

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1060	Identity Theft	<p><u>2.2.C Repayment</u> <u>Appendix G</u></p> <p>Adds the crime of identity theft to the list of eligible circumstances for which a lender may be eligible for claim payment for discharge in the FFELP overview in Chapter 2. Updates the definition of the term 'discharge' to include the crime of identity theft.</p>	Correction	False Certification as a result of identity theft loan discharge claims processed by the lender on or after September 8, 2006.
1061	Academic Competitiveness and National SMART Grant Definitions	<p><u>Appendix G</u></p> <p>Includes glossary definitions for the ACG and National SMART Grant programs.</p>	Correction	July 1, 2006.
1062	Common Review Initiative Update	<p><u>Chapter 17 Program Review</u> <u>Appendix F Common Review Initiative (CRI)</u></p> <p>Moves the CRI information from Appendix F to Chapter 17, and updates the information to include ED's approval of the CRI process.</p>	Organizational	January 1, 2008.

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: October 16, 2008

	DRAFT	Comments Due	
	FINAL	Consider at GB Meeting	
X	APPROVED	With No Changes	Oct 16

SUBJECT: Identity Theft

AFFECTED SECTIONS: 2.2.C Repayment
5.2.D NSLDS Data Match
Appendix G

POLICY INFORMATION: 1060/Batch 152

EFFECTIVE DATE/TRIGGER EVENT: False certification as a result of identity theft loan discharge claims processed by the lender on or after September 8, 2006.

BASIS:
§682.402(e)(14).

CURRENT POLICY:
Current policy does not include the crime of identity theft as a circumstance under which a lender may be eligible for claim payment in the FFELP overview in Chapter 2. Current policy also does not include that a borrower who has defaulted on his or her loan is eligible for a new FFELP loan if the defaulted loan has been discharged by the Department because the borrower is determined to be the victim of the crime of identity theft.

REVISED POLICY:
Revised policy adds the crime of identity theft to the list of circumstances under which a lender may be eligible for claim payment in the FFELP overview in Chapter 2. Revised policy also adds that a borrower who has defaulted on his or her loan is eligible for a new FFELP loan if the defaulted loan has been discharged by the Department because the borrower is determined to be the victim of the crime of identity theft. In addition, the definition of the term "discharge" has been updated to include the crime of identity theft.

REASON FOR CHANGE:
This change is needed to align Subsections 2.2.C and 5.2.D with information in Subsection 13.8.E.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 2.2.C, page 10, column 2, paragraph 1, by adding a new bullet 10, as follows;

A lender may be eligible for claim, forgiveness, or discharge payment or reimbursement, as applicable, on the eligible amount of a loan under any of the following circumstances:

- The borrower fails to repay the loan when it is due.
- The borrower or student dies before the loan is paid in full.
- The borrower becomes totally and permanently disabled.
- The borrower qualifies for spouses and parents of September 11, 2001; victims discharge.
- The borrower files for debt collection protection under bankruptcy laws.
- The borrower or student does not receive the benefit of a refund to which he or she was entitled from either the school or a third party.
- The borrower qualifies for loan forgiveness.
- The school closes while the student is attending.

- The school falsely certifies the borrower's eligibility for the loan.
- The borrower qualifies for loan discharge due to the crime of identity theft.

Revise Subsection 5.2.D, page 7, column 1, paragraph 3, 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 has been discharged by the Department because the borrower's eligibility for the loan was falsely certified by the school.
- The defaulted loan is discharged because the borrower is determined to be the victim of the crime of identity theft.
- . . .

Revise Appendix G, page 6, column 1, paragraph 8, as follows:

Discharge: The release of a borrower or any comaker from all or a portion of his or her loan obligation, as applicable, due to bankruptcy, school closure, death, spouses and parents of September 11, 2001; victims, total and permanent disability, an unpaid refund by the school, or the school's false certification of a FFELP loan, or the crime of identity theft. See Section 13.8.

PROPOSED LANGUAGE - COMMON BULLETIN:

Identity Theft

The *Common Manual* has been revised to include identity theft in the list of circumstances under which a lender may be eligible for claim payment in the FFELP overview in Chapter 2. The *Common Manual* has also been revised to state that a borrower who has defaulted on his or her loan is eligible for a new FFELP loan if the defaulted loan has been discharged because the borrower is determined to be the victim of the crime of identity theft. In addition, the definition of the term "discharge" has been updated to include the crime of identity theft.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Servicer:

None.

Guarantor:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
November 7, 2007

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
October 9, 2008

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

COMMENTS RECEIVED FROM:
ASA, CSLF, EAC, FAME, Great Lakes, 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 supported the proposal as written but requested that a new bullet be added to Subsection 5.2.D, page 7, column 1, under paragraph 2, that states "The defaulted loan has been discharged by the Department because the borrower is determined to be the victim of identity theft." The commenter stated that this bullet is a necessary addition because a defaulted FFELP loan may be resolved if the borrower is determined to be the victim of a crime of identity theft.

Response:

The Committee agrees.

Change:

A new bullet has been added to Subsection 5.2.D, page 7, column 1, paragraph 2, 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 has been discharged by the Department because the borrower's eligibility for the loan was falsely certified by the school.
- The defaulted loan is discharged because the borrower is determined to be the victim of the crime of identity theft.

In addition, appropriate changes have been made to the policy statements and the bulletin language.

COMMENT:

One commenter supported the proposal as written but recommended shifting the focus of the policy from "a lender may be eligible for claim payment for discharge" to a "a loan may be eligible for claim payment,

forgiveness, or discharge.” The commenter states that this will improve the flow of the policy. This includes making relevant changes all sections of the policy proposal.

Response:

The Committee disagrees. The intent of Subsection 2.2.C is to describe the lender’s actions in the servicing of the loans under these conditions. Since the subsection is written from the lender’s perspective, the Committee believes that the entire subsection should strive for consistency with that purpose.

Change:

None.

COMMENT:

One commenter suggested the following changes to the definition of discharge for clarity purposes:

Discharge: The release of a borrower or any comaker from all or a portion of his or her loan obligation, ~~as applicable~~, due to bankruptcy, school closure, death, spouses and parents of victims of September 11, 2001, ~~victims~~; total and permanent disability, an unpaid school refund by the school, or the school's false certification of a FFELP loan, or the crime or identity theft. See Section 13.8.

Response:

The Committee disagrees. The text in the definition complies with current Manual convention with reference to these provisions. However, the Committee regularly reviews established conventions and text to ensure efficiency and clarity and can take these suggestions under advisement in a future such review. The Committee sees how the comma after 2001 can cause confusion, and as such, has removed the comma so that it reads “spouses and parents of September 11, 2001 victims.”

Change:

None.

sm/edited - chh

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: October 16, 2008

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Oct 16

SUBJECT: Academic Competitiveness and National SMART Grant Definitions

AFFECTED SECTIONS: Appendix G

POLICY INFORMATION: 1061/Batch 152

EFFECTIVE DATE/TRIGGER EVENT: July 1, 2006.

BASIS:

Higher Education Reconciliation Act of 2005 (P.L. 109-171); HEA §401A; 2008-09 FSA Handbook, Vol. 1, Chapter 6, p. 1-63.

CURRENT POLICY:

Current policy does not include glossary definitions of two federal grant programs, the Academic Competitiveness Grant (ACG) and the National Science and Mathematics Access to Retain Talent (National SMART) Grant.

REVISED POLICY:

Revised policy includes glossary definitions for the ACG and National SMART Grant Programs and a cross-reference to the FSA Handbook for additional information about these programs. A cross-reference to the FSA Handbook has also been added to the existing "Pell Grant" glossary definition.

REASON FOR CHANGE:

This change is required to provide readers with more context for existing references to the ACG and National SMART Grant programs in the Manual's text about estimated financial assistance, and the return of Title IV funds order of return provisions.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Appendix G, page 1, column 1, by inserting a new paragraph 2, as follows:

...

Academic Competitiveness Grant: (ACG) A federal need- and merit-based grant that is intended to encourage a student to complete a rigorous secondary school program of study. For more information about this program, see the FSA Handbook.

...

Revise Appendix G, page 14, column 1, by inserting a new paragraph 3, as follows:

...

National Science and Mathematics Access to Retain Talent Grant: (National SMART Grant) A federal need- and merit-based grant that is intended to encourage a student to major in one of the physical, life, or computer sciences; engineering; technology; mathematics; or a critical foreign language. For more information about this program, see the FSA Handbook.

Revise Appendix G, page 15, column 1, paragraph 1, as follows:

Pell Grant: A federal need-based grant. For more information about this program, see the FSA Handbook.

PROPOSED LANGUAGE - COMMON BULLETIN:

Academic Competitiveness and National SMART Grant Definitions

The *Common Manual* has been updated to include glossary definitions for the Academic Competitiveness Grant (ACG) and National Science and Mathematics Access to Retain Talent (National SMART) Grant Programs.

The ACG is a federal need- and merit-based grant that is intended to encourage a student to complete a rigorous secondary school program of study. The National SMART Grant is also a federal need- and merit-based grant that is intended to encourage a student to major in one of the physical, life, or computer sciences; engineering; technology; mathematics; or a critical foreign language.

A cross-reference to the FSA Handbook was included in the new glossary definitions for the ACG and National SMART Grant Programs, and was added to the existing "Pell Grant" glossary definition.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:

None.

Guarantor:

None.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

July 15, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

October 9, 2008

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

CM Governing Board Representatives

Comments Received From:

ASA, CSLF, EAC, FAME, Great Lakes, 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. 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 the following revision to the new policy text that defines the National SMART Grant:

. . .A federal need- and merit-based grant that is intended to encourage a student to major in physical, life, or computer sciences; engineering; technology; mathematics; or ~~certain~~ critical foreign languages.

Response:

The Committee agrees that the commenter's suggestion is more descriptive.

Change:

The commenters' requested change has been made in both proposed policy text and the Common Bulletin.

COMMENT:

One commenter requested a modification to the Reason for Change as follows:

This change is required to provide readers with more context for existing references to the ACG and National SMART Grant programs in the Manual's text about estimated financial assistance. ~~and The ACG and National SMART Grant programs have also been added to the order of return of Title IV funds order of return provisions for a withdrawn student.~~

The commenter indicated that these changes add clarity.

Response:

The Committee is concerned that the commenter's requested change inaccurately describes the change made in this policy proposal. As revised by the commenter, the Reason for Change indicates that this policy adds the ACG and National SMART Grant programs to the return of Title IV funds order of return provisions in the Manual. The ACG and National SMART Grant programs are already in Manual text relative to the return of Title IV funds order of return provisions.

Change:

The Committee has adopted two of the commenters' wordsmithing suggestions, as follows:

This change is required to provide readers with more context for existing references to the ACG and National SMART Grant programs in the Manual's text about estimated financial assistance and the ~~order of return of Title IV funds~~ order of return provisions ~~for a withdrawn student.~~

COMMENT:

One commenter requested that the FSA Handbook references in all three glossary definitions be more specific, and provided the Committee with citations for each from FSA Handbook Volume 1 – Student Eligibility, and Volume 3 – Calculating Awards and Packaging.

Response:

During the drafting stage of this proposal, the Committee gave consideration to including more specific FSA Handbook citations to accompany these very general federal program definitions. However, since Department guidance about these programs is located in five out of six of the FSA Handbook volumes and the Application and Verification Guide, the Committee decided to make only a general reference to the FSA Handbook.

Change:

None.

COMMENT:

One commenter pointed out that the proposed policy text includes a new cross-reference to the FSA Handbook in the existing definition of Pell Grant that is not included in the Revised Policy statement or Common Bulletin. The commenter requested an update to both sections of this policy proposal to acknowledge the new FSA Handbook cross-reference.

Response:

The Committee agrees.

Change:

The Revised Policy and Common Bulletin have been updated to include mention of the new FSA Handbook cross-references in all three glossary definitions included in this proposal.

jcs/edited-aes

COMMON MANUAL - ORGANIZATIONAL POLICY PROPOSAL

Date: October 16, 2008

	DRAFT	Comments Due	
	FINAL	Consider at GB Meeting	
X	APPROVED	With No Changes	Oct 16

SUBJECT: Common Review Initiative Update

AFFECTED SECTIONS: Chapter 17 Program Review
Appendix F Common Review Initiative

POLICY INFORMATION: 1062/Batch 152

EFFECTIVE DATE/TRIGGER EVENT: January 1, 2008.

BASIS:
None.

CURRENT POLICY:
Currently, information about the Common Review Initiative is found in Appendix F, FFELP Community Initiatives.

REVISED POLICY:
Revised policy moves the CRI information from Appendix F to Chapter 17, and updates the information to include the Department's approval of the CRI process effective January 1, 2008.

REASON FOR CHANGE:
The *Common Manual* is being updated to acknowledge the Department's approval of the Common Review Initiative.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Chapter 17, page 1, column 1, by inserting new text after paragraph 3, as follows:

Guarantors are required by federal regulations to conduct comprehensive biennial program reviews of certain schools and lenders participating in the FFELP. ~~Guarantors, at their option, may elect to review third-party servicers.~~ These reviews may include third-party servicers of schools and lenders, as appropriate. Guarantors may also perform non-mandated reviews of schools, lenders, and their third-party servicers to ensure efficient, effective administration of the FFELP.

Program reviews are conducted ~~by the guarantor and the Department~~ to assess the administrative and financial capability of schools, lenders, and servicers with respect to participation in the FFELP. Chapter 17 describes the criteria used in determining which entities are reviewed, the various stages of the review process, and the most common findings in program reviews.
[HEA §487(c)]

All references to lenders in this chapter include the originating lender and any subsequent holder, as defined in Section 3.1.

Common Review Initiative (CRI)

The Common Review Initiative (CRI) is a process designed to create efficiencies and consistency in lender program reviews by guarantors. Through this joint effort, guarantors collaborate to conduct lender reviews by sharing staff and review costs while using common review procedures. CRI focuses on conducting comprehensive reviews at the servicer level (where possible) using "best practices," and serving FFELP participants by eliminating redundant guarantor reviews.

The CRI Oversight and Administration Council governs CRI and is composed of participating guarantors that have signed an agreement to participate in the CRI effort.

On December 21, 2007, the Department issued a letter approving the CRI process and confirming that reviews conducted under the CRI process satisfy a guarantor's obligation to conduct reviews of lenders and servicers under §682.410(c), effective January 1, 2008.

For more information on the CRI, go to the NCHelp Website at www.nchelp.org and click on the Initiatives link.

Revise Appendix F, page 3, column 1, paragraph 2, as follows:

Common Review Initiative (CRI)

~~The Common Review Initiative (CRI) is a concept designed to create efficiencies and consistency in lender program reviews by guarantors. Through the CRI, guarantors cooperate to conduct lender reviews by sharing staff and review costs while using common review procedures. CRI focuses on conducting comprehensive reviews at the servicer level (where possible) using "best practices," and serving FFELP participants by eliminating redundant guarantor reviews.~~

~~The CRI is governed by a Council of participating guarantors that have signed an agreement to participate in the CRI effort.~~

~~For more information on the CRI, go to the National Council of Higher Education Loan Programs (NCHelp) Website at www.nchelp.org and click on the Initiatives link.~~

PROPOSED LANGUAGE - COMMON BULLETIN:

Common Review Initiative Update

The *Common Manual* has been updated by removing information about the Common Review Initiative from Appendix F and placing the information in Chapter 17, Program Review.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Servicer:

None.

Guarantor:

None.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

January 22, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

October 9, 2008

PROPOSAL DISTRIBUTED TO:

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

COMMENTS RECEIVED FROM:

ASA, CSLF, EAC, FAME, Great Lakes, HESC, KHEAA, MGA, NASFAA, NCHelp, NSLP, OGSLP, PPSV, SCCLC, 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:

Three commenters noted that the first three paragraphs of the Proposed Language did not need to be underlined because that text existed in Chapter 17 prior to relocating the information on CRI.

Response:

The Committee agrees.

Change:

The underlining has been removed from the above-referenced paragraphs.

COMMENT:

One commenter suggested that the third paragraph be expanded to state that ED also confirmed that the CRI process satisfies a guarantor's obligation to review lenders and servicers. The commenter also suggested providing a link within the text that would take the user to the Department's approval letter.

Response:

The Committee agrees.

Change:

The text of the Manual has been expanded, as follows:

"On December 21, 2007, the Department issued approval of a letter approving the CRI process and confirming that reviews conducted under the CRI process satisfy a guarantor's obligation to conduct reviews of lenders and servicers under §682.410(c), effective January 1, 2008."

The words "a letter" will appear as green text in the Manual and will link the user to the Department's CRI approval letter.

COMMENT:

One commenter suggested that Chapter 17, page 1, paragraph 1 be revised, as follows, for completeness and accuracy:

"Guarantors are required by federal regulations to conduct comprehensive biennial program reviews of certain schools and lenders participating in the FFELP. Guarantors, at their option, may elect to review third-party servicers. These reviews may include third-party servicers of schools and lenders, as appropriate. Guarantors may also perform non-mandated reviews of schools, lenders, and third-party servicers to ensure efficient, effective administration of the FFELP."

Response:

The Committee agrees.

Change:

The above-reference paragraph has been changed per the commenter's suggestion.

COMMENT:

One commenter suggested revising Chapter 17, page 1, column 1, paragraph 2 by removing the words, "by the guarantor and the Department" from the second sentence. According to the commenter, this is repetitive of the first sentence of the preceding paragraph, and would be a more accurate statement if those words were removed.

Response:

The Committee agrees.

Change:

The above-referenced paragraph has been changed per the commenter's suggestion.

djo/edited - aes