

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1135	Reduced Interest Rate Documentation for Claims	<p><u>13.1.D</u> <u>Claim File Documentation</u></p> <p>Requires a lender to provide to the guarantor documentation supporting the granting of a reduced interest rate under the Servicemembers Civil Relief Act if, at the time the lender files a claim with the guarantor, the borrower, comaker, or endorser is receiving this benefit. This documentation includes the borrower's written request for the reduced interest rate and the applicable military orders.</p>	Guarantor	Claims filed by the lender on or after January 1, 2010, unless implemented earlier by the lender.
1136	Ineligible Borrower and Identity Theft Claims	<p><u>2.3.C</u> <u>Common Forms</u> <u>13.1.D</u> <u>Claim File Documentation</u></p> <p>States that a lender must submit a completed FFELP Ineligible Borrower and Identity Theft Supplemental form to accompany the FFELP Claim Form to support and provide additional information and documentation necessary to request claim reimbursement for an ineligible borrower discharge or a discharge due to false certification as a result of a crime of identity theft.</p>	Guarantor	Claims filed by the lender on or after January 1, 2010, unless implemented earlier by the lender.
1137	Permitted Activities for Lenders	<p><u>3.4.C</u> <u>Permitted and Prohibited Activities</u></p> <p>Permits a lender to provide entrance counseling services. The school's staff must be in control of the counseling, whether in person or via electronic capabilities. The counseling must not promote the products and services of any specific lender.</p>	Federal	Entrance counseling provided by a lender on behalf of a school on or after August 14, 2008.
1138	Federal Veterans' Education Benefits and Estimated Financial Assistance	<p><u>6.7</u> <u>Determining the Amount of Estimated Financial Assistance</u> <u>Appendix G</u></p> <p>Excludes all federal veterans' education benefits from estimated financial assistance (EFA) for determining eligibility for a Stafford or PLUS loan. Revised policy provides an updated list of federal veterans' education benefits that are excluded.</p>	Federal	July 1, 2009.
1139	Increased Unsubsidized Stafford Loan Limits for Health Profession Students	<p><u>6.11.D.</u> <u>Increased Unsubsidized Stafford Loan Limits for Health Profession Students</u></p> <p>Deletes the reference to a student</p>	Correction	October 1, 1998.

		receiving a <i>Health Education Assistance Loan Program</i> (HEAL) loan for any portion of the same loan period as the increased unsubsidized Stafford annual loan limit available to a health profession student.		
1140	Reporting Social Security Number Changes or Corrections	<p><u>9.1</u> <u>Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections</u></p> <p>States that when the school becomes aware of a discrepancy with a student's or parent borrower's Social Security Number (SSN), date of birth, or first name, the school must attempt to obtain documentation of the correct SSN, date of birth, or first name. The school must notify the guarantor of any change made to the SSN, date of birth, or first name as a result of obtaining documentation, and must notify the lender of any change to the SSN. Revised policy also states that if the school is unable to obtain a copy of an acceptable source document to resolve the discrepancy of an SSN, it must notify both the lender and guarantor. The school must also instruct the lender to cease disbursement, and the school may not deliver FFELP funds to the student until the school determines the correct SSN.</p>	Federal	July 1, 1996.
1141	Completing Loan Verification Certificates	<p><u>15.3.C</u> <u>Reviewing the Loan Verification Certificate</u></p> <p>States that a joint Consolidation loan cannot be reconsolidated under either the the FFELP or the Direct Loan Program. Revised policy also specifies that an existing single Federal Consolidation loan may be reconsolidated under the Direct Loan Program without adding other eligible loans under certain situations listed in Section 15.2.</p>	Federal	Loan verification certificates received by the lender on or after August 14, 2008.

COMMON MANUAL - GUARANTOR POLICY PROPOSAL

Date: September 17, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Sep 17

SUBJECT: Reduced Interest Rate Documentation for Claims

AFFECTED SECTIONS: 13.1.D Claim File Documentation

POLICY INFORMATION: 1135/Batch 160

EFFECTIVE DATE/TRIGGER EVENT: Claims filed by the lender on or after January 1, 2010, unless implemented earlier by the lender.

BASIS:
HEA §428(d); DCL GEN-08-12/FP-08-10.

CURRENT POLICY:
Current policy does not require a lender to provide to the guarantor documentation supporting the granting of a reduced interest rate under the Servicemembers Civil Relief Act if, at the time the lender files a claim with the guarantor, the borrower, comaker, or endorser is receiving this benefit.

REVISED POLICY:
Revised policy requires a lender to provide to the guarantor documentation supporting the granting of a reduced interest rate under the Servicemembers Civil Relief Act if, at the time the lender files a claim with the guarantor, the borrower, comaker, or endorser is receiving this benefit. This documentation includes the borrower's written request for the reduced interest rate and the applicable military orders.

REASON FOR CHANGE:
This change is being made to provide the guarantor with the documentation that it needs to continue the reduced interest rate applicable to some loans under the Servicemembers Civil Relief Act in cases in which a borrower, comaker, or endorser is receiving this benefit at the time the lender files the claim.

PROPOSED LANGUAGE - COMMON MANUAL:
Revise Subsection 13.1.D of the July 2009 *Common Manual*, page 5, column 1, by adding a new paragraph 5, as follows:

6. Reduced Interest Rate Documentation

Documentation supporting the granting of a reduced interest rate under the Servicemembers Civil Relief Act if, at the time the lender files a claim with the guarantor, the borrower, comaker, or endorser is receiving this benefit. This documentation must include the borrower's written request for the reduced interest rate and the applicable military orders.

PROPOSED LANGUAGE - COMMON BULLETIN:
Reduced Interest Rate Documentation for Claims

The July 2009 *Common Manual* has been revised to require a lender to provide documentation supporting the granting of a reduced interest rate under the Servicemembers Civil Relief Act if, at the time the lender files a claim with the guarantor, the borrower, comaker, or endorser is receiving this benefit. This documentation must include the borrower's written request for the reduced interest rate and the applicable military orders.

GUARANTOR COMMENTS:
None.

IMPLICATIONS:
Borrower:
A borrower will continue to receive the benefit of a reduced interest rate under the Servicemembers Civil Relief Act after a claim has been submitted to the guarantor, if the borrower is receiving this benefit at the time the lender files the claim.

School:
None.

Lender/Service:

A lender may need to amend claim filing procedures to include documentation supporting granting the borrower a reduced interest rate under the Servicemembers Civil Relief Act if, at the time the lender files a claim with the guarantor, the borrower, comaker, or endorser is receiving this benefit.

Guarantor:

A guarantor will be able to continue granting a borrower a reduced interest rate under the Servicemembers Civil Relief Act if the borrower, comaker, or endorser was receiving this benefit at the time the lender files the claim. The guarantor may need to establish new procedures to review the borrower's request for the reduced interest rate and applicable military orders.

U.S. Department of Education:
None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

Default Aversion and Claims Standardization Subcommittee

DATE SUBMITTED TO CM POLICY COMMITTEE:

July 17, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

September 10, 2009

PROPOSAL DISTRIBUTED TO:

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

Comments Received From:

ASA, CSLF, FAME, Great Lakes, MOHELA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, UHEAA, and USA Funds.

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 noted that the directional statement for the Proposed Language should be corrected to read as follows:

"Revise Subsection 13.1.D of the July 2009 *Common Manual*, page 5, column 1, by adding a new paragraph ~~5~~ 6, as follows:"

Response:

The Committee declines to make the suggested change because the directional statement is correct as written. Paragraphs of existing text are counted in each column starting with the first full paragraph as paragraph 1. In this case, the newly added paragraph is the 5th paragraph in column 1.

Change:

None.

COMMENT:

One commenter suggested enhancing the Reason for Change statement by replacing the phrase "prior to

claim filing” with the phrase “at the time the claim is filed.”

Response:

The Committee agrees that the commenter’s suggestion is a more accurate statement.

Change:

The Reason for Change statement, as well as the Borrower and Guarantor Implication statements, have been revised by removing the phrase “prior to claim filing” and replacing it with the phrase “at the time the lender files the claim.”

COMMENT:

One commenter suggested revising the Guarantor Implication statement to include that a guarantor may need to develop follow-up procedures to verify the borrower’s continued eligibility for the benefit and/or to update the borrower’s interest rate at the end of the eligibility period.

Response:

The Committee thanks the commenter for the suggestion but declines to include the additional information. The Committee believes that the Guarantor Implication statement is consistent with the intent of the proposal—the lender must provide the documentation when it files a claim and the guarantor must have a process to check for the documentation. The Committee believes that guarantors would have already established procedures for servicing a defaulted loan on which the reduced interest rate was granted under the Servicemembers Civil Relief Act as it became effective for requests received on or after August 14, 2008. The *Common Manual* is written as an administrative guide for schools and lenders and as such, it does not provide guidance for a guarantor’s post-claim policy.

Change:

None.

COMMENT:

One commenter suggested that the newly added paragraph should be expanded with information from DCL GEN-08-12, as follows:

“Documentation supporting the granting of a reduced interest rate under the Servicemembers Civil Relief Act if, at the time the lender files a claim with the guarantor, the borrower is receiving this benefit. This documentation must include the borrower’s written request for the reduced interest rate and the applicable military orders. For this purpose, the term “in writing” may include a borrower’s email request and the term “copy of the borrower’s military orders” includes a scanned copy of the orders attached to that email request.”

Response:

The Committee thanks the commenter for the suggestion; however, the Committee believes that the information in the DCL is applicable to acceptable formats for the lender to receive this documentation from the borrower. The Committee will consider the commenter’s suggestion for future policy development.

Change:

None.

COMMENT:

Two commenters suggested revising the proposal to clarify that an endorser or comaker may be receiving this benefit.

Response:

The Committee agrees.

Change:

The Current and Revised policy statements, the Reason for Change, the proposed policy text, Common Bulletin language and implication statements have been revised as exemplified below:

“Documentation supporting the granting of a reduced interest rate under the Servicemembers Civil Relief Act if, at the time the lender files a claim with the guarantor, the borrower, comaker, or endorser is receiving this benefit. This documentation must include the borrower’s written request for the reduced

interest rate and the applicable military orders.”

ma/edited-chh

COMMON MANUAL - GUARANTOR POLICY PROPOSAL

Date: September 17, 2009

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

SUBJECT: Ineligible Borrower and Identity Theft Claims

AFFECTED SECTIONS: 2.3.C Common Forms
13.1.D Claim File Documentation

POLICY INFORMATION: 1136/Batch 160

EFFECTIVE DATE/TRIGGER EVENT: Claims filed by the lender on or after January 1, 2010, unless implemented earlier by the lender or guarantor.

BASIS:
NSLDS Technical Update GA 2008-04.

CURRENT POLICY:
Current policy does not address the additional information and documentation that a lender must provide when filing a claim with the guarantor for an ineligible borrower discharge and a discharge due to false certification as a result of the crime of identity theft.

REVISED POLICY:
Revised policy states that a lender must submit a completed FFELP Ineligible Borrower and Identity Theft Supplemental Form to accompany the FFELP Claim Form to support and provide additional information and documentation necessary to request claim reimbursement for an ineligible borrower discharge or a discharge due to false certification as a result of the crime of identity theft.

REASON FOR CHANGE:
This change is being made to facilitate the NSLDS Technical Update GA 2008-04.

PROPOSED LANGUAGE - COMMON MANUAL:
Revise Subsection 2.3.C of the July 2009 *Common Manual*, page 14, column 1, subheading 3, as follows:

Claim Forms

- Claim Form
- ...
- ...
- ...
- FFELP Ineligible Borrower and Identity Theft Supplemental Form

Revise Subsection 13.1.D, page 5, column 1, paragraph 5, as follows:

General Documentation Requirements

...

Closed School Claims, False Certification Claims, and Unpaid Refund Discharges

Documentation requirements for closed school and false certification claims are outlined in Subsections 13.8.B, and 13.8.D, and 13.8.E respectively. Documentation requirements for unpaid refund discharges are outlined in Subsection 13.8.H.

For a false certification claim as a result of the crime of identity theft, the lender must also submit a completed FFELP Ineligible Borrower and Identity Theft Supplemental Form along with applicable documentation.

Ineligible Borrower Claims

For an ineligible borrower claim, the lender is required to submit only items 1 through 3 of the preceding list. The lender must also provide the month, day, and year the final demand letter was mailed and reasonable documentation supporting the borrower's ineligibility for the loan, such as an affidavit or letter from the school or a statement from the lender clearly stating the facts and allegations. Further, the lender is required to submit a completed FFELP Ineligible Borrower and Identity Theft Supplemental Form along with applicable documentation.

PROPOSED LANGUAGE - COMMON BULLETIN:

Identity Theft and Ineligible Borrower Claim Documentation

The July 2009 *Common Manual* has been revised to require a lender to submit a completed FFELP Ineligible Borrower and Identity Theft Supplemental Form along with a Claim Form when filing a claim with a guarantor for an ineligible borrower discharge or a discharge due to false certification as a result of the crime of identity theft. This form is located in the National Council of Higher Education Loan Programs (NCHELP) e-Library (at www.nchelp.org) as well as on many guarantor Web-sites.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Servicer:

A lender may need to update claim filing procedures for filing an ineligible borrower claim or a claim due to false certification as a result of the crime of identity theft.

Guarantor:

A guarantor may need to update its claim review procedures to require and monitor to ensure receipt of the special claim-filing addendum and additional supporting documentation for an ineligible borrower discharge or a discharge due to false certification as a result of the crime of identity theft.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

Default Aversion and Claims Standardization Subcommittee

DATE SUBMITTED TO CM POLICY COMMITTEE:

July 17, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

September 10, 2009

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

CM Governing Board Representatives

Comments Received From:

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:

Two commenters suggested changing the policy to a Guarantor policy because the form is a standardized form developed by guarantors under the Common Claim Initiative. It is not a federal form and the NSLDS Technical Update GA 2008-04 does not require its use. One of the commenters also suggests that, as a Guarantor policy, the effective date should be prospective—January 1, 2010, unless implemented earlier by the lender or guarantor—to allow lenders the opportunity to make programming and procedural changes.

Response:

The Committee agrees.

Change:

The proposal has been revised based on the commenters' suggestions.

COMMENT:

One commenter suggested revising Subsection 13.1.D, page 5, column 1, paragraph 5, by making the new bullet into a new paragraph because the use of a bullet form indicates a list; for a single concept, paragraph format should be used. If the intent of the bullet was to emphasize the point, the commenter suggests using a format previously used in the *Common Manual*, introducing the sentence or paragraph with the word "Note."

Response:

The Committee agrees.

Change:

The new bullet has been removed and the text placed in a new paragraph.

COMMENT:

One commenter suggested deleting the word "only" from existing text, as follows:

"For an ineligible borrower claim, the lender is required to submit only items 1 through 3 of the preceding list. The lender must also provide. . .further, the lender is required to submit. . ."

The commenter stated that the word "only" is probably intended to indicate that the lender is not required to submit items 4 and 5 of the preceding list. However, the text seems to contradict language later in the paragraph when it goes on to state that other things that are required.

Response:

The Committee believes that the text was originally written using the term "only" because subsequent paragraphs refer to the lender having to provide all of the information listed in items 1-5. Further, the sentence specifically refers to items in the preceding list.

Change:

None.

COMMENT:

One commenter made specific suggestions for revising the FFELP Ineligible Borrower and Identity Theft Supplemental Form to align with regulations. As currently written, the information for an ineligible borrower does not include a fraud conviction by reason of a plea of guilty. In addition, the identity theft information asks for the date of an identity theft report, but is not specific as to the type of report that is required (for example, a police report of identity theft is not acceptable). The required document is a copy of a local, state, or federal court verdict or judgment stating that the individual who is named as the borrower of the loan was the victim of a crime of identity theft by a perpetrator also named in the verdict or judgment. Other documentation is also required, if applicable.

Response:

The Committee appreciates the commenter's thorough review of the form. The form was developed by the Default Aversion and Claims Standardization Subcommittee (DACS) of the NCHELP Program Operations Committee, therefore, the Policy Committee cannot revise the form. However, the Committee will forward the commenter's suggested changes to DACS for consideration.

Change:

None.

ma/edited-chh

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: September 17, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Sep 17

SUBJECT: Permitted Activities for Lenders

AFFECTED SECTIONS: 3.4.C Permitted and Prohibited Activities

POLICY INFORMATION: 1137/Batch 160

EFFECTIVE DATE/TRIGGER EVENT: Entrance counseling provided by a lender on behalf of a school on or after August 14, 2008.

BASIS:
P.L. 111-39; HEA §435(d)(5)(E) and (F).

CURRENT POLICY:
Current policy does not permit a lender to provide entrance counseling services to FFELP student borrowers on behalf of a school.

REVISED POLICY:
Revised policy permits a lender to provide entrance counseling services. The school's staff must be in control of the counseling, whether in person or via electronic capabilities. The counseling must not promote the products and services of any specific lender.

REASON FOR CHANGE:
This change is needed to align Manual text with the language of P.L. 111-39, which clarified that, in addition to exit counseling, a lender may also provide entrance counseling services—including, under certain conditions, in-person counseling—to assist a school in meeting its regulatory requirements.

PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Subsection 3.4.C of the July 2009 *Common Manual*, page 9, column 2, paragraph 3, as follows:

3.4.C Permitted and Prohibited Activities

Permitted Activities

A lender is permitted to engage in the following activities in carrying out its role in the FFELP and providing service to schools and FFELP borrowers. The lender may provide:

- ...
- Entrance and exit counseling services, as long as the school's staff is in control of the counseling, whether in person or via electronic capabilities, and such counseling does not promote the products or services of any specific lender.
[HEA §435(d)(5)(~~G~~)(E) and (F)]
- ...

Revise Subsection 3.4.C of the *Common Manual*, page 11, column 2, bullet 1, as follows:

- ...
- Performing for a school or paying, on behalf of a school, another person to perform any function that the school is required to perform under any Title IV program. A lender may participate in person in a school's required entrance and exit counseling as long as the school's staff is in control of the counseling, and such counseling does not promote the products or services of any specific lender.

PROPOSED LANGUAGE - COMMON BULLETIN:

Permissible Activities for Lenders

The July 2009 *Common Manual* has been updated to incorporate a provision of P.L. 111-39 that allows a lender to provide entrance counseling services. If a lender provides entrance counseling services, the school's staff must be in control of the counseling, whether it is conducted in person or via electronic capabilities, and the counseling must not promote the products and services of any specific lender.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A student borrower may benefit from the resources and debt management expertise provided by a lender representative during an in-person entrance counseling session.

School:

A school may take advantage of additional resources in fulfilling its requirements to provide loan counseling. A school must ensure, however, that its staff remains in control of entrance (and exit) counseling that a lender provides to its student borrowers.

Lender/Service:

A lender is now specifically authorized by law to provide both in-person entrance as well as exit counseling, provided that certain conditions are met.

Guarantor:

A guarantor may find it necessary to update its program review materials to acknowledge a lender's ability to provide in-person entrance counseling to FFELP borrowers, provided that certain conditions are met.

U.S. Department of Education:

The Department may be required to modify its internal policies to reflect that lenders (and guarantors) are authorized in law to provide in-person entrance as well as exit counseling on a school's behalf, provided that certain conditions are met.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

November 26, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

September 10, 2009

PROPOSAL DISTRIBUTED TO:

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

Comments Received From:

ASA, CSLF, FAME, Great Lakes, MOHELA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, UHEAA, and USA Funds.

Responses to Comments

All commenters supported this proposal as written. Several commenters recommended punctuation or wordsmithing changes that were incorporated without comment. We appreciate the review of all commenter, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

jcs/om/edited-aes

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: September 17, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Sep 17

SUBJECT: Federal Veterans' Education Benefits and Estimated Financial Assistance

AFFECTED SECTIONS: 6.7 Determining the Amount of Estimated Financial Assistance
Appendix G

POLICY INFORMATION: 1138/Batch 160

EFFECTIVE DATE/TRIGGER EVENT: July 1, 2009.

BASIS:

P. L. 111-39; Higher Education Opportunity Act (HEOA) (P. L. 110-315); HEA §428(a)(2)(C)(ii); HEA §428B(b); HEA §428H(b)(1); HEA §480(c)(2); HEA §480(j)(1); Electronic Announcement dated July 2, 2009; Electronic Announcement dated August 13, 2009.

CURRENT POLICY:

Current policy states that estimated financial assistance (EFA) includes federal veterans' educational benefits with the exception of benefits paid under Chapter 30 of Title 38 of the U.S. Code (Montgomery GI Bill–Active Duty), which are excluded from the EFA when determining eligibility for a subsidized Stafford loan.

REVISED POLICY:

Revised policy excludes all federal veterans' education benefits from EFA . Revised policy provides an updated list of federal veterans' education benefits.

REASON FOR CHANGE:

This change is necessary to conform with the provisions of P.L. 111-39, which established an effective date of July 1, 2009, for the exclusion of all federal veterans' education benefits from EFA.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 6.7 of the July 2009 *Common Manual*, page 19, column 2, paragraph 1, bullet 2, as follows:

**6.7
Determining the Amount of Estimated Financial Assistance (EFA)**

...

A student's EFA includes all aid the student—or a parent on behalf of a dependent student—will receive for the loan period from federal, state, institutional, or other sources. Examples of aid that must be included in EFA are scholarships, grants, financial need-based employment income, and loans—including, but not limited to:

- ~~Veteran's educational benefits, including educational benefits paid under Chapters 30 (Montgomery GI Bill-Active Duty), 31 (Vocational Rehabilitation and Employment Program), 32 (Veterans' Educational Assistance Program), and 35 (Dependents' Educational Assistance Program) of Title 38 of the U.S. Code and educational benefits paid under Chapters 31 (National Call to Service), 1606 (Montgomery GI Bill-Selected Reserve) and 1607 (Reserve Educational Assistance Program) of Title 10 of the U.S. Code. When determining eligibility for a subsidized Stafford loan, benefits paid under Chapter 30 of Title 38 of the U.S. Code are excluded from the EFA, as noted later in the section.~~
~~{§682.200(b)(1)(i) and (ii)}~~

• ...

• ...

- ~~Benefits paid under P.L. 96-342, section 903, Educational Assistance Pilot Programs.~~
[§682.200(b)(1)(iv)]
- ...
- ...
- ...
- ...

A student's EFA does not include:

- ...
- For a *subsidized* Stafford loan, ~~veterans' educational benefits paid under Chapter 30 of Title 38 of the U.S. Code (Montgomery GI Bill-Active Duty) and national service educational education awards or postservice benefits paid under Title I of the National and Community Service Act of 1990 (AmeriCorps).~~
[§682.200(b), definition of *estimated financial assistance* (2)(iii)]
- Any federal veterans' education benefits, including, but not limited to, those paid under any of the following provisions of federal law:
 - = Chapter 103 of Title 10 of the U.S. Code (Senior Reserve Officers' Training Corps).
 - = Chapter 106A of Title 10 of the U.S. Code (Educational Assistance for Persons Enlisting for Active Duty).
 - = Chapter 1606 of Title 10 of the U.S. Code (Selected Reserve Educational Assistance Program)
 - = Chapter 1607 of Title 10 of the U.S. Code (Educational Assistance Program for Reserve Component Members Supporting Contingency Operations and Certain Other Operations).
 - = Chapter 30 of Title 38 of the U.S. Code (Montgomery GI Bill-Active Duty).
 - = Chapter 31 of Title 38 of the U.S. Code (Training and Rehabilitation for Veterans with Service-Connected Disabilities).
 - = Chapter 32 of Title 38, U.S. Code (Post-Vietnam Era Veterans' Educational Assistance Program).
 - = Chapter 33 of Title 38 of the U.S. Code (Post-9/11 Educational Assistance, including Federal and school contributions to the Yellow Ribbon Program).
[Electronic Announcement dated August 13, 2009]
 - = Chapter 35 of Title 38 of the U.S. Code (Survivors' and Dependents' Educational Assistance Program).
 - = Section 903 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141 note) (Educational Assistance Pilot Program).
 - = Section 156(b) of the Joint Resolution making further continuing appropriations and providing for productive employment for the fiscal year 1983, and for other purposes (42 U.S.C. 402 note) (Restored Entitlement

Program for Survivors, also known as Quayle benefits).

= Chapter 3 of Title 37 of the U.S. Code related to subsistence allowances for members of the Reserve Officers Training Corps.

The exclusion of federal veterans' education benefits from EFA applies regardless of whether the benefits are received by the veteran, the veteran's spouse, or the veteran's dependent.

[HEA §480(c)(2); HEA §480(j)(1); Electronic Announcement dated July 2, 2009]

- ...
- ...
- ...
- ...
- ...
- ...

Revise Appendix G of the July 2009 *Common Manual*, page 8, column 2, paragraph 6, as follows:

Estimated Financial Assistance (EFA): The school's estimate of the amount of financial assistance from federal, state, institutional, or other sources that a student (or parent on behalf of a student) will receive for a period of enrollment. This may include ~~veterans' and~~ national service awards and postservice benefits (except when determining eligibility for a subsidized Stafford Loan), scholarships, grants, financial need-based employment, or loans. EFA does not include Federal Perkins loans or Federal Work-Study funds that the student has declined or certain loans used to replace the expected family contribution, or federal veterans' education benefits. See Section 6.7.

PROPOSED LANGUAGE - COMMON BULLETIN:

Federal Veterans' Education Benefits and Estimated Financial Assistance

The July 2009 *Common Manual* has been revised to incorporate a provision of P. L. 111-39. Any federal veterans' education benefits are *excluded* from estimated financial assistance (EFA), including, but not limited to, benefits paid under the following provisions of federal law:

- Chapters 103 (Senior Reserve Officers' Training Corps), 106A (Educational Assistance for Persons Enlisting for Active Duty), 1606 (Selected Reserve Educational Assistance Program), and 1607 (Educational Assistance Program for Reserve Component Members Supporting Contingency Operations and Certain Other Operations) of Title 10 of the U.S. Code.
- Chapters 30 (Montgomery GI Bill-Active Duty), 31 (Training and Rehabilitation for Veterans with Service-Connected Disabilities), 32 (Post-Vietnam Era Veterans' Educational Assistance Program), 33 (Post-9/11 Educational Assistance including Federal and school contributions to the Yellow Ribbon Program) and 35 (Survivors' and Dependents' Educational Assistance Program) of Title 38 of the U.S. Code.
- Section 903 of the Department of Defense Authorization Act, 1981 (10 U.S. C. 2141 note) (Educational Assistance Pilot Program).
- Section 156(b) of the Joint Resolution making further continuing appropriations and providing for productive employment for the fiscal year 1983, and for other purposes (42 U.S.C. 402 note) (Restored Entitlement Program for Survivors, also known as Quayle benefits).
- Chapter 3 of Title 37 of the U.S. Code, related to subsistence allowances for members of the Reserve Officers Training Corps.

The exclusion of federal veterans' education benefits from EFA applies regardless of whether the benefit recipient is the veteran, the veteran's spouse, or the veteran's dependent.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower who is also a veterans' education benefit recipient may experience increased eligibility for certain Title IV aid, including increased eligibility for a Stafford or PLUS loan.

School:

A school may be required to revise its financial aid policies and procedures to ensure that a student's federal veterans' education benefits are not included in EFA used to determine the student's eligibility for Title IV aid, as applicable, including the student's eligibility for a Stafford or PLUS loan.

Lender/Servicer:

None.

Guarantor:

A guarantor may be required to update its informational resources for students and parent borrowers, and its informational resources, training, and program review materials for schools.

U.S. Department of Education:

The Department may be required to update its informational resources for students and parent borrowers, and its informational resources, training, and program review materials for schools.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

September 16, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

September 10, 2009

PROPOSAL DISTRIBUTED TO:

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

Comments Received From:

ASA, CSLF, FAME, Great Lakes, MOHELA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, UHEAA, and USA Funds.

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 requested that Chapter 2 (Reserve Officer Training Corps scholarship) be added to the list of U.S.C. Title 10 programs that are excluded from estimated financial assistance (EFA).

Response:

The Committee thanks the commenter for the suggestion; however section 480(c)(2) of the Higher Education

Act, as amended by P.L. 111-39, eliminated Chapter 2 of Title 10 (Reserve Officer Training Corps scholarship) from the definition of veterans' education benefit.

Change:

None.

COMMENT:

One commenter requested the definition for estimated financial assistance in Appendix G be updated to reflect this change.

Response:

The Committee agrees.

Change:

Appendix G, page 8, column 2, paragraph 6 has been revised as follows:

Estimated Financial Assistance (EFA): The school's estimate of the amount of financial assistance from federal, state, institutional, or other sources that a student (or parent on behalf of a student) will receive for a period of enrollment. This may include ~~veterans' and~~ national service awards and benefits (except when determining eligibility for a subsidized Stafford Loan), scholarships, grants, financial need-based employment, or loans. EFA does not include Federal Perkins loans or Federal Work-Study funds that the student has declined or certain loans used to replace the expected family contribution, or federal veterans' education benefits. See Section 6.7.

COMMENT:

Two commenters stated that the Department has clarified that the institutional portion of the Yellow Ribbon Program funds also must be excluded from a student's EFA.

Response:

The Committee agrees and has redesigned the sub-bullets to make the clarification evident.

Change:

Section 6.7, page 20, column 1, paragraph 1, bullet 3 has been revised as follows:

- Any federal veterans' education benefits, including, but not limited to, those paid under any of the following provisions of federal law:
 - = Chapter 103 of Title 10 of the U.S. Code (Senior Reserve Officers' Training Corps).
 - = Chapter 106A of Title 10 of the U.S. Code (Educational Assistance for Persons Enlisting for Active Duty).
 - = Chapter 1606 of Title 10 of the U.S. Code (Selected Reserve Educational Assistance Program)
 - = Chapter 1607 of Title 10 of the U.S. Code (Educational Assistance Program for Reserve Component Members Supporting Contingency Operations and Certain Other Operations).
 - = Chapter 30 of Title 38 of the U.S. Code (Montgomery GI Bill-Active Duty).
 - = Chapter 31 of Title 38 of the U.S. Code (Training and Rehabilitation for Veterans with Service-Connected Disabilities).
 - = Chapter 32 of Title 38 of the U.S. Code (Post-Vietnam Era Veterans' Educational Assistance Program).
 - = Chapter 33 of Title 38 of the U.S. Code (Post-9/11 Educational Assistance, including the Federal and school contributions to the Yellow Ribbon Program).

[Electronic Announcement dated August 13, 2009]

- = Chapter 35 of Title 38 of the U.S. Code (Survivors' and Dependents' Educational Assistance Program).
- = Section 903 of the Department of Defense Authorization Act, 1981 (10 U.S. C. 2141 note) (Educational Assistance Pilot Program).
- = Section 156(b) of the Joint Resolution making further continuing appropriations and providing for productive employment for the fiscal year 1983, and for other purposes (42 U.S.C. 402 note) (Restored Entitlement Program for Survivors, also known as Quayle benefits).
- = Chapter 3 of Title 37 of the U.S. Code related to subsistence allowances for members of the Reserve Officers Training Corps.

jcs-bmf/edited-aes

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: September 17, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Sep 17

SUBJECT: Increased Unsubsidized Stafford Loan Limits for Health Profession Students

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

POLICY INFORMATION: 1139/Batch 160

EFFECTIVE DATE/TRIGGER EVENT: October 1, 1998.

BASIS:

DCL GEN-98-18; U.S. Department of Health and Human Services Bureau of Health Professions *Student Financial Aid Guidelines, Health Professions Programs, Health Education Assistance Loan Program (HEAL)*, October 2000, Chapter 1, p. 6.

CURRENT POLICY:

Current policy states that a student must not receive a HEAL Program loan for any portion of the same loan period as the increased unsubsidized Stafford annual loan limit available to a health profession student.

REVISED POLICY:

Revised policy deletes the reference to a student receiving a HEAL Program loan for any portion of the same loan period as the increased unsubsidized Stafford annual loan limit available to a health profession student.

REASON FOR CHANGE:

This change is necessary to remove outdated information from the Manual. No new loans were made under the HEAL Program beginning with federal fiscal year 1999, which started on October 1, 1998.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 6.11.D of the July 2009 *Common Manual*, page 36, column 1, paragraph 2, by striking bullet 3, as follows:

Student Eligibility

To be eligible for the increased unsubsidized Stafford loans exceeding standard annual loan limits, a health profession student must meet the following criteria:

- ...
- ...
- ~~The student must not receive a HEAL program loan for any portion of the same loan period as the increased unsubsidized Stafford loan limit.~~
- ...

PROPOSED LANGUAGE - COMMON BULLETIN:

Increased Unsubsidized Stafford Loan Limits for Health Profession Students

The July 2009 *Common Manual* has been updated to remove outdated information. Previously, the Manual stated that to be eligible for the increased unsubsidized Stafford loan limit available to a health profession student, the student must not receive a Health Education Assistance Loan (HEAL) Program loan for any portion of the same loan period as the increased unsubsidized Stafford annual loan limit. This text has been deleted, since no new HEAL Program loans were made beginning with federal fiscal year 1999, which started on October 1, 1998.

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:

February 20, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

September 10, 2009

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

CM Governing Board Representatives

Comments Received From:

ASA, CSLF, FAME, Great Lakes, MOHELA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, UHEAA, and USA Funds.

Responses to Comments

Most of the commenters supported this proposal as written. Other commenters recommended wordsmithing changes or typographical or directional 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.

jcs-bmf/edited-aes

COMMON MANUAL – FEDERAL POLICY PROPOSAL

Date: September 17, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Sep 17

SUBJECT: Reporting Social Security Number Changes or Corrections

AFFECTED SECTIONS: 9.1 Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections

POLICY INFORMATION: 1140/Batch 160

EFFECTIVE DATE/TRIGGER EVENT: July 1, 1996.

BASIS:

§668.36(c); *Federal Register*, Vol. 60, No. 231, dated December 1, 1995.

CURRENT POLICY:

Current policy states that when a school becomes aware of a discrepancy with a student's or parent borrower's Social Security number (SSN), date of birth, or first name, the school must notify the guarantor of the discrepancy. Current policy also states that if the school is unable to obtain a copy of an acceptable source document to resolve the discrepancy, it must notify the guarantor.

REVISED POLICY:

Revised policy states that when the school becomes aware of a discrepancy with a student's or parent borrower's SSN, date of birth, or first name, the school must attempt to obtain documentation of the correct SSN, date of birth, or first name. The school must notify the guarantor of any change made to the SSN, date of birth, or first name as a result of obtaining documentation, and must notify the lender of any change to the SSN.

Revised policy also states that if the school is unable to obtain a copy of an acceptable source document to resolve the discrepancy of an SSN, it must notify both the lender and guarantor. The school must also instruct the lender to cease disbursement, and the school may not deliver FFELP funds to the student until the school determines the correct SSN.

REASON FOR CHANGE:

The change is necessary to clarify that the school must notify both the lender and guarantor of an SSN discrepancy, as well as instruct the lender to cease disbursement. Also, the school must not deliver FFELP loan funds for the student until the school resolves the SSN discrepancy.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 9.1 of the July 2009 *Common Manual*, page 1, column 1, paragraphs 2 and 3:

9.1

Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections

If a school becomes aware of any issues related to the accuracy of a student's or parent borrower's Social Security number (SSN), date of birth, or first name, the school is expected to confirm the accuracy of this information by obtaining a copy of an acceptable source document (see below for a list of acceptable documents). The school must report changes to a student's or parent borrower's SSN, date of birth, or first name to the guarantor. The school must also notify the lender of any changes to an SSN. If the guarantor requires the supporting documentation, the school must provide it. If the guarantor has information that the identified SSN, date of birth, or first name change is incorrect, it will notify the school. [February 1996 SSCR Users Guide, Chapter 7, p. 7-5]

If a school identifies a discrepancy, exhausts its efforts to verify the correct SSN, date of birth, or first name, and fails to obtain a copy of an acceptable source document, the school must notify the guarantor of the discrepancy. The school must also notify the lender of an SSN discrepancy. In such cases, the school should indicate the source of the discrepancy

and provide its reason for reporting the change discrepancy. In addition, the school must instruct the lender to cease disbursement of the loan and may not deliver funds to the student that may have already been disbursed until the school determines the correct SSN. If the guarantor has information suggesting that the identified SSN, date of birth, or first name change is incorrect, it will notify the school.
[§668.36(c)]

PROPOSED LANGUAGE - COMMON BULLETIN:

Reporting Social Security Number Changes or Corrections

The *Common Manual* has been revised to state that when a school becomes aware of a discrepancy with a student's or parent borrower's Social Security number (SSN), date of birth, or first name, the school must attempt to obtain documentation of the correct SSN, date of birth, or first name. The school must notify the guarantor of any change made to the SSN, date of birth, or first name as a result of obtaining documentation, and must notify the lender of any change to the SSN. In addition, if the school exhausts its efforts to verify the correct borrower SSN, the school should notify both the lender and guarantor. Lastly, the Manual is revised to state that the school must instruct the lender to cease disbursement on the loan, and the school may not deliver any FFELP loan funds to the student until the school determines the correct SSN.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower's funds may be delayed if the school discovers an SSN discrepancy.

School:

A school must notify both the lender and guarantor when it discovers a discrepancy with or change to a student's or parent borrower's SSN. If the school cannot resolve a discrepancy with an SSN, the school must instruct the lender to cease disbursement on the loan, and also may not deliver loan funds to the student until it determines the correct SSN.

Lender/Service:

A lender may need to develop a process to react when instructed by a school to cease disbursement on a loan when an SSN discrepancy exists.

Guarantor:

A guarantor may need to update its program review procedures.

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:

April 8, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

September 10, 2009

PROPOSAL DISTRIBUTED TO:

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

Comments Received from:

ASA, CSLF, FAME, Great Lakes, MOHELA, NASFAA, NCHelp, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, UHEAA, and USA Funds.

Responses to Comments

Many commenters supported this proposal as written. Other commenters recommended punctuation or wordsmithing changes that were considered without comment. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

COMMENT:

Three commenters suggested the effective date/trigger event be revised to be a prospective date that would provide additional time for lenders that may need to develop a new process to delay or cancel disbursements when an SSN discrepancy cannot be resolved.

Response:

The Committee disagrees. The regulation is not a new requirement but is being added as it was not previously included in common policy. It was discovered, however, that the requirement has been in effect since July 1, 1996; therefore, the effective date/trigger event will not be effective retroactive to the effective date of the *Common Manual*.

Change:

The effective date/trigger event has been revised as follows:

July 1, 1996.

COMMENT:

One commenter does not support the proposal. The commenter does not believe the proposal was supported by regulations pertaining to lender/servicers. The commenter further stated that although the school is required to notify the lender of a discrepancy, the fact that a lender may not disburse funds in these cases is not written into regulatory language. The commenter also contends that the proposal contains conflicting language by “stating that the school should notify the lender in these cases due to an exhaustion of efforts to verify, but states, that upon this determination, the school must notify [a lender] to cease disbursement until the school determines the correct SSN (despite the fact that it has already supposedly exhausted its efforts to do so).”

Response:

The Committee disagrees. Regulations in §668.36(c) state that in cases in which a school is aware of a discrepancy but is not able to resolve the discrepancy, the school must notify and instruct the lender and guarantor making and guaranteeing the loan, respectively, to cease further disbursements of the loan until the Department (or in the case of a FFELP loan, the guarantor) or the school determines that the SSN provided by the student is correct.

Upon further review, the Committee does see that the proposal did not clearly state the requirement that the school must also *instruct* the lender to cease disbursement in addition to notifying the lender when there is an SSN discrepancy that the school has not been able to resolve. Despite the omission, the Committee continues to believe that proposal aligns with the regulation and does not provide conflicting information. As the policy and regulation state, in cases where the school has exhausted its efforts to verify the SSN and resolve the discrepancy, the school must notify and instruct the lender to cease making the loan disbursement until such time as the discrepancy can be resolved. The school must also notify the guarantor, which will initiate efforts to determine the correct SSN. We believe that in these cases the school would continue to work with the guarantor to resolve the discrepancy.

Change:

The second paragraph of Section 9.1 has been revised as follows:

If a school identifies a discrepancy, exhausts its efforts to verify the correct SSN, date of birth, or first name, and fails to obtain a copy of an acceptable source document, the school must notify the guarantor of the discrepancy. The school must also notify the lender of an SSN discrepancy. In such cases, the school should indicate the source of the discrepancy and provide its reason for reporting the discrepancy. ~~Upon notification from the school of a discrepancy with a student's or parent borrower's SSN, the lender may not disburse and the school~~ In addition, the school must instruct the lender to cease disbursement of the loan and may not deliver funds for the student that may have already been disbursed until the school determines the correct SSN.

COMMENT:

A few commenters provided language to expand and clarify the Revised Policy and Common Bulletin. The commenters suggested including all of the requirements of the policy to delineate the difference between an SSN discrepancy and an SSN change, and that a school must obtain documentation of the correct SSN, date of birth or name.

Response:

The Committee agrees.

Change:

The Revised Policy and Common Bulletin have been revised to provide the clarifications the commenters suggested. These sections have also been revised to incorporate the changes noted in comment #2 above.

COMMENT:

A few commenters suggested a change in verbiage from “change” to “discrepancy” in the second paragraph of Section 9.1 of the Proposed Language. The commenters noted that the first paragraph of the policy addresses documented changes to a borrower’s SSN, date of birth, or first name while the second paragraph discusses unresolved discrepancies.

Response:

The Committee agrees.

Change:

The second sentence of the second paragraph of the Proposed Language was revised as follows:

In such cases, the school should indicate the source of the discrepancy and provide its reason for reporting the ~~change~~ discrepancy.

COMMENT:

Two commenters suggested including a cross reference to Subsection 3.5.F which will provide a list of acceptable source documents for reporting changes to a SSN, date of birth, or first name.

Response:

The Committee agrees with the addition of a cross-reference, but since the list appears in this section the cross reference should be to refer to the information listed in 9.1 rather than 3.5.F.

Change:

A cross reference to information contained later in Section 9.1 has been added to the first paragraph.

COMMENT:

One commenter suggested a grammatical change to the first paragraph of Section 9.1 that would result in the policy requiring that the school notify both the guarantor and the lender of a borrower’s SSN, date of birth, or first name change.

Response:

The Committee chose not to accept this grammatical change as it would result in an unintended policy change. The policy needs to distinguish between the actions required of the school when it becomes aware of a discrepancy. Discrepancies or changes to SSN’s, dates of birth, or first names are to be reported to the guarantor, while a school is only required to notify the lender of a change to a borrower’s SSN.

Change:

None.

COMMENT:

One commenter noted that the proposal does not include a timeframe for a school to notify the guarantor of a SSN discrepancy or change. The commenter also stated that there does not seem to be applicable guidance on such timeframe in the bases cited for this proposal. The commenter suggests that such guidance be included in the final policy, if the Committee is aware of the timeframe requirements for reporting these types of changes.

Response:

The Committee is not aware of any regulatory timeframe a school must abide by when notifying guarantors of these types of discrepancies or changes. The Committee believes, however, that it is prudent for a school to resolve these types of issue timely so as to not delay timely delivery of student aid funds, and that this is implied within the policy itself.

Change:

None.

COMMENT:

One commenter suggested adding language to the School Implication statement to include SSN changes along with discrepancies in a borrower's SSN.

Response:

The Committee agrees.

Change:

The School Implication statement was revised as suggested by the commenter. In addition, the statement has been expanded to reflect the changes explained in comment #2 above.

nm/edited-kk

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: September 17, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Sep 17

SUBJECT: **Completing Loan Verification Certificates**

AFFECTED SECTIONS: **15.3.C Reviewing the Loan Verification Certificate**

POLICY INFORMATION: **1141/Batch 160**

EFFECTIVE DATE/TRIGGER EVENT: Loan verification certificates received by the lender on or after August 14, 2008.

BASIS:
DCL FP-09-03.

CURRENT POLICY:
Current policy omits that a joint Consolidation loan cannot be reconsolidated under either the FFELP or the Federal Direct Loan Program (FDLP). Current policy in Subsection 15.3.C also does not specify that a single Federal Consolidation loan can be reconsolidated under the FDLP in certain situations.

REVISED POLICY:
Revised policy states that a joint Consolidation loan cannot be reconsolidated under either the FFELP or the FDLP. Revised policy also specifies that an existing single Federal Consolidation loan may be reconsolidated under the FDLP without adding other eligible loans under certain situations listed in Section 15.2.

REASON FOR CHANGE:
These changes are necessary to incorporate guidance provided in DCL FP-09-03 that clarifies when a loan verification certificate can be denied.

PROPOSED LANGUAGE - COMMON MANUAL:
Revise Subsection 15.3.C of the July 2009 *Common Manual*, page 8, column 1, paragraph 3, as follows:

15.3.C Reviewing the Loan Verification Certificate

Circumstances That May Prevent the Loan Holder from Certifying the LVC

...

If a loan holder receives an LVC that does not include the name and, in the case of a FFELP lender, the lender identification number (LID) of the eligible consolidating lender or trustee lender, it should not provide any information related to a borrower's loan. The loan holder should instead provide a written explanation to inform the requestor as to why it is not completing the LVC.

Other circumstances that may prevent a holder from completing the LVC include those in which:

- The loan holder never held the loan.
- The loan is not fully disbursed or the borrower is not in grace or repayment status.
- The loan has been sold.
- The loan is more than 270 days delinquent and a default claim has been submitted to the guarantor.

- The loan has been assigned to the guarantor.
- The loan is subject to collection by administrative wage garnishment.
- There is a judgment against the borrower on the loan for which the borrower has requested consolidation.
- The loan is a joint Consolidation loan. A joint Consolidation loan may not be included in a subsequent Federal or Direct Consolidation loan under any circumstances.
[DCL FP-09-03]

If the loan holder is unable to certify the LVC due to one of these circumstances, the loan holder must provide a written explanation to the consolidating lender within 10 business days of the loan holder's receipt of the LVC.
[§682.209(j); DCL FP-04-02]

For each of the following additional circumstances, within 10 business days of the loan holder's receipt of the LVC, the loan holder must provide to the consolidating lender a written explanation as to why the LVC is not being completed ~~with payoff information~~, and also must notify the Federal Student Aid Financial Partners staff of the holder's decision not to complete the LVC. These additional circumstances are:

- Within the last 90 days, the loan holder has completed an LVC on the loan for another lender, indicating that the borrower may have more than one Consolidation loan application outstanding.
- The borrower appears to have no eligible loans other than a single Consolidation loan that is held by the loan holder. However, an LVC from the Federal Direct Loan Program (FDLP) must be completed within the required timeframes, unless the Consolidation loan is a joint Consolidation loan.
[DCL FP-09-03]

For the two additional circumstances listed above, once the loan holder provides the consolidating lender with an explanation of why the LVC is not completed, if the consolidating lender provides additional information to the loan holder that supports the borrower's eligibility to consolidate the loans, the holder must complete the LVC within 10 business days of receipt of that information. Supporting information may include the following:

- For the first circumstance noted above, a written statement from the borrower stating that he or she has canceled any previous Consolidation loan applications.
- For the second circumstance, documentation from the consolidating lender showing that the borrower has one or more additional loans that will be consolidated with the Consolidation loan.
[DCL GEN-07-03/FP-07-07]

**PROPOSED LANGUAGE - COMMON BULLETIN:
Completing Loan Verification Certificates**

The July 2009 *Common Manual* has been updated to state that a joint Consolidation loan cannot be reconsolidated under either the FFELP or the Federal Direct Loan Program (FDLP). The Manual has also been updated to specify that the lender must complete an FDLP LVC even for a single Federal Consolidation loan that otherwise appears ineligible for reconsolidation, unless the Consolidation loan is a joint Consolidation loan.

GUARANTOR COMMENTS:
None.

IMPLICATIONS:
Borrower:

A FFELP borrower may not include a joint Consolidation loan in a subsequent Consolidation loan under either the FFELP or the FDLP. FFELP borrowers may reconsolidate into the FDLP to take advantage of certain

benefits.

School:
None.

Lender/Service:

A lender may need to amend its procedures for completing the LVC to allow for a FFELP borrower to reconsolidate into the FDLP and to monitor LVC requests for joint Consolidation loans.

Guarantor:

A guarantor may need to amend its procedures for completing the LVC to allow a FFELP borrower to reconsolidate into the FDLP and to monitor LVC requests for joint Consolidation loans. A guarantor may also need to amend its program review materials.

U.S. Department of Education:

The Department may need to amend consolidation procedures to allow a FFELP borrower to reconsolidate into the FDLP and to monitor LVC requests for joint consolidation loans. The Department may also need to amend its program review materials.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
April 13, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
September 10, 2009

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

Comments Received From:
ASA, CSLF, FAME, Great Lakes, MOHELA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, UHEAA, and USA Funds.

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 removing existing text in Subsection 15.3.C, page 8, paragraph 5, by removing a redundant phrase in order to simplify and shorten the sentence.

Response:

The Committee agrees.

Change:

Subsection 15.3.C, page 8, column 1, paragraph 5 has been updated as follows:

“For each of the following additional circumstances, within 10 business days of the loan holder’s receipt of the LVC, the loan holder must provide to the consolidating lender a written explanation as to why the LVC is not being completed with payoff information, and also must notify the Federal Student Aid Financial Partners staff of the holder’s decision not to complete the LVC. These additional circumstances are:”

COMMENT:

Several commenters requested changes to Subsection 15.3.C, page 8, column 1, paragraph 5, bullet 2 for reasons of clarity. One commenter also suggested using the active voice and removing a redundant phrase.

Response:

The Committee agrees.

Change:

Subsection 15.3.C, page 8, column 1, paragraph 5, bullet 2, has been updated as follows:

- “The borrower appears to have no eligible loans other than a single Consolidation loan that is held by the loan holder. However, an LVC from the Federal Direct Loan Program (FDLP) must be completed within the required timeframes, unless the Consolidation loan is a joint Consolidation loan. [DCL FP-09-03]”

SM/edited-chh