 to \$224,000. The aggregate amount of subsidized Stafford loan funds that a graduate or professional health profession student may receive remains unchanged at \$65,500.

**GUARANTOR COMMENTS:**  
None.

**IMPLICATIONS:****Borrower:**

A graduate or professional health profession student who reached the prior Stafford aggregate loan limit of \$189,125 will qualify for additional unsubsidized Stafford loan funds, up to the new aggregate loan limit of \$224,000. A graduate or professional health profession student who inadvertently exceeded the prior Stafford aggregate loan limit of \$189,125 is ineligible for additional unsubsidized Stafford loan funds until the borrower repays the excess amount in full, or makes arrangements satisfactory to the holder of the loan to repay the excess amount.

**School:**

A school may determine how to implement the increase in the Stafford aggregate loan limit for graduate and professional health profession students. A school may need to revise its student consumer information and financial aid policies and procedures that address Stafford aggregate loan limits for graduate and professional health profession students who qualify for higher, unsubsidized Stafford loan limits.

**Lender/Service:**

A lender that edits for Stafford aggregate loan limits may be required to make systems changes.

**Guarantor:**

A guarantor that edits for Stafford aggregate loan limits may be required to make system changes. A guarantor may also be required to revise school program review procedures.

**U.S. Department of Education:**

The Department may be required to revise school program review procedures.

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**To be completed by the Policy Committee****POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

April 29, 2008

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

September 11, 2008

**PROPOSAL DISTRIBUTED TO:**

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

**Comments Received From:**

AES/PHEAA, ASA, CSLF, EAC, Great Lakes, HESAA, HESC, KHEAA, MGA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, USA Funds, and VSAC.

**Responses to Comments**

Many of the commenters supported this proposal as written. Four commenters recommended wordsmithing or typographical 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 questioned whether the aggregate Stafford loan limit for undergraduate 5-year Bachelor of Pharmacology students should be increased from \$70,625 to \$82,500, to account for the increase in the undergraduate, additional unsubsidized Stafford loan limits.

**Response:**

Absent explicit guidance from the Department, the Committee does not believe there is sufficient foundation to increase the aggregate Stafford loan limit for 5-year Bachelor of Pharmacology students in the Manual's text. Per GEN-98-18, the Department calculated this aggregate amount using, in part, the maximum, combined first-

through fifth-year Stafford annual loan limit that was available at the time to an independent student, or a dependent student whose parent is unable to borrow a PLUS loan. At that time, the combined, first- and second-year Stafford annual loan limit was \$6,625 and \$7,500, respectively. The Committee is not aware that the Department published guidance increasing the special aggregate loan limit for 5-year Bachelor of Pharmacology students after the first- and second-year combined Stafford annual loan limit increased to \$7,500 and \$8,500, respectively, effective for Stafford loans first disbursed on or after July 1, 2007. If the Committee is made aware of explicit guidance from the Department that impacts the aggregate Stafford loan limit for 5-year Bachelor of Pharmacology students, the Committee will initiate a corresponding modification to the Manual's text at that time.

**Change:**

None.

jcs/edited - kk

# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: September 18, 2008

	DRAFT	Comments Due	
	FINAL	Consider at GB Meeting	
X	APPROVED	with no changes	Sep 18

**SUBJECT:** **Stafford and PLUS Delivery to Transfer Students**

**AFFECTED SECTIONS:** **8.7.G Delivery to Transfer Students**

**POLICY INFORMATION:** **1054/Batch 151**

**EFFECTIVE DATE/TRIGGER EVENT:** Eligibility determinations made on or after July 1, 2007, unless implemented earlier by the school.

**BASIS:**  
§668.19(a)(3).

**CURRENT POLICY:**  
Current policy states that, prior to delivering FFELP loan proceeds to, or on behalf of, a transfer student, the school must determine the amount of any Pell grant funds previously awarded and delivered in the award year.

**REVISED POLICY:**  
Revised policy adds that, prior to delivering FFELP loan proceeds to, or on behalf of, a transfer student, the school must also determine the amount of any ACG and/or National SMART Grant funds previously awarded and delivered in the award year.

**REASON FOR CHANGE:**  
The *Common Manual* is being revised to reflect a regulatory change made by the HERA Interim Final Rule, published July 3, 2006.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 8.7.G of the July 2008 *Common Manual*, page 14, column 1, paragraph 3, as follows:

The school may not deliver Stafford or PLUS loan proceeds to a student or parent of a student who previously attended another eligible school until the school the student is attending determines, from information obtained through the National Student Loan Data System (NSLDS) or its successor system, all of the following:

- The student is not in default on any Title IV program loan.  
[§668.19(a)(1)]
- The student does not owe an overpayment on any Title IV program grant or Perkins loan.  
[§668.19(a)(2)]
- For the award year for which a Pell grant, an Academic Competitiveness grant (ACG), and/or a National SMART grant is requested, the student's scheduled Pell grant, disbursement ACG, and/or National SMART grant award and the amount of any Pell grant, ACG, and/or National SMART grant funds already disbursed delivered to the student.  
[§668.19(a)(3)]
- The outstanding principal balance of loans made to the student under each of the Title IV loan programs.  
[§668.19(a)(4)]
- The amount of, and loan period for, loans made to the student under each of the Title IV loan programs for the academic year for which Title IV aid is requested.  
[§668.19(a)(5)]

**PROPOSED LANGUAGE - COMMON BULLETIN:  
FFELP Delivery to Transfer Students**

The *Common Manual* has been revised to reflect a regulatory change regarding a school's examination of a transfer student's financial aid history, made by the HERA Interim Final Rule, published July 3, 2006. The school must determine the amount of any ACG and/or National SMART grant funds awarded and delivered during the award year for the transfer student prior to the delivery of FFELP funds.

**GUARANTOR COMMENTS:**  
None.

**IMPLICATIONS:**

*Borrower:*

A borrower's financial aid history must be examined for previous ACG and National SMART Grant awards prior to the delivery of FFELP funds to a transfer student.

*School:*

A school must determine any ACG or National SMART Grants awarded and disbursed during the award year for a transfer student prior to the delivery of FFELP funds.

*Lender/Service:*

None.

*Guarantor:*

A guarantor may be required to amend program review procedures.

*U.S. Department of Education:*

The Department may be required to amend program review procedures.

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**To be completed by the Policy Committee**

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

**DATE SUBMITTED TO CM POLICY COMMITTEE:**  
April 24, 2008

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**  
September 11, 2008

**PROPOSAL DISTRIBUTED TO:**  
CM Policy Committee  
CM Guarantor Designees  
Interested Industry Groups and Others  
CM Governing Board Representatives

**COMMENTS RECEIVED FROM:**  
AES/PHEAA, ASA, CSLF, EAC, Great Lakes, HESAA, HESC, KHEAA, MGA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, USA Funds, and VSAC.

**RESPONSES TO COMMENTS**

All of the commenters supported this proposal as written. One commenter recommended wordsmithing changes or typographical corrections that made no substantive changes to the policy and 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.

ke/om/edited - kk

# COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: September 18, 2008

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

**SUBJECT:** Ineligibility for Title IV Aid Due to Prior Default on a Title IV Loan

**AFFECTED SECTIONS:** 5.2.D NSLDS Data Match

**POLICY INFORMATION:** 1056/Batch 151

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

**BASIS:**

§668.35(a); §682.201(c)(1)(iv); 08-09 FSA Handbook, Volume 1, Chapter 3, pp. 1-47 to 1-48 and Chapter 7, p. 1-74.

**CURRENT POLICY:**

Current policy states that a prospective Stafford or PLUS loan borrower is ineligible for a FFELP loan if he or she, or the student for whom a parent borrower is seeking a PLUS loan, has an outstanding, unresolved default on any Title IV loan.

**REVISED POLICY:**

Revised policy clarifies that an individual who is in default on any Title IV loan is ineligible to receive any Title IV aid, including the benefit of a parent PLUS loan, until the default is resolved. However, a parent's unresolved default on a Title IV loan does not adversely impact a dependent student's eligibility for Title IV aid, except that a school must not certify a parent PLUS loan for the defaulted parent borrower.

**REASON FOR CHANGE:**

This change is necessary to clarify that a student who has an unresolved default on any Title IV loan is ineligible to receive any Title IV aid (including a parent PLUS loan), and that a parent's unresolved default on a Title IV loan (including a PLUS loan) does not adversely impact the dependent student's eligibility for Title IV aid other than a parent PLUS loan for the defaulted parent borrower.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 5.2.D of the July 2008 *Common Manual*, page 6, column 2, paragraph 4, as follows:

**Prior Default**

~~A prospective Stafford or PLUS loan borrower is ineligible for a FFELP loan if he or she, or the student for whom a parent borrower is seeking a PLUS loan, has an outstanding, unresolved default on any Title IV loan (a FFELP loan, FDLP loan, Federal Perkins loan, or Federal Insured Student Loan) obtained for attendance at any school. An individual who is in default on any Title IV loan is ineligible to receive any Title IV aid, including the benefit of a parent PLUS loan, until the default is resolved in one of the ways described below. However, a parent's unresolved default on a Title IV loan does not adversely impact a dependent student's eligibility for Title IV aid, except that a school must not certify a parent PLUS loan for the defaulted parent borrower.~~

[08-09 FSA Handbook, Volume 1, Chapter 3, pp. 1-47 to 1-48 and Chapter 7, p. 1-74]

In determining whether the student or parent borrower has ever defaulted on any Title IV loan, a school may rely on the information provided by the ~~student or parent~~ borrower during the loan process and on NSLDS financial aid history information unless the school receives conflicting information. The school must reconcile all conflicting information before delivering any Title IV funds to a borrower who has an unresolved default on a Title IV loan, and must retain documentation that clearly substantiates its determination that the ~~student or parent~~ borrower's prior default was resolved. Documentation stating that the reporting entity has "no record" of the ~~student or parent~~ borrower's default is not considered adequate.

A ~~student or parent~~ borrower who has defaulted on any Title IV loan is eligible for a new FFELP loan only if each defaulted loan has been resolved. A defaulted FFELP loan may be resolved in one of the following ways:

- The defaulted loan ~~has been~~ is paid in full.  
[§668.35(a)(1)]
- The defaulted loan ~~has been~~ is discharged or determined to be dischargeable in a bankruptcy action.  
[§668.35(h)]
- The borrower's eligibility for Title IV funds ~~has been~~ is reinstated as a result of the borrower making satisfactory repayment arrangements with the loan holder (see "Reinstatement of Title IV Eligibility after Default" later in this subsection).  
[§668.35(a)(2)]
- The defaulted loan ~~has been~~ is rehabilitated as a result of the borrower making nine voluntary, on-time, full monthly payments of a reasonable and affordable amount, during a period of 10 consecutive months, and each loan ~~has been~~ is purchased by a lender. For more information on loan rehabilitation, see Section 13.7.  
[HEA §428F(a)(1)(A)]
- The defaulted loan ~~has been~~ is discharged because the student for whom the Stafford or PLUS loan was obtained was unable to complete the program of study due to the school's closing.  
[§682.405(a)(2)]
- The defaulted loan ~~has been~~ is discharged by the Department because the borrower's eligibility for the loan was falsely certified by the school.  
[§682.402(e)]
- The borrower ~~has made~~ makes satisfactory repayment arrangements on the defaulted loan and ~~consolidated~~ consolidates that loan, or the borrower ~~has agreed~~ agrees to repay a Consolidation loan under an income-sensitive repayment schedule. For more information on consolidating defaulted loans, see Section 15.2.  
[§682.201(c)(1)]

...

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Ineligibility for Title IV Aid Due to Prior Default on a Title IV Loan**

The July 2008 version of the *Common Manual* has been updated to clarify that an individual who is in default on any Title IV loan is ineligible to receive any Title IV aid, including the benefit of a parent PLUS loan, until the default is resolved. However, a parent's unresolved default on a Title IV loan does not adversely impact a dependent student's eligibility for Title IV aid, except that a school must not certify a parent PLUS loan for the defaulted parent borrower.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

None.

*School:*

None.

*Lender/Servicer:*

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

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

December 7, 2007

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

September 11, 2008

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

CM Governing Board Representatives

**Comments Received From:**

AES/PHEAA, ASA, CSLF, EAC, Great Lakes, HESAA, HESC, KHEAA, MGA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, USA Funds, and VSAC.

**Responses to Comments**

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Many of the commenters supported this proposal as written. Other commenters recommended wordsmithing, typographical, or other non-substantive 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 requested a clarification in the first paragraph under the subheading "Prior Default" in Subsection 5.2.D, as follows:

An individual who is in default on any Title IV loan is ineligible to receive any Title IV aid, including the benefit of a parent PLUS loan until the default is resolved in one of the ways described below. However, a parent's unresolved default on a Title IV loan, including a PLUS loan, does not adversely impact a dependent student's eligibility for ~~other~~ Title IV aid other than a parent PLUS loan.

**Response:**

The Committee agrees that the commenter's verbiage is more explicit. However, the Committee believes that the policy text should be crafted in a way that allows the dependent student to receive a parent PLUS loan from another, eligible parent borrower.

**Change:**

The first paragraph under "Prior Default" has been modified as follows:

However, a parent's unresolved default on a Title IV loan, ~~including a PLUS loan,~~ does not adversely impact a dependent student's eligibility for ~~other~~ Title IV aid, except that a school must not certify a parent PLUS loan for the defaulted parent borrower.

Corresponding changes have been made to the Revised Policy, Reason for Change, and Common Bulletin.

**COMMENT:**



One commenter requested a new bullet 8 in Subsection 5.2.D, under paragraph 4, as follows:

A student or parent borrower who has defaulted on any Title IV loan is eligible for a new FFELP loan only if each defaulted loan has been resolved. A defaulted FFELP loan may be resolved in one of the following ways:

- . . .
- The defaulted loan is discharged because the borrower of the Stafford or PLUS loan is determined to be the victim of identity theft.

The commenter stated that a defaulted FFELP loan may be resolved if the borrower is determined to be the victim of the crime of identity theft.

**Response:**

The Committee believes that the commenter's suggestion has merit, however, it is outside the scope of this proposal and would necessitate a separate triggering event. The Committee will evaluate the commenter's suggestion for future policy proposal development.

**Change:**

None.

**COMMENT:**

One commenter stated that the use of the words "student" or "parent" before "borrower" are unnecessary and the generic term "borrower" would work better every time it is used after the first "student or parent borrower" in the first sentence under the Prior Default subheading in Subsection 5.2.D.

**Response:**

The Committee agrees that it is unnecessarily redundant to repeatedly use the phrases "student borrower" and "parent borrower" after their introduction.

**Change:**

The text under "Prior Default" in Subsection 5.2.D has been modified per the commenter's request.

**COMMENT:**

One commenter requested that the regulatory citation in the Basis be corrected to reflect §682.201(b)(4).

**Response:**

The Committee respectfully disagrees that the aforementioned citation is appropriate for this policy proposal, which focuses on the impact of default and addresses issues relative to parent PLUS loan eligibility. The guidance provided by the commenter's citation supports the eligibility of a graduate or professional student PLUS borrower who does not have adverse credit.

**Change:**

None.

jcs/edited-kk

# COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: September 18, 2008

	DRAFT	Comments Due	
	FINAL	Consider at GB Meeting	
X	APPROVED	with no changes	Sep 18

**SUBJECT:** Eligibility Amounts for PLUS Loans

**AFFECTED SECTIONS:** 6.11 Loan Limits  
6.11.C PLUS Loans for Graduate and Professional Students  
6.15.C PLUS Loan Certification

**POLICY INFORMATION:** 1057/Batch 151

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

**BASIS:**

§682.204(h); DCL GEN-92-21; 07-08 FSA Handbook, Volume 3, Chapter 5, pp. 3-78 and 3-90; Student Financial Aid Handbook for Foreign Schools, Chapter 1, pp. 1-5 and 1-7.

**CURRENT POLICY:**

Current policy does not explicitly state that there is no annual or aggregate loan limit for a parent or graduate/professional PLUS loan borrower.

**REVISED POLICY:**

Revised policy states that there is no annual or aggregate loan limit for a parent or Grad PLUS loan. A PLUS loan may not exceed the cost of attendance minus the student's estimated financial assistance for the loan period.

**REASON FOR CHANGE:**

This change is necessary to clarify existing policy, which does not prescribe an annual or aggregate loan limit for a PLUS loan.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Section 6.11 of the July 2008 *Common Manual*, page 23, column 1, paragraph 1, as follows:

**6.11 Loan Limits**

Based on all information available, a school is responsible for certifying a loan amount that ensures a borrower does not receive a loan in excess of the Stafford annual or aggregate loan limits. A PLUS loan may not exceed the cost of attendance (COA) minus the student's estimated financial assistance (EFA) for the loan period. There is no annual or aggregate loan limit for a PLUS loan.

[§682.506(a); §682.603(e)(2)(i); DCL GEN-92-21; 07-08 FSA Handbook, Volume 3, Chapter 5, pp. 3-78 and 3-90]

For more information on Stafford annual and aggregate loan limits, schools should refer to Subsections 6.11.A and 6.11.B, Figure 6-4, and the guidelines issued by the Department in the 07-08 FSA Handbook, Volume 3, Chapter 5, pp. 3-77 to 3-87.

Revised Subsection 6.11.C, page 28, column 1, paragraph 3, as follows:

**6.11.C  
PLUS Loans for Graduate and Professional Students**

A graduate or professional student is eligible to borrow Grad PLUS loan funds not to exceed ~~his or her~~ the cost of attendance (COA) minus the student's estimated financial assistance

(EFA) for the loan period. There is no annual or aggregate loan limit for a Grad PLUS loan. A graduate or professional PLUS loan borrower must meet the student eligibility criteria set forth in Subsections 5.1.A and 5.1.B and the graduate or professional PLUS loan borrower eligibility criteria set forth in Subsection 5.1.C.

[\$682.204(h); DCL GEN-92-21; 07-08 FSA Handbook, Volume 3, Chapter 5, pp. 3-78 and 3-90]

Revise Subsection 6.15.C, page 34, column 2, paragraph 3, as follows:

**6.15.C  
PLUS Loan Certification**

...

**Parent Borrowers**

...

A school determines a parent borrower's maximum eligibility for a parent PLUS loan by subtracting from the cost of attendance (COA) the student's estimated financial assistance (EFA) ~~that both the student, and the parent on behalf of the student, are expected to receive~~ for the loan period. There is no annual or aggregate loan limit for a parent PLUS loan.

[\$682.204(h); DCL GEN-92-21; 07-08 FSA Handbook, Volume 3, Chapter 5, pp. 3-78 and 3-90]

...

Revise Subsection 6.15.C, page 35, column 1, paragraph 1, as follows:

**Graduate and Professional Student Borrowers**

...

A school determines a student borrower's maximum eligibility for a Grad PLUS loan by subtracting from the cost of attendance (COA) the student's estimated financial assistance (EFA) ~~that the student is expected to receive~~ for the loan period. There is no annual or aggregate loan limit for a Grad PLUS loan.

[\$682.204(h); DCL GEN-92-21; 07-08 FSA Handbook, Volume 3, Chapter 5, pp. 3-78 and 3-90]

...

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Eligibility Amounts for PLUS Loans**

The *Common Manual* has been revised to state explicitly that there is no annual or aggregate loan limit for a parent or Grad PLUS loan. A PLUS loan may not exceed the cost of attendance minus the student's estimated financial assistance for the loan period.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

None.

*School:*

None.

*Lender/Servicer:*

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

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

December 7, 2007

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

September 11, 2008

**PROPOSAL DISTRIBUTED TO:**

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

**Comments Received From:**

AES/PHEAA, ASA, CSLF, EAC, Great Lakes, HESAA, HESC, KHEAA, MGA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, USA Funds, and VSAC.

**Responses to Comments**

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Many of the commenters supported this proposal as written. Other commenters recommended wordsmithing, grammatical, or other non-substantive 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 requested a revision in the last, new sentence in Section 6.11, column 1, paragraph 1, as follows:

~~Unlike a Stafford loan, t~~There is no annual or aggregate loan limit for a PLUS loan.

The commenter stated that the construction seemed awkward, given that none of the preceding sentences in the paragraph offer a comparison with the Stafford loan program.

**Response:**

The Committee agrees.

**Change:**

The commenter's requested change has been made.

**COMMENT:**

One commenter requested a change in the 07-08 FSA Handbook citation used in the Basis and in the citations associated with the proposed policy text, from p. 3-78 of Vol. 3, Chapter 5, to p. 3-90.

**Response:**

The Committee agrees that guidance in the 07-08 FSA Handbook, Vol. 3, Chapter 5, p. 3-90 provides additional support for the policy proposal and thanks the commenter for bringing it to our attention. Guidance on that page states that a PLUS loan must not exceed the cost of attendance minus the student's estimated financial assistance, and that there is no other PLUS borrowing limit. However, there is also support for this policy proposal on p. 3-78, where it specifically states that there is no annual loan limit for a PLUS loan.

**Change:**

The citation requested by the commenter has been added to the Basis, and as an additional citation in the changes to Section 6.11 and Subsections 6.11.C and 6.15.C.

**COMMENT:**

One commenter requested a change in the Student Financial Aid Handbook for Foreign Schools citation used in the Basis, from p. 1-5 of Chapter 1, to p. 1-7.

**Response:**

The Committee agrees that guidance in the Student Financial Aid Handbook for Foreign Schools, Chapter 1, p. 1-5 provides additional support for the policy proposal and thanks the commenter for bringing to our attention. Guidance on that page states that a PLUS loan must not exceed the cost of attendance minus the student's estimated financial assistance, and that there is no other PLUS borrowing limit. However, there is also support for this policy proposal on p. 1-7, where it specifically states that there is no aggregate loan limit for a PLUS loan.

**Change:**

The citation requested by the commenter has been added to the Basis.

**COMMENT:**

One commenter requested that §682.204(h) be added to the Basis because it provides a regulatory reference.

**Response:**

The Committee agrees to add the requested citation to the Basis but notes that, in and of itself, it does not provide the explicit clarification that this proposal advances, i.e., that there is no annual or aggregate loan limit for a PLUS loan.

**Change:**

The aforementioned regulatory citation has been added to the Basis.

jcs/edited - kk

# COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: September 18, 2008

	DRAFT	Comments Due	
	FINAL	Consider at GB Meeting	
X	APPROVED	with no changes	Sep 18

**SUBJECT:** Delivering Loan Funds

**AFFECTED SECTIONS:** 8.7 Delivering Loan Funds at Eligible Schools

**POLICY INFORMATION:** 1058/Batch 151

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

**BASIS:**  
§682.604(b)(2)(i), (iii), and (iv).

**CURRENT POLICY:**  
Current policy states that a school may deliver loan proceeds only if it determines that the student has maintained continuous eligibility for the loan period certified by the school.

**REVISED POLICY:**  
Revised policy clarifies that there are three exceptions to the general rule that in order for a school to deliver the proceeds of any loan disbursement, a student must maintain continuous eligibility for the loan period certified, and provides cross-references to explanations of those exceptions.

**REASON FOR CHANGE:**  
The *Common Manual* is being revised to clarify that there are three exceptions to the general rule that in order for a school to deliver the proceeds of any loan disbursement, a student must maintain continuous eligibility for the loan period certified, and to provide cross-references to explanations of those exceptions.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Section 8.7 of the July 2008 *Common Manual*, page 7, column 1, paragraph 4, as follows:

A school must ensure that it does not deliver the proceeds of a Stafford loan or a Grad PLUS loan to a student who has lost his or her eligibility to receive the loan, or for whom the school never certified a loan. A school also must ensure that it does not deliver the proceeds of a parent PLUS loan to a student (to whom the parent borrower authorized the delivery of proceeds) if the student and/or the parent borrower has lost his or her eligibility to receive the loan, or if the school never certified a loan.

Generally, ~~A~~ a school may deliver the proceeds of any loan disbursement only if it determines that the student has maintained continuous eligibility for the loan period certified by the school. See Subsections 8.7.E (Late Delivery), 8.7.F (Delivery to Borrowers in Special Circumstances, subheading "Temporary Change in Enrollment Status") and 8.11.A (Exceptions to Delivery Restrictions at Ineligible Schools) for exceptions to this general rule.  
[§668.164(b); §682.604(b)(2)(i), (iii) and (iv)]

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Delivering Loan Funds**

The *Common Manual* has been revised to clarify that there are three exceptions to the general rule that in order for a school to deliver the proceeds of any loan disbursement, a student must maintain continuous eligibility for the loan period certified, and to provide cross-references to explanations of those exceptions.

**GUARANTOR COMMENTS:**  
None.

**IMPLICATIONS:**

*Borrower:*  
None.

*School:*  
None.

*Lender/Servicer:*  
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

**DATE SUBMITTED TO CM POLICY COMMITTEE:**  
April 24, 2008

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**  
September 11, 2008

**PROPOSAL DISTRIBUTED TO:**  
CM Policy Committee  
CM Guarantor Designees  
Interested Industry Groups and Others  
CM Governing Board Representatives

**COMMENTS RECEIVED FROM:**  
AES/PHEAA, ASA, CSLF, EAC, Great Lakes, HESAA, HESC, KHEAA, MGA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, USA Funds, and VSAC.

**RESPONSES TO COMMENTS**

All of the 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.

ke-om/edited - kk

# COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: September 18, 2008

	DRAFT	Comments Due	
	FINAL	Consider at GB Meeting	
X	APPROVED	with no changes	Sep 18

**SUBJECT:** Diligent Effort

**AFFECTED SECTIONS:** 12.4.A Due Diligence Requirements for Loans with Monthly Repayment Obligations  
12.4.B Due Diligence Requirements for Loans with Repayment Obligations Less Frequent Than Monthly  
12.4.D Contact by Telephone  
12.4.E Endorser Due Diligence  
12.7.C Required Address Skip Tracing Activities  
12.8.A Telephone Skip Tracing Activities  
Appendix G

**POLICY INFORMATION:** 1059/Batch 151

**EFFECTIVE DATE/TRIGGER EVENT:** July 1, 1996, unless implemented earlier by the lender.

**BASIS:**  
§682, Appendix D, Q & A #1; DCL 88-G-138.

**CURRENT POLICY:**

Current policy states that a diligent effort for telephone contact is one successful contact or two unsuccessful attempts to contact the borrower or endorser by telephone.

**REVISED POLICY:**

Revised policy states that a diligent effort for telephone contact is one successful contact or two attempts to contact the borrower or endorser by telephone. Generally speaking, one actual telephone contact with the borrower, or two attempts to make such contact on different days and at different times, will satisfy the "diligent effort" requirement. However, the "diligent effort" requirement is intended to be a flexible one, requiring the lender to act on information it receives in the course of attempting telephone contact regarding the borrower's actual telephone number and the best time to call and reach the borrower.

**REASON FOR CHANGE:**

The *Common Manual* is being revised to align with regulations in §682, Appendix D to clarify that if an attempt to contact the borrower or endorser by telephone is not successful, the lender should make a second attempt to call the borrower or endorser on a different day and at a different time. This policy is intended to be a flexible one, requiring the lender to act on information it receives in the course of attempting telephone contact regarding the borrower's actual telephone number and the best time to call and reach the borrower.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 12.4.A of the July 2008 *Common Manual*, page 5, column 2, paragraph 1, as follows:

**16-180 days delinquent**

If there is no rolling delinquency and no special occurrences exist on the account, the lender must perform the following activities:

- Make at least four diligent efforts (each consisting of one successful contact or at least two unsuccessful attempts) to contact the borrower by telephone. At least one diligent attempt to contact the borrower by telephone must occur on or before the 90th day of delinquency, and another must occur after that date (see Subsection 12.4.D).  
[§682.411(d)(1); §682, Appendix D, Q&A #1; DCL 96-L-186/96-G-287, Q&A #53]



- ...

Revise Subsection 12.4.A, page 6, column 2, paragraph 3, as follows:

#### **Due Diligence with a Rolling Delinquency or Special Occurrence**

If a rolling delinquency or special occurrence (see Subsection 12.3.E and 12.3.F) exists on the account, the lender must perform the requirements applicable to the time frames noted:

- ...
- If the account is 16-90 days delinquent as a result of a rolling delinquency or at the time of a special occurrence, the lender must make two diligent efforts to contact the borrower by telephone before the 181st day of delinquency (not applicable if the borrower's telephone number is invalid). Each diligent effort must involve one successful contact or at least two unsuccessful attempts to contact the borrower by telephone (see Subsection 12.4.D). Please note that the requirement to perform one diligent telephone effort on or before the 90th day of delinquency does not apply. If, despite these efforts, the lender is unable to contact the borrower by telephone, the lender must send at least two forceful collection letters. If the lender's telephone efforts result in only a single contact with the borrower, the lender must send at least one forceful collection letter.  
[§682.411(d)(3)(i); §682, Appendix D, Q&A #1; DCL 96-L-186/96-G-287, Q&As #50 and #51, and May 1996 supplement to the DCL]
- If the account is 91-120 days delinquent as a result of a rolling delinquency or at the time of a special occurrence, the lender must make one diligent effort to contact the borrower by telephone before the 181st day of delinquency (not applicable if the borrower's telephone number is invalid). This diligent effort must involve one successful contact or at least two unsuccessful attempts to contact the borrower by telephone (see Subsection 12.4.D). If, despite these efforts, the lender is unable to contact the borrower by telephone, the lender must send at least one forceful collection letter.  
[§682.411(d)(3)(ii); §682, Appendix D, Q&A #1; DCL 96-L-186/96-G-287, Q&As #50 and #51, and May 1996 supplement to the DCL]
- ...

Revise Subsection 12.4.B, page 11, column 2, paragraph 1, as follows:

#### **16-240 days delinquent**

If there is no rolling delinquency and no special occurrences exist on the account, the lender must perform the following activities:

- Make at least four diligent efforts (each consisting of one successful contact or at least two unsuccessful attempts) to contact the borrower by telephone. At least one diligent effort to contact the borrower by telephone must occur on or before the 120th day of delinquency, and another must occur after that date (see Subsection 12.4.D).  
[§682.411(d)(1); §682, Appendix D, Q&A #1; DCL 96-L-186/96-G-287, Q&A #53]
- ...

Revise Subsection 12.4.B, page 12, column 2, paragraph 2, as follows:

#### **Due Diligence with a Rolling Delinquency or Special Occurrence**

If a rolling delinquency or a special occurrence (see Subsections 12.3.E and 12.3.F) exists on the account, the lender must perform the requirements applicable to the time frames noted:

- ...
- If the account is 16-120 days delinquent as a result of a rolling delinquency or at the time

of a special occurrence, the lender must make two diligent efforts to contact the borrower by telephone before the 241st day of delinquency (not applicable if the borrower's telephone number is invalid). Each diligent effort must involve one successful contact or at least two unsuccessful attempts to contact the borrower by telephone (see Subsection 12.4.D). Please note that the requirement to perform one diligent telephone effort on or before the 120th day of delinquency does not apply. If, despite these efforts, the lender is unable to contact the borrower by telephone, the lender must send at least two forceful collection letters. If the lender's telephone efforts result in only a single contact with the borrower, the lender must send at least one forceful collection letter.

[§682.411(d)(3)(i); §682, Appendix D, Q&A #1; DCL 96-L-186/96-G-287, Q&As #50 and #51, and May 1996 supplement to the DCL]

- If the account is 121-180 days delinquent as a result of a rolling delinquency or at the time of a special occurrence, the lender must make one diligent effort to contact the borrower by telephone before the 241st day of delinquency (not applicable if the borrower's telephone number is invalid). This diligent effort must involve one successful contact or at least two unsuccessful attempts to contact the borrower by telephone (see Subsection 12.4.D). If, despite these efforts, the lender is unable to contact the borrower by telephone, the lender must send at least one forceful collection letter.  
[§682.411(d)(3)(ii); §682, Appendix D, Q&A #1; DCL 96-L-186/96-G-287, Q&As #50 and #51, and May 1996 supplement to the DCL]

- ...

Revise Subsection 12.4.D, page 13, column 2, paragraph 2, as follows:

...

Federal regulations define a diligent effort as any one of the following:

- One successful telephone contact with the borrower.  
[§682.411(m)(1)(i)]
- At least two unsuccessful attempts to contact the borrower by telephone at a number that the lender reasonably believes to be the borrower's valid telephone number.  
[§682.411(m)(1)(ii); §682, Appendix D, Q&A #1]
- An unsuccessful effort to obtain the valid telephone number for a borrower—including, but not limited to, a directory assistance inquiry as to the borrower's telephone number—and a diligent effort to contact each comaker, endorser, reference, relative, individual, or entity identified on the borrower's most recent loan records for a loan held by the lender. For more information on skip tracing to obtain a valid telephone number, see Section 12.8.  
[§682.411(m)(1)(iii)]

Generally speaking, one actual telephone contact with the borrower, or two attempts to make such contact on different days and at different times, will satisfy the “diligent effort” requirement. However, the “diligent effort” requirement is intended to be a flexible one, requiring the lender to act on information it receives in the course of attempting telephone contact regarding the borrower’s actual telephone number and the best time to call and reach the borrower.

[§682, Appendix D, Q & A #1]

Revise Subsection 12.4.E, page 14, column 1, paragraph 3, as follows:

#### **Endorser Due Diligence Activities**

The following collection efforts must be performed for any endorser on a FFELP loan. Endorser due diligence may be performed concurrently with borrower due diligence. Before filing a default claim on a loan with an endorser, the lender must:

- Make at least one diligent effort consisting of one successful contact or at least two

~~unsuccessful attempts~~) to contact the endorser by telephone: ~~(see Subsection 12.4.D).~~  
[§682.411(n)(1)(l); §682, Appendix D, Q&A #1]

• ...

Revise Subsection 12.7.C, page 22, column 1, paragraph 2, as follows:

**12.7.C**  
**Required Address Skip Tracing Activities**

A lender's address skip tracing efforts must include, but are not limited to, the following activities:

- Sending a letter to or making a diligent effort (consisting of one successful contact or at least two ~~unsuccessful~~ attempts) to contact by telephone each of the following: (see Subsection 12.4.D):  
[§682, Appendix D, Q&A #1]
  - Each comaker, endorser, relative, reference, individual, and entity (any prior holders of the loan) identified in the borrower's loan file.
  - The schools in the borrower's loan file. This contact should be with the financial aid administrator or other school official who may reasonably be expected to know the borrower's address.
- Other effective commercial skip tracing activities that the lender would conduct in pursuit of information on any other loan in its consumer loan portfolio.

Revise Subsection 12.8.A, page 24, column 1, paragraph 4, as follows:

**12.8.A**  
**Telephone Skip Tracing Activities**

If a lender discovers that it does not have a valid telephone number for a delinquent borrower, the lender must attempt to obtain the borrower's number using all available resources, including the following:

- Inquiring of directory assistance or a comparable service to obtain the borrower's telephone number.
- Sending a letter or making a diligent effort (one contact or at least two ~~unsuccessful~~ attempts) to contact by telephone each comaker, endorser, reference, relative, or individual identified on the most recent loan record or school certification for that borrower: (see Subsection 12.4.D).
- Contacting, either in writing or by telephone, the school identified on the most recent school certification. This contact should be with the financial aid administrator or other school official who may reasonably be expected to know the borrower's telephone number or address.  
[§682.411(m)(1)(iii); §682, Appendix D, Q&A #1]

Revise Appendix G, page 6, column 1, paragraph 4, as follows:

**Diligent Effort:** An attempt to perform a required activity in a matter that complies with federally mandated procedures and requirements. See Chapter 102.

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Diligent Effort**

The *Common Manual* has been revised to specify that a diligent effort for purposes of delinquent loan collection procedures is one successful contact or at least two attempts to contact the borrower or endorser by

telephone. Generally speaking, one actual telephone contact with the borrower, or two attempts to make such contact on different days and at different times, will satisfy the "diligent effort" requirement. However, the "diligent effort" requirement is intended to be a flexible one, requiring the lender to act on information it receives in the course of attempting telephone contact regarding the borrower's actual telephone number and the best time to call and reach the borrower.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*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

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

March 6, 2008

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

September 11, 2008

**PROPOSAL DISTRIBUTED TO:**

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

**COMMENTS RECEIVED FROM:**

AES/PHEAA, ASA, CSLF, EAC, Great Lakes, HESAA, HESC, KHEAA, MGA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCCLC, SLND, SLSA, TG, USA Funds, and VSAC.

**RESPONSES TO COMMENTS**

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Most of the commenters supported this proposal as written. Other commenters recommended wordsmithing changes or typographical corrections that made no substantive changes to the policy 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 did not support the proposal as written. The commenter suggested that all the proposed revisions not be done and that only Subsection 12.4.D, page 13, column 2, paragraph 2 be revised by adding a new paragraph after the bullets as follows:

"Generally speaking, one actual telephone contact with the borrower, or two attempts to make such contact on different days and at different times, will satisfy the 'diligent efforts' requirement. However, the 'diligent efforts' requirement is intended to be a flexible one,

requiring the lender to act on information it receives in the course of attempting telephone contact regarding the borrower's actual telephone number, the best time to call to reach the borrower, etc.”

[§682, Appendix D, Q & A #1]

The commenter stated that this is a more appropriate change as Subsection 12.4.D is a reflection of the definition of diligent effort for telephone contact found in §682.411(m). The definition in Subsection 12.4.D should not be more stringent than the definition found in the regulations. The phrase “on different days and at different times” does not necessarily mean “on different days at different times.” The flexibility of the clarification in Appendix D should allow lenders to contact the borrower at different times on the same day if the lender learns that the borrower can be contacted later that day. In addition, auto-dialer call lists are built each day based on the volume of calls. If it so happens that a call is made to the borrower at the same general time of the day on different days, the lender should not be penalized.

**Response:**

The Committee agrees.

**Change:**

The suggested new text has been added to Subsection 12.4.D, and a cross reference to Subsection 12.4.D has been added to all relevant subsections.

**COMMENT:**

Several commenters stated that the new language that has been added does not totally agree with that in Appendix D, Q & A #1. Some of the commenters also suggested adding verbiage from DCL 88-G-138, Q & A section. This policy mandated “different days at different times” while the Q & A document requires the lender to do so only if it is told that a different day/time would be better. Several of the commenters wanted the flexibility of the regulations to be reflected in the policy. Some commenters offered changes to the text, while others suggested relocating information to other subsections of the *Manual*. One of the commenters pointed out that if the requirement is truly flexible, it may also seem to permit a lender to call back on a different day at the same time, or on the same day at a different time, if the lender is “told” while attempting contact that this would be the best time to reach the borrower. The commenter believes that not to do so would not be diligent. Of course, in such a situation, if actual contact is not made on the second attempt, an additional attempt would ensure that whatever the interpretation, the requirement had been met.

One commenter stated that within the student loan industry, the definition of “diligent effort” has been one telephone contact with the borrower or two attempts to contact the borrower. This definition is supported by regulation as stated in *Common Manual*, Chapter 12, Subsection 12.4.D. The Q & A cited in the policy proposal does give the lender some flexibility to perform this activity. It does not mandate the lender must/shall call on a different day and different time but that the lender has satisfied the requirement if they did. The proposal as written appears to be more stringent than §682.411(m).

**Response:**

The Committee agrees with all of the comments that flexibility should be added to this proposal. The Committee feels the change made as a result of the first comment addresses the commenters concerns.

**Change:**

None.

**COMMENT:**

One commenter did not support the proposal as written. The commenter felt that the proposed changes do not accurately reflect the regulatory definition of “diligent effort” or the intended flexibility of the answer in the 1988 Appendix D Q & A. The commenter stated that the December 18, 1992, regulations incorporated Appendix D into the regulations and also adopted the current definition of “diligent effort” without incorporating the specification of different days and different times from the Q & A. As worded, the proposed changes are more restrictive than the federal basis cited and should not be applied retroactively.

In addition, two additional commenters stated that the effective date/trigger event should not be retroactive to the implementation of the *Common Manual*. They state that the changes to §682.411(m) and the addition of the March 1988 Cure Bulletin as Appendix D occurred in the Final Regulations issued on December 18, 1992. The provisions of §682.411 were subject to the delayed implementation waiver until July 1, 1996, but lenders had the option of implementing them early. The commenters suggest using a specific date into the future for

the effective date to allow lenders to program their auto-dialer.

**Response:**

The Committee agrees that the intended flexibility of the 1988 Appendix D Q & A was not accurately addressed in the proposal, but disagrees that this proposal should not be applied retroactively as the provisions of §682.411 were subject to the delayed implementation waiver only until July 1, 1996. The Committee also disagrees that a specific date into the future is needed for the programming of auto-dialers.

**Change:**

There have been changes made to the proposal that address the flexibility of the intended regulations. In addition, the effective date/trigger event has been revised to July 1, 1996, unless implemented earlier by the lender, since the provisions were subject to the delayed implementation waiver until July 1, 1996. Therefore, the retroactive to the *Common Manual* does not apply since the *Common Manual* was implemented in April 1996.

sm/edited - chh