

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1142	Total and Permanent Disability Claims	<p><u>2.3.C</u> <u>Claim Forms</u> <u>13.1.D</u> <u>Claim File</u> <u>Documentation</u></p> <p>States that a lender must provide certain electronic signature and disbursement information when filing a total and permanent disability claim that is not based on a determination by the Department of Veterans Affairs (VA). The required information must be submitted via the FFELP Assignment Support Supplemental Form (TPD-Specific worksheet).</p>	Guarantor	Total and permanent disability claims that are not based on a determination by the Department of Veterans Affairs and that are filed by the lender on or after January 1, 2010, unless implemented earlier by the guarantor.
1143	Income Documentation for Income-Based Repayment	<p><u>10.8.D</u> <u>Income-Based</u> <u>Repayment Schedule</u></p> <p>States that for purposes of determining whether a borrower has a partial financial hardship (PFH) under IBR, the borrower may provide the lender with either a signed copy of the page(s) of the borrower's most recent federal income tax return that contains the borrower's adjusted gross income (AGI), or the tax transcript information from the Internal Revenue Service (IRS) that contains the AGI and other tax return information. The policy further explains that to obtain a tax transcript from the IRS, the borrower may either submit a signed consent form (IRS Form 4506-T) directly to the lender (which will then forward it to the IRS), or the borrower may submit the 4506-T form directly to the IRS and request that the information be sent directly to either the lender or the borrower.</p>	Federal	Income-based repayment (IBR) plan requests received by the lender on or after July 1, 2009.
1144	Credit Standards and Adverse Credit	<p><u>2.1.B</u> <u>Types of Loans</u> <u>Available</u> <u>2.2.A</u> <u>Origination</u> <u>6.16</u> <u>Applying for Federal</u> <u>Stafford and PLUS</u> <u>Loans</u> <u>7.1.A</u> <u>General Determinations</u> <u>7.1.B</u> <u>Creditworthiness</u> <u>7.1.C</u> <u>Effect of Bankruptcy on</u> <u>Creditworthiness</u> <u>7.2.A</u> <u>Lender Responsibilities</u> <u>under a Master</u> <u>Promissory Note</u></p> <p><u>Appendix G</u> <u>Appendix H</u></p> <p>Removes the terms "creditworthy" and "creditworthiness" and replaces them with</p>	Correction	Retroactive to the implementation of the <i>Common Manual</i> .

		terminology related to not having adverse credit in the context of an applicant's or endorser's eligibility for a PLUS loan. Also removes the term "creditworthiness" and replaces it with "credit standards" in the context of a lender's independent credit criteria for a Stafford or PLUS applicant. In addition, the text describing existing policy that any debt discharged in bankruptcy during the 5-year period before the date of the credit report must be considered in determining a PLUS applicant's adverse credit was added to Subsection 7.1.C.		
1145	Increased Unsubsidized Stafford Loan Limits for Health Profession Students	<p><u>6.11.A.</u> <u>Stafford Annual Loan Limits</u></p> <p><u>6.11.D.</u> <u>Increased Unsubsidized Stafford Loan Limits for Health Profession Students</u></p> <p>Deletes reference to the bachelor of pharmacology and graduate of allied health programs as those for which an enrolled student may receive increased unsubsidized Stafford loan limits available to health profession students.</p>	Correction	<p>For deletion of the bachelor of pharmacology program, publication date of the 07-08 FSA Handbook.</p> <p>For deletion of the graduate of allied health program, publication date of the 00-01 FSA Handbook.</p>
1146	Deferring Defaulted Loans Deferred for further research by the Policy Committee.	<p><u>11.1.G</u> <u>Deferment of Loans in Default</u></p> <p>Deletes an administrative forbearance, applied in conjunction with a deferment, as an acceptable payment arrangement under which a lender may grant a deferment to a borrower whose loan is in default, when the lender receives the necessary documentation indicating that the borrower's deferment eligibility begins <i>after</i> the date of default.</p>	Correction	Effective for deferment requests granted by the lender on defaulted loans on or after July 1, 1996.
1147	Additional Unsubsidized Stafford Loan	<p><u>Appendix G</u></p> <p>Aligns the definition of "Additional Unsubsidized Stafford Loan" with the loan limits in Subsection 6.11.A and Figure 6-4.</p>	Correction	Stafford loans first disbursed on or after July 1, 2008, for loan periods that include or begin on or after July 1, 2008.

COMMON MANUAL - GUARANTOR POLICY PROPOSAL

Date: October 15, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Oct 15

SUBJECT: Total and Permanent Disability Claims

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

POLICY INFORMATION: 1142/Batch 161

EFFECTIVE DATE/TRIGGER EVENT: Total and permanent disability claims that are not based on a determination by the Department of Veterans Affairs and that are filed by the lender on or after January 1, 2010, unless implemented earlier by the guarantor.

BASIS:
DGADA letter, dated July 2, 2009.

CURRENT POLICY:
Current policy does not include the requirement for a lender to provide certain electronic signature and disbursement information when filing a total and permanent disability claim that is not based on a determination by the Department of Veterans Affairs (VA).

REVISED POLICY:
Revised policy states that a lender must provide certain electronic signature and disbursement information when filing a total and permanent disability claim that is not based on a determination by the VA. The required information must be submitted via the FFELP Assignment Support Supplemental Form (TPD-Specific worksheet).

REASON FOR CHANGE:
This change is being made to comply with the Department's mandatory assignment process which includes loans assigned to the Department's Conditional Disability Discharge Unit.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 2.3.C, page 14, column 1, subheading 3, by adding a new bullet 6, as follows:
Note: This subsection has been updated in proposal 1136 of Batch 160.

Claim Forms

- Claim Form
- ...
- ...
- ...
- FFELP Assignment Support Supplemental Form (TPD-Specific worksheet).

Revise Subsection 13.1.D, page 5, column 2, paragraph 4, as follows:

Total and Permanent Disability Claims

For a total and permanent disability claim, the lender must submit ~~in addition to the preceding items 1 through 5, and each of the following:~~

- a completed Discharge Application: Total and Permanent Disability or other form(s)

approved by the Department.

- ~~The lender must also submit a~~ record of any payments received after the date the physician completed and certified the discharge application.
- A FFELP Assignment Support Supplemental Form (TPD-Specific worksheet) when filing a total and permanent disability claim that is not based on a determination by the Department of Veterans Affairs (VA). This form requires the lender to provide certain electronic signature and disbursement information.
[§682.402(c)(5)(vii); §682.402(g)(1)(iv); the Department's Mandatory Assignment Guidance dated July 2, 2009]

PROPOSED LANGUAGE - COMMON BULLETIN:

Total and Permanent Disability Claims

The *Common Manual* has been updated to incorporate a provision that requires a lender to provide to the guarantor certain electronic signature and disbursement information when filing a total and permanent disability claim that is not based on a determination by the Department of Veterans Affairs (VA). The required information must be submitted via the FFELP Assignment Support Supplemental Form (TPD-Specific worksheet).

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:

A lender may need to amend claim filing procedures to complete and include the FFELP Assignment Support Supplemental Form (TPD-Specific worksheet) to provide to the guarantor certain electronic signature and disbursement information at the time the lender files a total and permanent disability claim that is not based on a determination by the VA.

Guarantor:

A guarantor may need to amend its claim review procedures to assure that it has a completed FFELP Assignment Support Supplemental Form (TPD-Specific worksheet) in each applicable claim package. A guarantor may also need to update its procedures for providing electronic signature and disbursement information for total and permanent disability claims that are assigned to the Department's Conditional Disability Discharge Unit.

U.S. Department of Education:

The Department may need to amend its procedures for processing a total and permanent disability claim that is not based on a determination by the VA.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

Default Aversion and Claims Standardization Subcommittee (DACs)

DATE SUBMITTED TO CM POLICY COMMITTEE:

July 17, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

October 8, 2009

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, FAME, Great Lakes, HESC, MGA, MOHELA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, 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:

Two commenters suggested deleting citation §682.402(c)(5)(vii) that appears at the end of the list of bullets in Subsection 13.1.D, *Total and Permanent Disability Claims*, because the citation refers to actions a lender must take after a disability claim is paid.

Response:

The Committee agrees and appreciates the commenters' review of the citations referenced after this list of bullets.

Change:

The citation has been deleted.

COMMENT:

One commenter suggested adding "(TPD-Specific worksheet)" after the FFELP Assignment Support Supplemental Form listed in Subsection 2.3.C.

Response:

The Committee agrees and thanks the commenter for noticing this oversight.

Change:

Reference to the TPD-Specific worksheet has been added after the name of the form in Subsection 2.3.C.

COMMENT:

One commenter suggested spelling out "Department of Veterans Affairs" in the newly added bullet in Subsection 13.1.D and providing the acronym afterwards in a parenthetical.

Response:

The Committee agrees.

Change:

The "Department of Veterans Affairs" has been spelled out and the acronym follows.

COMMENT:

One commenter noted that the Proposed Language in Subsection 13.1.D states that a lender must submit the FFELP Assignment Support Supplemental form to the guarantor in the case of a TPD claim. The commenter stated that currently, this spreadsheet is forwarded by the guarantor to the lender when applicable. The commenter advises that unless this process has changed, a new third sentence should be added to state that the guarantor will provide this form to the lender, when applicable.

Response:

The Committee believes that the current process for using the FFELP Assignment Support Supplemental form may be different from the process for using the TPD-Specific worksheet. In the later case, the non-VA TPD loans are assigned to the Department soon after a claim is filed with the guarantor and defaulted loans are assigned to the Department much later, or perhaps never. Also, the TPD-Specific worksheet states that "the following information must be provided to the guarantor at the time of TPD claim filing:"

Change:

None.

COMMENT:

One commenter suggested that the effective date of the proposal should be changed to October 1, 2009, since January is when the assignments with this documentation must be filed with the Department's disability discharge contractor.

Response:

The Committee understands the commenter's concern. This issue was discussed within DACS. The effective date to provide this information to the Department is January 1, 2010. However, a guarantor may need this information from the lender earlier than that because of the timeframes needed for processing. Therefore, the phrase "unless implemented earlier by the guarantor" was added to the effective date. A guarantor may need to advise its trading partners of the earlier effective date.

Change:

None.

COMMENT:

One commenter questions the need for this form. The commenter states that guarantors already have the e-sign and disbursement information that they need, therefore requesting this information at claim time seems duplicative and unnecessarily burdensome.

Response:

The Committee understands that some guarantors may collect this information in a manner other than through this particular form. However, the Committee understands that other guarantors may not. Therefore this form facilitates providing this information to the guarantor at claim time.

Change:

None.

ma/edited-chh

COMMON MANUAL – FEDERAL POLICY PROPOSAL

Date: October 15, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Oct 15

SUBJECT: Income Documentation for Income-Based Repayment

AFFECTED SECTIONS: 10.8.D Income-Based Repayment Schedule

POLICY INFORMATION: 1143/Batch 161

EFFECTIVE DATE/TRIGGER EVENT: Income-based repayment (IBR) plan requests received by the lender on or after July 1, 2009.

BASIS:

§682.215(e)(1)(i)(B); *Electronic Announcement* dated June 12, 2009; private letter guidance from Jeff Baker, U.S. Department of Education, dated June 29, 2009.

CURRENT POLICY:

Current policy states that a borrower must provide the lender with written consent for the disclosure of the applicable adjusted gross income (AGI) and other tax return information from the Internal Revenue Service (IRS) for the purpose of determining whether a borrower has a partial financial hardship (PFH) under the income-based repayment (IBR) plan.

REVISED POLICY:

Revised policy states that for purposes of determining whether a borrower has a PFH under IBR, the borrower may provide the lender with either a signed copy of the page(s) of the borrower's most recent federal income tax return that contains the borrower's AGI, or the tax transcript information from the IRS that contains the AGI and other tax return information. Revised policy further explains that to obtain the tax transcript from the IRS, the borrower may either submit a signed consent form (IRS Form 4506-T) directly to the lender (which will then forward it to the IRS), or the borrower may submit the 4506-T form directly to the IRS and request that the information be sent directly to either the lender or the borrower.

REASON FOR CHANGE:

This change is necessary to incorporate into the Manual interim guidance provided by the Department. This guidance responds to concerns expressed by the IRS that implementation of paper-based consent requests (IRS Form 4506-T) could overwhelm the IRS's current paper process, resulting in significant delays in responding to those consent requests. Until the IRS can provide a Web-based income tax return consent request process, the Department has provided lenders with interim guidance regarding acceptable tax return information for determining whether a borrower has a PFH under IBR.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 10.8.D, page 17, column 1, paragraph 3, as follows:

**10.8.D
Income-Based Repayment Schedule**

...

...

To enable the lender to make this determination, the lender must collect either: borrower must provide the lender with

- A signed copy of the page(s) of the borrower's most recent federal tax return that contains the borrower's AGI. If the borrower's tax return was filed electronically, the lender must ensure that the copy obtained from the electronic submission process is signed. If the borrower provides a copy of his or her most recent federal tax return,

the borrower is not required to provide copies of any other tax return forms, schedules, attachments, or worksheets, including W-2 Forms. Unless the lender has reason to believe that the information on the tax return is not accurate, it may rely upon the AGI amount reported on the tax return for purposes of the PFH determination. If the lender questions the accuracy of the signed copy of the tax return submitted by the borrower, it must require the borrower to provide the lender with a signed consent form (IRS Form 4506-T) or the tax transcript that is received after submitting Form 4506-T to the Internal Revenue Service (IRS).

[Department's *Electronic Announcement* dated June 12, 2009]

- The tax transcript information from the IRS, which can be obtained by the borrower submitting a signed ~~written~~ consent form (IRS Form 4506-T) for the disclosure of the applicable ~~adjusted gross income~~ AGI and other tax return information from the ~~Internal Revenue Service~~ IRS directly to the IRS, or to the lender for submission to the IRS. The borrower provides this consent by signing a consent form and returning the form to the lender.
[\$682.215(e)(1)]

~~For a married borrower filing jointly, adjusted gross income includes both the borrower's and the spouse's income. For a married borrower filing separately, adjusted gross income includes only the borrower's income.~~

However, if the borrower's ~~adjusted gross income~~ AGI is not available or if the lender believes that the borrower's AGI does not reflect the borrower's current income, the lender may use other documentation, provided by the borrower, to verify income.

For a married borrower filing jointly, AGI includes both the borrower's and spouse's income. For a married borrower filing separately, AGI includes only the borrower's income.

[\$682.215(a)(1)]

Revise Section 10.8.D, page 18, column 1, paragraph 3, bullet 2, as follows:

The lender must recalculate the monthly payment amount for a borrower when any of the following occurs:

- ~~• . . .~~
- The borrower fails to provide a signed copy of his or her most recent federal tax return, or fails to renew or withdraws consent for ~~income verification~~ tax transcript information from the ~~Internal Revenue Service~~ IRS (via IRS Form 4506-T). See above for more information on the documentation requirements.

PROPOSED LANGUAGE - COMMON BULLETIN:

Income Documentation for Income-Based Repayment

The *Common Manual* has been revised to state that for the purpose of determining whether a borrower has a partial financial hardship (PFH) under an income-based repayment (IBR) plan, the lender may accept a signed copy of the page(s) of the borrower's most recent federal income tax return that contains the borrower's AGI, or the tax transcript information from the IRS that contains the adjusted gross income (AGI) and other tax return information. To obtain the tax transcript information from the IRS, the borrower may either submit a signed consent form (IRS Form 4506-T) directly to the lender, or the borrower may submit the form directly to the IRS and request that the information be sent directly to either the lender or the borrower.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower may submit to the lender a signed copy of the page(s) of his or her most recent federal tax return that contain the AGI information or a tax transcript. A tax transcript is obtained by the borrower submitting a written consent form (IRS Form 4506-T) for the disclosure request of applicable AGI and other tax return information from the IRS directly to the IRS, or to the lender for submission to the IRS.

School:

None.

Lender/Service:

A lender may accept a signed copy of the borrower's most recent federal tax return or tax transcript information, which can be obtained by the borrower providing a written consent form (IRS Form 4506-T) for the disclosure request of applicable AGI and other tax return information from the IRS.

Guarantor:

A guarantor may need to update its program review procedures.

U.S. Department of Education:

The Department may need to update its program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

June 16, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

October 8, 2009

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, FAME, Great Lakes, HESC, MGA, MOHELA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, TG, UHEAA, and USA Funds.

Responses to Comments

Most 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.

COMMENT:

One commenter suggested that the formatting of the bullets in Subsection 10.8.D be revised to place a colon (:) after the word "either" rather than a dash (—) to conform to the formatting used for other lists contained in the Manual. The commenter also suggested that a semi-colon (;) and an "or" be placed after the first bullet.

Response:

The Committee agrees with the commenter that it is *Common Manual* convention to place a colon (:) after the word that precedes the beginning of a list. However, it is not *Common Manual* convention to use a semi-colon (;) and an "or" between bullets in a list. The convention is to capitalize the first word of each bulleted item and end each bulleted item with a period.

Change:

The sentence preceding the bulleted list has been revised to show a colon (:) rather than a dash (—).

COMMENT:

Three commenters questioned the qualifying language in the first bullet of Subsection 10.8.D that requires

“both sides” of a borrower’s tax return be submitted. One of the commenters stated that a 1040EZ or an e-filed return may not exhibit more than one side. Another of the commenters suggested that the policy clarify that either a signed front or back of a borrower’s most recent 1040 federal income tax return be considered acceptable documentation since the AGI figure that is used in determining the borrower’s eligibility for IBR is at the bottom of the front page of the return and at the top of the second page of the return.

Response:

The Committee agrees.

Change:

The first bullet of Subsection 10.8.D has been revised to read as follows:

- A signed copy (including both sides) of the page(s) of the borrower’s most recent federal tax return that contains the borrower’s AGI.

COMMENT:

One commenter asked that the policy confirm that other federal income tax return formats/transcripts provided by borrowers be considered acceptable documentation if the AGI is included and the format/transcript is signed. The commenter noted that some borrowers file their tax returns electronically through various software and tax preparation services.

Another commenter suggested clarifying the policy to state that if a borrower’s tax return was filed electronically, the borrower must provide a signed copy of the return, and that the signature may be an original or copy; an original pen and ink signature is not required.

Response:

The Committee agrees with the commenters’ points that electronic copies of tax returns are acceptable and that the supplemental guidance from Jeff Baker of the Department, referenced in the Basis for the policy, clarified that the borrower’s signature does not have to be an original “pen and ink” signature.

Change:

The policy in Subsection 10.8.D has been revised to clarify that the lender may accept a signed copy of a tax return that was originally submitted in an electronic format. In this situation, however, the borrower must print the tax return from the electronic format and sign it or send a copy of the signed document to the lender. A new second sentence has been added to the first bullet as follows:

- . . . If the borrower’s tax return was filed electronically, the lender must ensure that the copy obtained from the electronic submission process is signed.

COMMENT:

One commenter suggested that language be deleted from the third sentence of the first bullet in Subsection 10.8.D as indicated below, stating that there is no substantial difference between “tax return” or the “information on the tax return” in this context.

- . . . Unless the lender has reason to believe that ~~the tax return or~~ the information on the tax return is not accurate, it may rely upon the AGI amount reported on the tax return for purposes of the PFH determination.

Response:

The Committee agrees.

Change:

The first bullet in Subsection 10.8.D has been revised as suggested by the commenter.

COMMENT:

One commenter stated that it is not clear in Subsection 10.8.D to whom the borrower’s tax information is being disclosed – to the borrower (who will presumably give it to the lender) or to the lender directly. As such, the commenter asked if the policy was implying that the borrower will consent to having the IRS disclose the tax information directly to the lender.

Two other commenters stated that the Revised Policy and Borrower Implication statement need to be clarified

to indicate that the borrower does not provide a tax transcript, but rather provides a form consenting to the disclosure of the information by the IRS to the lender. These two commenters believe, however, that the language in Subsection 10.8.D works as written because it stresses that the lender must, with the borrower's consent, obtain the tax transcript.

Another commenter requested that the language stricken in the second bullet of Subsection 10.8.D be retained as it aligns with the requirements found in §682.215(e)(1)(i)(A).

Response:

The Committee agrees that some clarification is needed to better explain in the Revised Policy, Proposed Language and Borrower Implication statement the methods by which the lender may collect either the borrower's tax return or the tax transcript that is provided by the IRS.

We do not, however, agree with the commenters who suggest that a borrower cannot provide a tax transcript and can only submit the IRS consent form to the lender. As explained in the *Income Based Repayment Plan Implementation Guide* developed by the industry's IBR workgroup, the lender's processing flow may allow the borrower to send IRS Form 4506-T directly to the IRS or may require the borrower to return the completed IRS Form 4506-T to the lender for submission to the IRS. The Committee was careful to not dictate one process flow over another, yet provide enough guidance in the policy to explain what documentation the lender needs to determine a borrower's IBR eligibility.

Finally, we do not agree with the commenter who requested that the language that was stricken from the second bullet in Subsection 10.8.D be retained. This language, too, dictates only one method of obtaining the borrower's tax transcript information from the IRS.

Change:

The Revised Policy, Proposed Language and Borrower Implication statement have been revised to better explain the methods by which the lender may collect either the borrower's tax return or the tax transcript that is provided by the IRS. The Common Bulletin language has also been revised to align with the policy language.

The Revised Policy is revised to read as follows:

Revised policy states that for purposes of determining whether a borrower has a PFH under IBR, the borrower may provide the lender with either a signed copy ~~(including both sides)~~ of the page(s) of the borrower's most recent federal income tax return that contains the borrower's AGI, or the tax transcript information, ~~which can be obtained by the borrower submitting a written consent form (IRS Form 4506-T) for the disclosure of the applicable AGI and other tax return information from the IRS from the IRS that contains the AGI and other tax return information.~~ Revised policy further explains that to obtain the tax transcript from the IRS, the borrower may either submit a signed consent form (IRS Form 4506-T) directly to the lender (which will then forward it to the IRS), or the borrower may submit the 4506-T form directly to the IRS and request that the information be sent directly to either the lender or the borrower.

The last sentence of the first bullet and the last sentence of the second bullet in Subsection 10.8.D. have been revised as follows:

- . . . If the lender questions the accuracy of the signed copy of the tax return submitted by the borrower, it must require the borrower to provide the lender with a signed consent form (IRS Form 4506-T) or the tax transcript that is received after submitting Form 4506-T to the Internal Revenue Service (IRS).
- The tax transcript information from the IRS, which can be obtained by the borrower submitting a signed consent form (IRS Form 4506-T) for the disclosure of applicable AGI and other tax return information from the IRS directly to the IRS, or to the lender for submission to the IRS.

The Borrower Implication statement has been revised as follows:

A borrower may submit to the lender a signed copy of the page(s) of his or her most recent federal tax return that contains the AGI information, or a tax transcript information, which. A tax transcript is obtained by the borrower submitting a written consent form (IRS Form 4506-T) for the disclosure request of applicable AGI and other tax return information from the IRS directly to the IRS, or to the lender for submission to the IRS.

COMMENT:

One commenter suggested that relevant regulatory citations be added to Subsection 10.8.D.

Response:

The Committee agrees.

Change:

Citations have been added to Subsection 10.8.D as applicable.

nm/edited-kk

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: October 15, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Oct 15

SUBJECT: Credit Standards and Adverse Credit

AFFECTED SECTIONS:

2.1.B	Types of Loans Available
2.2.A	Origination
6.16	Applying for Federal Stafford and PLUS Loans
7.1.A.	General Determinations
7.1.B	Creditworthiness
7.1.C	Effect of Bankruptcy on Creditworthiness
7.2.A	Lender Responsibilities under a Master Promissory Note

Appendix G
Appendix H

POLICY INFORMATION: 1144/Batch 161

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

BASIS:
§682.201(b)(4); §682.201(c)(1)(vii); §682.201(c)(2).

CURRENT POLICY:
Current policy uses the terms “creditworthy” and “creditworthiness” in the context of an applicant’s or endorser’s eligibility for a PLUS loan. Current policy also uses the terms “credit standards” and “creditworthiness” in the context of a lender’s independent credit criteria for a Stafford or PLUS applicant.

REVISED POLICY:
Revised policy removes the terms “creditworthy” and “creditworthiness” and replaces them with terminology related to not having adverse credit in the context of an applicant’s or endorser’s eligibility for a PLUS loan. Revised policy removes the term “creditworthiness” and replaces it with “credit standards” in the context of a lender’s independent credit criteria for a Stafford or PLUS applicant. In addition, the text describing existing policy that any debt discharged in bankruptcy during the 5-year period before the date of the credit report must be considered in determining a PLUS applicant’s adverse credit is added to Subsection 7.1.C.

REASON FOR CHANGE:
This change was initiated by a commenter to proposal 1021 in Batch 148 who noted that “creditworthy” is not equivalent to “not having adverse credit”. For example, a borrower could have no credit history and as a result, may be considered not creditworthy but would not be considered to have adverse credit.

Federal regulations do not use the terms “creditworthy” or “creditworthiness” in the context of an applicant’s or endorser’s eligibility for a PLUS loan. The regulations instead state that in order for an otherwise eligible applicant (or endorser, as applicable) to receive a PLUS loan, the lender must obtain a credit report from at least one national credit bureau and determine, based on that report, that the applicant (or endorser, as applicable) does not have an adverse credit history, as defined in the regulations. This change, which would align Manual language more consistently with regulatory language, was expanded to replace the term “creditworthiness” with “credit standards” when used in the context of a lender’s independent credit criteria for a Stafford or PLUS applicant.

PROPOSED LANGUAGE - COMMON MANUAL:
Revise Subsection 2.1.B, page 2, column 1, bullet 1, as follows:

- A **Federal PLUS loan** is available to an eligible parent of a dependent undergraduate student attending a participating postsecondary school and to an eligible graduate or professional student enrolled in an eligible graduate or professional program at a participating school. A PLUS loan borrower must not have adverse credit or must obtain an an creditworthy endorser without adverse credit to be eligible for the loan. The borrower is responsible for paying to the lender the interest that accrues on the loan

from the time the loan is disbursed until it is paid in full. Repayment of a PLUS loan is scheduled over a maximum period of 10 years. However, the repayment period on a Grad PLUS loan may be longer than 10 years under an income-based repayment plan. For a borrower eligible for an extended repayment schedule, the maximum repayment period is 25 years. (See Section 10.8.)

Revise Subsection 2.2.A, page 7, column 1, paragraph 2, as follows:

In determining borrower eligibility, the lender generally relies in good faith on information provided by the school, the applicant, and, for PLUS loans, the student. For a PLUS loan, the lender must also determine whether the applicant ~~is creditworthy~~ has adverse credit by obtaining and reviewing a credit report. If the lender determines that the loan information is complete and that the applicant is eligible for a loan, the loan information is submitted to the guarantor for guarantee.

Revise Section 6.16, page 48, column 1, paragraph 3, bullet 9, as follows:

In addition, a new MPN is required if any of the following conditions applies:

- The lender's ability to make additional loans under the borrower's MPN has been revoked.
- The school or lender requires a new MPN.
- The borrower requests a new MPN.
- The guarantor requires a new MPN in the event of an invalid lender code.
- The prior MPN has expired.
- The borrower changes to a different lender.
- A third party with power of attorney signed the MPN on behalf of the borrower.
- The parent PLUS loan borrower is requesting funds for a different dependent student.
- The PLUS borrower is required to obtain an ~~creditworthy~~ endorser without adverse credit.
- The PLUS borrower requests an increased loan amount on a loan for which he or she was required to obtain an ~~creditworthy~~ endorser.

Revise Subsection 7.1.A, page 1, column 1, paragraph 3, bullet 2, as follows:

7.1.A
General Determinations

A lender's general responsibilities in reviewing a borrower's request for a Stafford or PLUS loan include all of the following:

- ...
- Determining whether the borrower meets the lenders' criteria. Each lender is responsible for developing and applying its own lending criteria, which may include restrictions on items such as area of service, types of loans, minimum loan amounts, or credit standards. A lender may not refuse to make a loan because of the applicant's race, national origin, religion, sex, marital status, age, disability, or solely on the basis of a prior bankruptcy. For more information on ~~creditworthiness~~ credit standards, see Subsection 7.1.B; and for more information on bankruptcies, see Subsection 7.1.C.

Revise Subsection 7.1.B, page 1, column 2, paragraph 1, as follows:

7.1.B

Creditworthiness-Credit Standards and Determining Adverse Credit

A lender is not prohibited from imposing ~~creditworthiness~~ standards on a Stafford loan applicant. See Subsection 7.1.C for additional information regarding the lender's Stafford borrower creditworthiness-credit standards when the Stafford borrower has received a bankruptcy discharge.

~~An borrower-applicant~~ is not eligible for a PLUS loan if he or she is determined by a lender to have ~~an~~ adverse credit ~~history~~ according to criteria in federal regulations. At the lender's option, a prospective PLUS loan borrower with adverse credit may obtain an creditworthy endorser without adverse credit ~~if the borrower is otherwise unable to establish creditworthiness~~. If a parent PLUS loan applicant is required to obtain an endorser in order to be eligible for the PLUS loan, the student for whom the parent PLUS loan is being obtained ~~can~~ may not serve as the endorser.

...

Revise Subsection 7.1.B, page 2, column 2, paragraph 1, as follows:

See Subsection 7.1.C for additional information regarding the effect of bankruptcy on a PLUS borrower's eligibility and the lender's determination of adverse credit ~~borrower creditworthiness when the borrower has filed a bankruptcy action~~.

Revise Subsection 7.1.C, page 2, column 2, paragraph 3, as follows:

7.1.C

Effect of Bankruptcy on the Lender's Determination of Adverse Credit-Creditworthiness

A lender may not deny a Stafford loan to an applicant solely on the basis of a bankruptcy discharge.

In the PLUS loan process, the lender must consider any debt discharged in bankruptcy during the 5-year period before the date of the credit report to be adverse credit. However, if the lender has information on a previous or pending bankruptcy filing by a PLUS loan applicant, the lender may not deny the loan solely based on that filing. See Subsection 7.1.B for more information regarding creditworthiness credit standards and determining adverse credit. [§682.201(c)(2)(ii)(B); DCL GEN-95-40]

Revise Subsection 7.2.A, page 4, column 1, paragraph 1, bullet 2, as follows:

The lender must ensure that a separate, valid PLUS MPN is in place in the following circumstances:

- The parent borrower is requesting PLUS loan funds for a different dependent student.
- The PLUS loan ~~borrower-applicant~~ is required to obtain an creditworthy endorser without adverse credit. If the lender determines that the ~~borrower-applicant~~ has ~~an~~ adverse credit ~~history~~ and permits the use of an endorser, a separate Endorser Addendum must be completed for each PLUS loan. When an endorser is required, a new PLUS MPN is required for each loan. Any increase in the requested loan amount by the borrower must be approved by the endorser and requires a new PLUS MPN and Endorser Addendum.

Revise Appendix G, page 8, column 1, paragraph 5, as follows:

Endorser: A signer of a promissory note who is secondarily liable for a loan obligation, i.e., who agrees to pay if the borrower does not. A lender may require a PLUS ~~borrower-applicant~~

with adverse credit to obtain an creditworthy endorser without adverse credit in order to receive the loan.

Revise Appendix H, page 14, column 2, paragraph 3, as follows:

July 1, 1995

...

PLUS credit check: A PLUS loan applicant with ~~an~~ adverse credit history may obtain an creditworthy endorser without adverse credit to receive a PLUS loan. A PLUS loan applicant is considered to have adverse credit if, among other conditions, the applicant had any debt discharged in bankruptcy during the 5-year period before the date of the applicant's credit report.

PROPOSED LANGUAGE - COMMON BULLETIN:

Credit Standards and Adverse Credit

The *Common Manual* has been revised by replacing the terms "creditworthy" and "creditworthiness" with terminology related to not having an adverse credit history when used in the context of an applicant's or endorser's eligibility for a PLUS loan. This change would align Manual language more consistently with regulatory language, since the federal regulations do not use the terms "creditworthy" or "creditworthiness" in the context of an applicant's or endorser's eligibility for a PLUS loan. The regulations instead state that in order for an otherwise eligible applicant (or endorser, as applicable) to receive a PLUS loan, the lender must obtain a credit report from at least one national credit bureau and determine, based on that report, that the applicant (or endorser, as applicable) does not have an adverse credit history, as defined in regulations.

In addition, the text in the Manual was revised by replacing the term "creditworthiness" with the term "credit standards" when used in the context of a lender's independent credit criteria for a Stafford or PLUS applicant.

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:

March 18, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

October 8, 2009

PROPOSAL DISTRIBUTED TO:

Batch 161/October 15, 2009

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Approved 1144-J093 161

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

Comments Received from:

AES/PHEAA, ASA, CSLF, FAME, Great Lakes, HESC, MGA, MOHELA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, 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:

One commenter strongly opposed the retroactive effective date for this change in terminology. The commenter believes that policies should not be retroactive to the date on which common policy was implemented, or in this case, to the effective date of the original *Common Manual*, but should be effective with the date on which the regulatory change occurred.

Response:

The Committee concurs that policies should not be retroactive in a manner that places any FFELP participant at a disadvantage with respect to compliance. However, the original provisions to incorporate a determination of adverse credit for PLUS borrowers were part of the July 23, 1992, reauthorization and were implemented with the regulations published in 1993. Thus, common policy included those policies at its initiation. Guarantors would have implemented the original regulatory provisions significantly prior to the common policy effective date.

These proposed changes implement only a change in terminology and should not have an adverse impact on any FFELP participant. Since the changes themselves are based on regulatory language and terms extant when the Manual was first effective on April 1, 1996, for guarantors participating in the common policy effort from its beginning, that is the earliest date on which the common policy effort can impose an effective date.

Change:

None.

COMMENT:

One commenter suggested various additional sections and subsections of the Manual in which the text could distinguish between a FFELP loan borrower and the applicant who has not yet received a FFELP loan.

Response:

The Manual consistently refers to the loan entities as borrowers in the context of the FFELP loan application process and, subsequently, when those entities have the loans. Upon careful review of the entire Manual and the context in which the nouns are used, we find that a decision to use the word "applicant" in all instances in which the student or parent does not yet have the loan would be a substantial editorial undertaking. The Committee declines that opportunity at this time but will retain the concept for future consideration.

Change:

None.

COMMENT:

One commenter suggested several wordsmiths to more clearly delineate the difference between the loan applicant's credit and the lender's credit standards, to clarify that bankruptcy impacts the applicant's credit history in an adverse manner rather than creates adverse credit, and to clarify the difference between an applicant and a borrower.

Response: The Committee will address the commenter's concerns individually:

- With respect to the difference between a borrower and an applicant, the commenter noted that the Stafford loan borrower has already applied for a loan when completing the FAFSA and thus, may be referred to as a prospective Stafford borrower. The Committee has concerns with this approach as the

FAFSA is also a part of the Grad PLUS loan borrower's application process. Further, it is our understanding of many lenders' processes, that the applicant – any applicant for any loan – is considered to be an applicant right up to the point at which a loan is made, completing the transition from “applicant” to “borrower.” With this in mind and considering the overall impact of how this change would create additional changes in the Manual for consistency, the Committee declines to make these changes.

- With respect to clarifying the phraseology regarding determinations of adverse credit and the borrower having such credit, the Committee appreciates the commenter's diligent review of the materials and has made those changes in the proposed text. However, some of the commenter's suggestions would refer to the lender's credit standards. We note that credit standards for most lenders are substantially different than the “adverse credit” standard established in regulation, and while lenders are permitted to impose proprietary credit standards on both Stafford and PLUS loan applicants, most do not. With respect to Stafford loan borrowers, the lender's standards would always be their own proprietary credit standards; for PLUS Loans, most lenders rely solely on the regulatory standards of adverse credit. To keep the rules simple and refer only to the adverse credit portion of the lending decision, the Committee has chosen to retain the focus on adverse credit decisions for PLUS Loans and not to refer to the larger concept of the lender's credit standards.

Change: Wordsmithing changes have been made to text as noted in bullet two above, both in the proposed text of the policy and in the title of Subsection 7.1.C.

ce-bg/edited-kk

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: October 15, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Oct 15

SUBJECT: **Increased Unsubsidized Stafford Loan Limits for Health Profession Students**

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

POLICY INFORMATION: **1145/Batch 161**

EFFECTIVE DATE/TRIGGER EVENT: For deletion of the bachelor of pharmacology program, publication date of the 07-08 FSA Handbook.

For deletion of the graduate of allied health program, publication date of the 00-01 FSA Handbook.

BASIS:

00-01 FSA Handbook, Volume 8, p. 8-26; 07-08 FSA Handbook, Volume 3, Chapter 5, pp. 3-102 to 3-104; 08-09 FSA Handbook, Volume 3, Chapter 5, pp. 3-110 to 3-112.

CURRENT POLICY:

Current policy states that the 5-year bachelor of pharmacology program is the only program in which an undergraduate student is eligible for increased unsubsidized Stafford loan limits available to health profession students. Current policy also states that a student enrolled in a graduate of allied health program is eligible for increased unsubsidized Stafford loan limits.

REVISED POLICY:

Revised policy deletes reference to the bachelor of pharmacology and graduate of allied health programs as those for which an enrolled student may receive increased unsubsidized Stafford loan limits available to health profession students.

REASON FOR CHANGE:

A health profession student enrolled in a program of study that was originally eligible under the Health Education Assistance Loan (HEAL) program and that is accredited by an approved accrediting agency may receive increased annual and aggregate Stafford loan limits. However, because of the potential for subsequent changes in the accredited status of those programs, FFELP participants should no longer rely upon the list of HEAL-eligible programs that existed when new loans under the HEAL program were discontinued (1998). The Department publishes a list of health profession programs that remain eligible for the increased Stafford loan limits in the annual FSA Handbook. These changes are required to align the Manual's text with those FSA Handbook updates.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 6.11.A, page 25, column 1, paragraph 5, as follows:

Undergraduate Students

...

If a student is ineligible for subsidized Stafford loan funds, the student may borrow the entire Stafford annual and aggregate undergraduate loan limits in unsubsidized Stafford loan funds.

~~Exception: Increased annual and aggregate unsubsidized Stafford loan limits are authorized for some students in 5-year Bachelor of Pharmacology Programs (see Subsection 6.11.D).~~

Revise Subsection 6.11.D, page 35, column 2, paragraph 3, as follows:

School Eligibility

For loan periods beginning on or after May 1, 1999, schools offering eligible health profession programs are eligible to award the increased unsubsidized Stafford loan limits to students enrolled in those programs, regardless of the school's past participation in the HEAL Program. Foreign schools are not eligible to award the increased unsubsidized Stafford loan limits. See Volume 3 of the FSA Handbook for the most current list of eligible programs.

...

Revise Subsection 6.11.D, page 36, column 2, paragraph 1, as follows:

Student Eligibility

...

~~The 5-year Bachelor of Pharmacology Program is the only program in which an undergraduate student is eligible for increased unsubsidized Stafford loan limits under these provisions. In addition to being required to meet all of the other eligibility criteria outlined in this subsection, a student enrolled in this program must meet the following criteria to be eligible for the increased unsubsidized Stafford loan limits:~~

- ~~• The student must be enrolled in the fourth or fifth year of the program.~~
- ~~• The student must be independent, or be a dependent student whose parent is unable to borrow a PLUS loan.
[DCL GEN 98-18]~~

Special Annual Unsubsidized Stafford Loan Limits

The increased annual unsubsidized Stafford loan limits for an eligible health profession students supplement the regular Stafford loan limits the student would be eligible to receive in the same loan period, and cannot exceed the lesser of the following:

- The student's cost of attendance (COA) less ~~other financial aid~~ estimated financial assistance.
- The student's regular unsubsidized Stafford loan limit (see Subsection 6.11.A) plus the student's applicable HEAL loan maximum.
[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-110]

~~HEAL program and discipline loan maximums are specified in section 104.3.2 of the *Department of Health and Human Services, Student Financial Aid Guidelines*. In general, the additional maximums are as follows:~~

- \$12,500 for a 9-month academic year, not to exceed \$16,667 for a 12-month academic year, for a students enrolled in ~~a graduate of public health, graduate in allied health, doctor of chiropractic, doctoral degree in clinical psychology, masters or doctoral degree in health administration, or bachelor or master of science in pharmacology or equivalent degree. In the case of a pharmacology student, the doctor of pharmacy degree is considered to be an equivalent degree if it is taken at a school that does not require the bachelor or master of science in pharmacy as a prerequisite for the doctor of pharmacy degree.~~ one of the following programs:
 - ~~–~~ Graduate in Public Health
 - ~~–~~ Master's or Doctoral Degree in Health Administration
 - ~~–~~ Doctor of Pharmacy
 - ~~–~~ Doctor of Chiropractic

– Doctoral Degree in Clinical Psychology

- \$20,000 for a 9-month academic year, not to exceed \$26,667 for a 12-month academic year, for a students enrolled in one of the following doctoral programs in allopathic medicine, osteopathic medicine, dentistry, veterinary medicine, optometry, podiatric medicine, and naturopathic medicine:

– Doctor of Allopathic Medicine

– Doctor of Osteopathic Medicine

– Doctor of Dentistry

– Doctor of Veterinary Medicine

– Doctor of Optometry

– Doctor of Podiatric Medicine

– Doctor of Naturopathic Medicine

– Doctor of Naturopathy

[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-112]

...

Revise Subsection 6.11.D, page 37, column 1, paragraph 2, as follows:

Special Stafford Aggregate Loan Limits

...

Graduate and professional health profession students who are eligible for increased unsubsidized Stafford loans are eligible to borrow a combined subsidized and unsubsidized Stafford aggregate loan amount of up to \$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 \$224,000 aggregate loan limit in unsubsidized Stafford loan funds.

[DCL GEN-99-21; DCL GEN-99-7; DCL GEN-98-18; DCL GEN-97-14; DCL GEN-97-4; DCL GEN-96-14]

~~Undergraduate 5-year Bachelor of Pharmacology students may receive an aggregate amount of \$70,625 (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 \$23,000 of this amount. If a student is ineligible for subsidized Stafford loan funds, the student may borrow the entire \$70,625 aggregate loan limit in unsubsidized Stafford loan funds.~~

~~[DCL GEN-99-21; GEN-99-7; GEN-98-18; GEN-97-14; GEN-97-4; GEN-96-14]~~

PROPOSED LANGUAGE - COMMON BULLETIN:

Increased Unsubsidized Stafford Loan Limits for Health Profession Students

A health profession student enrolled in a program of study that was originally eligible under the Health Education Assistance Loan (HEAL) program and that is accredited by an approved accrediting agency may receive increased annual and aggregate Stafford loan limits. The *Common Manual* has been updated to align with the FSA Handbook concerning health profession programs that are eligible for the increased unsubsidized Stafford annual and aggregate loan limits, by deleting the 5-year bachelor of pharmacology and graduate of allied health programs from the eligible program list.

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 28, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

October 8, 2009

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, FAME, Great Lakes, HESC, MGA, MOHELA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, 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:

One commenter recommended clarifying that the student only needs to be enrolled in one of the health professional programs.

Response:

The Committee agrees.

Change:

Revise Subsection 6.11.D, page 36, column 2, paragraph 3, bullet 1, as follows:

- \$12,500 for a 9-month academic year, not to exceed \$16,667 for a 12-month academic year, for a student enrolled in one of the following programs:

- ...

- \$20,000 for a 9-month academic year, not to exceed \$26,667 for a 12-month academic year,

for a student enrolled in one of the following programs:

COMMENT:

Two commenters recommended adding a caveat to the end of the section listing the eligible programs for the additional unsubsidized Stafford loan funds available to health professional student stating that the reader of the Manual should check the most up to date list of eligible programs listed in the FSA Handbook.

Response:

The Committee agrees.

Change:

Revise Subsection 6.11.D, page 35, column 2, paragraph 3, as follows:

School Eligibility

For loan periods beginning on or after May 1, 1999, schools offering eligible health profession programs are eligible to award the increased unsubsidized Stafford loan limits to students enrolled in those programs, regardless of the school's past participation in the HEAL Program. Foreign schools are not eligible to award the increased unsubsidized Stafford loan limits. See Volume 3 of the FSA Handbook for the most current list of eligible programs.

jcs-bmf/edited-kk

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: October 15, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Oct 15

SUBJECT: Additional Unsubsidized Stafford Loan

AFFECTED SECTIONS: Appendix G

POLICY INFORMATION: 1147/Batch 161

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:

HEA §428H, as amended by Ensuring Continued Access to Student Loans Act (ECASLA) of 2008 (P.L. 110-227); DCL GEN-08-08/FP-08-07.

CURRENT POLICY:

The current definition of "Additional Unsubsidized Stafford Loan" states that the additional amount is only available to independent undergraduate students, graduate/professional students, and dependent undergraduate students whose parents are unable to obtain a PLUS loan.

REVISED POLICY:

Revised policy aligns the definition of "Additional Unsubsidized Stafford Loan" with the loan limits in Subsection 6.11.A and Figure 6-4.

REASON FOR CHANGE:

This change is necessary to incorporate increases in the unsubsidized Stafford annual loan limits for undergraduate students authorized by ECASLA and to make the definition consistent with policy language in other locations of the Manual.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Appendix G, page 1, column 2, paragraph 4, as follows:

Additional Unsubsidized Stafford Loan: ~~The additional amount of a student's eligibility for an unsubsidized Federal Stafford loan that is in addition to the student's base Stafford loan eligibility. This amount is available only to independent undergraduate students, graduate/professional students, and dependent undergraduate students whose parents are unable to obtain a PLUS loan. See Section Subsection 6.11.A and Figure 6-4 for more information.~~

PROPOSED LANGUAGE - COMMON BULLETIN:

Additional Unsubsidized Stafford Loan

The *Common Manual* has been revised to align the glossary definition of "Additional Unsubsidized Stafford Loan" with the loan limits in Subsection 6.11.A and Figure 6-4— specifically, to reflect that dependent undergraduate students, with the exception of those enrolled in undergraduate or graduate preparatory coursework or teacher certification coursework, now have additional unsubsidized Stafford loan eligibility as a result of the Ensuring Continued Access to Student Loans Act (ECASLA) of 2008 (P.L. 110-227).

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:

June 9, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

October 8, 2009

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, FAME, Great Lakes, HESC, MGA, MOHELA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, 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:

One commenter recommended expanding the bulletin language to clarify that this change is necessary due to changes made by ECASLA.

Response:

The Committee agrees.

Change:

The Committee has revised the Common Bulletin Language, as follows:

The *Common Manual* has been revised to align the glossary definition of Additional Unsubsidized Stafford Loan with the loan limits in Subsection 6.11.A and Figure 6-4; specifically, to reflect that dependent students, with the exception of those enrolled in undergraduate or graduate preparatory coursework or teacher certification coursework, now have additional unsubsidized Stafford loan eligibility as a result of Ensuring Continued Access to Student Loans Act (ECASLA) of 2008 (P.L. 110-227).

COMMENT:

One commenter recommended expanding the Glossary term from “Additional Unsubsidized Stafford Loan” to “Additional Unsubsidized Stafford Loan Amounts” to clarify that the eligibility is not for multiple loans, but for amounts of funding.

Response:

The Committee thanks the commenter for the suggestion; however, the term used consistently in the *Manual* does not include the word “Amounts” in it. The term defined in the Glossary must match the term used in the *Manual*, so the Committee cannot add the word “Amounts” to the term.

Change:
None.

bmf/edited-rrl