

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1148	U.S. Passport Card for United States Citizenship and Immigration Services (USCIS) Documentation	<p><u>3.5.F</u> <u>Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections</u></p> <p><u>5.2.A</u></p> <p><u>9.1</u> <u>Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections</u></p> <p>Permits a U.S. passport card as an acceptable document to confirm a student's or borrower's citizenship, or to correct a date of birth or first name.</p>	Federal	Publication of the 09-10 FSA Handbook, Volume 1, for citizenship verification. June 1, 2009, for correction of a first name change or date of birth.
1149	Borrower Eligibility for a New Loan When a Prior Loan is Conditionally Discharged	<p><u>5.4.A</u> <u>Conditional Discharge of a Prior Loan Due to Total and Permanent Disability</u></p> <p><u>Figure 5-1</u> <u>Effect of Title IV Loan Status on Student Aid Eligibility</u></p> <p><u>6.15</u> <u>School Certification of the Loan</u></p> <p><u>8.7</u> <u>Delivering Loan Funds at Eligible Schools</u></p> <p><u>13.8.G</u> <u>Total and Permanent Disability</u></p> <p>States that in addition to current requirements, a borrower whose prior Title IV loan(s) is in a conditional discharge status due to an initial determination that the borrower is totally and permanently disabled must do the following before a school may certify a new Stafford or PLUS loan for the borrower: Submit a request to the Department's Conditional Discharge Disability Unit indicating that the loan(s) that is currently in a conditional discharge status be returned to repayment status and advise the school that the process of returning the conditionally discharged debt to repayment status has been initiated.</p> <p>Revised policy also states that before a school may certify a new loan for a borrower whose prior Title IV loan(s) is in a conditional discharge status due to total and permanent disability, the school must confirm that the borrower has initiated the process to return the conditionally discharged debt to repayment status. The school also must determine whether</p>	Federal	New loan requests received by a school on or after August 28, 2009.

		<p>the status of the loan (default or non-default) will trigger additional requirements before it certifies a new loan for the borrower.</p> <p>Revised policy also states that a school must not deliver any new loan funds until it confirms that the conditionally discharged loan(s) has been returned to repayment status.</p>		
1150	Additional Unsubsidized Stafford Loan Eligibility	<p><u>6.15.D</u> <u>Additional Unsubsidized Stafford Loan Certification for a Dependent Student</u></p> <p>Clarifies that if a parent is approved for a PLUS loan, the student is not eligible for the additional unsubsidized Stafford loan funds available to an independent student.</p>	Federal	Publication date of Volume 3 of the 06-07 FSA Handbook, unless implemented earlier by the guarantor.
1151	In-School and Post-Enrollment Deferments for PLUS Loans	<p><u>Figure 11-1</u> <u>Deferment Eligibility Chart</u></p> <p>Incorporates into the Deferment Eligibility Chart, Figure 11-1, the new in-school and post-enrollment deferment options for parent PLUS and Grad PLUS borrowers whose loans were first disbursed on or after July 1, 2008.</p>	Federal	PLUS loans first disbursed on or after July 1, 2008.
1152	Stafford Annual Loan Limits for a Student Enrolled in Teacher Certification Coursework or Preparatory Coursework for a Graduate or Professional Program	<p><u>Figure 6-4</u> <u>Stafford Annual and Aggregate Loan Limits for Undergraduate Students</u></p> <p>Corrects Figure 6-4 to indicate that proration is “not applicable” to the base Stafford annual loan limit for a student enrolled in a period of teacher certification coursework or graduate preparatory coursework that is less than an academic year in length.</p>	Correction	Publication date of Volume 8 of the 02-03 FSA Handbook.
1153	Regaining Eligibility for New Stafford Loan Funds after an Inadvertent Overaward	<p><u>6.11.E</u> <u>Exceeding Loan Limits</u></p> <p>Clarifies that even after a school documents that a Stafford borrower who inadvertently exceeded an annual or aggregate loan limit has taken one of the necessary actions to regain Title IV eligibility, the borrower may not be eligible to receive additional Stafford loan funds, depending on the circumstances, and provides examples.</p>	Correction	Retroactive to the implementation of the <i>Common Manual</i> .
1154	Borrower Right to Cancel All or a Portion of a Stafford or PLUS Loan Disbursed by EFT or Master Check	<p><u>8.2.C</u> <u>School Notice of Credit to Student Account</u> <u>8.2.D</u> <u>Borrower Notice to Cancel Loan</u></p> <p>Clarifies that a school must honor a borrower’s cancellation request when that request is received within certain time frames after the school sends a notice advising the borrower of the right to</p>	Correction	Loans disbursed on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.

		cancel the loan. Notice of the right to cancel the loan is part of the notice of credit to the student's account.		
1155	Prorated Stafford Annual Loan Limits	<p><u>6.11.F</u> <u>Prorated Stafford Annual Loan Limits</u></p> <p>Provides an illustrative chart outlining the process for when and how a school must calculate prorated undergraduate Stafford annual loan limits.</p>	Organizational	Not Applicable.

Batch 162-trans

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: November 19, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Nov 19

SUBJECT: U. S. Passport Card for United States Citizenship and Immigration Services (USCIS) Documentation

AFFECTED SECTIONS: 3.5.F Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections
5.2.A Citizenship Data Match
9.1 Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections

POLICY INFORMATION: 1148/Batch 162

EFFECTIVE DATE/TRIGGER EVENT: Publication of the 09-10 FSA Handbook, Volume 1, for citizenship verification. June 1, 2009, for correction of a first name change or date of birth.

BASIS:

Private guidance from Jamie Malone of the Department dated June 1, 2009; 09-10 FSA Handbook, Volume 1, Chapter 2, p. 1-23.

CURRENT POLICY:

Current policy does not include a U.S. passport card as a means to verify a student's or borrower's U.S. citizenship, or to correct a date of birth or first name.

REVISED POLICY:

Revised policy permits a U.S. passport card as a means to verify a student's or borrower's U.S. citizenship, or to correct a date of birth or first name.

REASON FOR CHANGE:

This change is needed to incorporate a reference to the U.S. passport card as acceptable documentation to verify a student's or borrower's U.S. citizenship, or to correct a date of birth or first name of a student or borrower as originally provided in private guidance from the Department. In 2008, the U.S. Department of State began issuing a wallet-sized passport card that can be used only for land and sea travel between the United States and Canada, Mexico, the Caribbean, and Bermuda. It is adjudicated to the same standards as the U.S. Passport and is, therefore, a fully valid attestation of the U.S. citizenship and identity of the bearer.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 3.5.F, page 17, column 2, paragraph 2, as follows:

**3.5.F
Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections**

...

Acceptable Source Documents for Reporting the Correction of a Date of Birth

A guarantor considers any of the following documents a valid source for reporting the correction of a date of birth:

- ...
- ...
- ...
- U.S. Passport or passport card (current or expired).

- ...

Revise Subsection 3.5.F, page 17, column 2, paragraph 3, as follows:

Acceptable Source Documents for Reporting the Correction of a First Name

A guarantor considers any of the following documents a valid source for reporting the correction of a first name:

- ...
- ...
- ...
- ...
- ...
- ...
- ...
- ...
- U.S. Passport or passport card (current or expired).
- ...

Revise Subsection 5.2.A, page 4, column 2, bullet 3, as follows:

**5.2.A
Citizenship Data Match**

U.S. Citizens and Nationals

If the status of a student or parent borrower as a U.S. citizen or a U.S. national must be documented, the following are permissible forms of certification:

- ...
- A U.S. Passport or passport card (current or expired).

Revise Subsection 5.2.A, page 5, column 1, paragraph 1, as follows:

Eligible Noncitizens

A school must verify the eligibility of a noncitizen. This may be done by performing a data match with another agency, such as the USCIS. If the student reports on the ~~FASFA~~ FAFSA
...

Revise Section 9.1, page 1, column 2, paragraph 2, bullet 4, as follows:

Acceptable Source Documents for Reporting the Correction of a Date of Birth

A guarantor considers any of the following documents a valid source for reporting the correction of a date of birth:

- ...

- ...
- ...
- U.S. Passport or passport card (current or expired).
- ...

Revise Section 9.1, page 2, column 1, paragraph 1, bullet 9, as follows:

Acceptable Source Documents for Reporting the Correction of a First Name

A guarantor considers any of the following documents a valid source for reporting the correction of a first name:

- ...
- ...
- ...
- ...
- ...
- ...
- ...
- ...
- U.S. Passport or passport card (current or expired).
- ...

PROPOSED LANGUAGE - COMMON BULLETIN:

U. S. Passport Card for United States Citizenship and Immigration Services (USCIS) Documentation

The *Common Manual* has been updated to include a U.S. passport card as an acceptable form of documentation of a student’s or borrower’s U.S. citizenship, and to incorporate private guidance from the Department that allows a U.S. passport card (current or expired) to be used to substantiate the correction of a date of birth or first name.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower may benefit from the additional resource of a U.S. passport card to verify citizenship or to substantiate the correction of a date of birth or first name.

School:

A school may use a U.S. passport card to verify U.S. citizenship or to substantiate the correction of a date of birth, or first name.

Lender/Service:

A lender is now permitted to use a U.S. passport card to verify U.S. citizenship, or to substantiate the correction of a date of birth or first name.

Guarantor:

A guarantor may find it necessary to update its program review materials to acknowledge that a U.S. passport

card is acceptable to verify U.S. citizenship or to substantiate the correction of a date of birth or first name.

U.S. Department of Education:

The Department may be required to modify its program review materials to reflect that schools, lenders, (and guarantors) are authorized to use a U.S. passport card to verify U.S. citizenship or to substantiate the correction of a date of birth or first name.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

June 1, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

November 12, 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, EdFund, Great Lakes, HESC, NASFAA, NCHelp, NSLP, OGSLP, SCSLC, SLSA, TG, UHEAA, and USA Funds.

Responses to Comments

Most 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 recommended wordsmithing to the Bulletin Language to clarify that the FSA Handbook established the U.S. passport card as an acceptable form of documentation of a student's or borrower's U.S. citizenship and extension of the card's use to substantiate the date of birth or first name comes from private guidance from the Department. These commenters also suggested additional descriptive language in the Reason for Change to provide a more complete frame of reference for the policy proposal.

Response:

The Committee concurs.

Change:

The Committee has revised the Reason for Change and Bulletin language as recommended.

COMMENT:

One commenter requested that reference to a "current or expired" U.S. passport card be used consistently in all cases.

Response:

The Committee concurs.

Change:

The Committee has included the references as recommended.

om/edited-as

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: November 19, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Nov 19

SUBJECT: **Borrower Eligibility for a New Loan When a Prior Loan is Conditionally Discharged**

AFFECTED SECTIONS:

5.4.A	Conditional Discharge of a Prior Loan Due to Total and Permanent Disability
Figure 5-1	Effect of Title IV Loan Status on Student Aid Eligibility
6.15	School Certification of the Loan
8.7	Delivering Loan Funds at Eligible Schools
13.8.G	Total and Permanent Disability

POLICY INFORMATION: **1149/Batch 162**

EFFECTIVE DATE/TRIGGER EVENT: New loan requests received by a school on or after August 28, 2009.

BASIS:

§682.201(a)(5); private guidance from Pam Moran of the Department, dated August 28, 2009; the Department's Total and Permanent Disability Website (<http://disabilitydischarge.ed.gov>).

CURRENT POLICY:

Current policy states that for a borrower to receive a new loan when a borrower has a prior loan(s) in a conditional discharge period, the borrower must do *all* of the following:

- Obtain a physician's statement certifying that the borrower may now engage in substantial gainful activity.
- Sign a statement acknowledging that any loan that has been conditionally discharged may not be discharged due to the same or any disability existing at the time the borrower applied for a total and permanent disability discharge or when the new loan is made, unless the disabling condition substantially deteriorates to the extent that the definition of total and permanent disability is met.
- Sign a statement acknowledging that collection activity will resume on any loans in a conditional discharge period.

REVISED POLICY:

Revised policy states that in addition to current requirements, a borrower whose prior Title IV loan(s) is conditionally discharged due to an initial determination that the borrower is totally and permanently disabled must do the following before a school may certify a new Stafford or PLUS loan for the borrower:

- Submit a request to the Department's Conditional Discharge Disability Unit indicating that the loan(s) that is currently conditionally discharged period be returned to repayment.
- Advise the school that the process of returning the conditionally discharged loan(s) to repayment has been initiated.

Revised policy states that before a school may certify a new loan for a borrower whose prior Title IV loan(s) is conditionally discharged due to an initial determination that the borrower is totally and permanently disabled, the school must confirm that the borrower has initiated the process to return the conditionally discharged loan(s) to repayment. The school also must determine whether the status of the loan (default or non-default) will trigger additional requirements before it certifies a new loan for the borrower.

Revised policy states that a school must not deliver any new loan funds until it confirms that the conditionally discharged loan(s) has been returned to repayment.

Further, revised policy provides a note in Subsection 13.8.G to refer the reader to Section 5.4 for information about new loan eligibility after a borrower has received a loan discharge due to total and permanent disability.

REASON FOR CHANGE:

These changes are being made to align the Manual with new Departmental guidance that requires a borrower and a school to fulfill certain requirements prior to new loan certification and delivery of new loan funds for a borrower whose prior Title IV loan(s) is in a conditional discharge period due to an initial determination that the borrower is totally and permanently disabled.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 5.4.A, page 9, column 2, paragraph 2, as follows:

5.4.A

Conditional Discharge of a Prior Loan Due to Total and Permanent Disability

A borrower whose prior Title IV loan(s) ~~has received~~ is a conditionally discharged of a prior loan due to an initial determination that the borrower is totally and permanently disabled must do ~~all of the following before a school may certify to be eligible to receive a new Stafford or PLUS loan for the borrower before the end of the conditional discharge period:~~

- Submit a request to the Department's Conditional Discharge Disability Unit indicating that the conditionally discharged loan(s) be returned to repayment.
- Advise the school that the process of returning the conditionally discharged loan(s) to repayment has been initiated.

Before a school may certify a new loan for a borrower whose prior Title IV loan(s) is conditionally discharged due to an initial determination that the borrower is totally and permanently disabled, the school must confirm that the borrower has initiated the process to return the conditionally discharged loan(s) to repayment. The school also must determine whether the status of the loan (default or non-default) will trigger additional requirements before it certifies a new loan for the borrower. If the loan(s) was in default prior to being conditionally discharged, the school may be required to document that the borrower has either made satisfactory repayment arrangements with the loan holder in order to reinstate Title IV eligibility or rehabilitated the defaulted loan(s) (see Subsection 5.2.D).

A borrower must do the following before he or she is eligible to receive a new Stafford or PLUS loan:

- Obtain a physician's statement certifying that the borrower may now engage in "substantial gainful activity." For these purposes, "substantial gainful activity" is defined as the ability to work and earn money.
[§682.201(a)(6)(i)]
- Sign a statement acknowledging that any loan that has been conditionally discharged may not be discharged due to the same or any disability existing at the time the borrower applied for a total and permanent disability discharge or when the new loan is made, unless the disabling condition substantially deteriorates to the extent that the definition of total and permanent disability is met.
[§682.201(a)(6)(ii); §682.201(a)(7)(ii)(A)]
- Sign a statement acknowledging that collection activity will resume on any conditionally discharged loans in a conditional discharge period.
[§682.201(a)(7)(ii)(B)]

The school must not deliver any new loan funds until it confirms that the conditionally discharged loan(s) has been returned to repayment.
[§682.201(a)(5)]

...

▲ Schools and lenders are strongly encouraged to contact the guarantor if assistance is needed to determine or establish a borrower's eligibility after a total and permanent disability discharge.

Revise Figure 5-1, page 11, footnote 3, as follows:

³ To be eligible, the applicant must (a) submit a request to the Department's Conditional Discharge Disability Unit indicating that the conditionally discharged loan(s) be returned to repayment and advise the school that the process of returning the conditionally discharged loan(s) to repayment has been initiated; ~~and (b) obtain a physician's statement certifying that the borrower may now engage in substantial gainful activity;~~ ~~and (bc) sign a statement acknowledging that any loan that has been conditionally discharged may not be discharged due to the same or any disability existing at the time the borrower applied for a total and permanent disability discharge or when the new loan is made, unless the disabling condition substantially deteriorates to the extent that the definition of total and permanent disability is met;~~ and (ed) sign a statement acknowledging that collection activity will resume on any conditionally discharged loans in a conditional discharge period.
[§682.201(a)(5); §682.201(a)(6)(i); §682.201(a)(7)(ii)(A) and (B)]

Revise Section 6.15, page 42, column 1, by inserting a new paragraph 5, as follows:

6.15 School Certification of the Loan

In certifying a Stafford or PLUS loan, a school is required to make several determinations regarding the eligibility of the student—or the student and the parent in the case of a parent PLUS loan—and the maximum amount that may be borrowed (see Section 6.11). The school must ensure it does not certify an amount that would result in the borrower receiving more than the borrower's actual eligibility.
[§682.603(e)]

A school must certify the borrower's loan eligibility by the end of the loan period or the date on which the student ceases to be enrolled at least half time, whichever is earlier. If the school does not certify the loan by the earlier of these two dates, the loan cannot be disbursed. See Subsection 7.7.G for complete information regarding late disbursement.
[§682.164(g)(2)(ii)(A); §682.207(f)]

Before a school may certify a new loan for a borrower whose prior Title IV loan(s) is conditionally discharged due to an initial determination that the borrower is totally and permanently disabled, the school must confirm that the borrower has initiated the process to return the conditionally discharged loan(s) to repayment. The school also must determine whether the status of the loan (default or non-default) will trigger additional requirements before it certifies a new loan for the borrower. If the loan(s) was in default prior to being conditionally discharged, the school may be required to document that the borrower has either made satisfactory repayment arrangements with the loan holder in order to reinstate Title IV eligibility or rehabilitated the defaulted loan(s) (see Subsection 5.2.D). See Subsection 5.4.A for more information regarding borrower eligibility for a new loan when the borrower's prior loan(s) is conditionally discharged.
[§682.201(a)(5)]

Revise Section 8.7, page 7, column 1, by adding a new paragraph 3, as follows:

8.7 Delivering Loan Funds at Eligible Schools

The school must hold Stafford and PLUS loan proceeds until the student is enrolled in classes for the applicable payment period. (For more information on payment periods, see Section 6.3.) The school must deliver loan proceeds on a payment-period basis in substantially equal installments, with no installment exceeding one half of the loan amount. For a loan period that consists of more than one payment period, the school must deliver loan proceeds at least once in each payment period. If a loan period consists of only one payment period, the school must deliver loan proceeds at least twice during that payment period (see Subsection 7.7.B, subheading "Exceptions to Multiple Disbursement Requirements"). [§682.164(b)(1); §682.604(c)(1), (6), and (7)]

A school must ensure that it does not deliver the proceeds of a Stafford loan or a Grad PLUS

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

A school must not deliver any new loan funds to a borrower whose prior Title IV loan(s) is conditionally discharged due to an initial determination that the borrower is totally and permanently disabled until it confirms that the conditionally discharged loan(s) has been returned to repayment.

...

Revise Subsection 13.8.G, page 48, column 2, by adding a new paragraph 2, as follows:

**13.8.G
Total and Permanent Disability**

Note: See Section 5.4 for more information about eligibility requirements that a borrower must meet in order for the borrower to receive a new loan after he or she has received a loan discharge due to total and permanent disability.

A total and permanent disability discharge request based on a determination by the U.S. Department of Veterans Affairs (VA) has different eligibility criteria than one that is not based on a VA determination, as outlined below.

PROPOSED LANGUAGE - COMMON BULLETIN:

Borrower Eligibility for a New Loan When a Prior Loan is Conditionally Discharged

Current policy states that for a borrower to receive a new loan when that borrower has received a conditional discharge of a prior loan due to an initial determination that the borrower is totally and permanently disabled, the borrower must do *all* of the following:

- Obtain a physician's statement certifying that the borrower may now engage in substantial gainful activity.
- Sign a statement acknowledging that any loan that has been conditionally discharged may not be discharged due to the same or any disability existing at the time the borrower applied for a total and permanent disability discharge or when the new loan is made, unless the disabling condition substantially deteriorates to the extent that the definition of total and permanent disability is met.
- Sign a statement acknowledging that collection activity will resume on any loans in a conditional discharge period.

The *Common Manual* has been revised to state that, in addition to current requirements, a borrower whose prior Title IV loan(s) is conditionally discharged due to an initial determination that the borrower is totally and permanently disabled must do the following before a school may certify a new Stafford or PLUS loan for the borrower:

- Submit a request to the Department's Conditional Discharge Disability Unit indicating that the loan(s) that is currently conditionally discharged be returned to repayment.
- Advise the school that the process of returning the conditionally discharged loan(s) to repayment has been initiated.

Revised policy states that before a school may certify a new loan for a borrower whose prior Title IV loan(s) is conditionally discharged due to an initial determination that the borrower is totally and permanently disabled, the school must confirm that the borrower has initiated the process to return the conditionally discharged loan(s) to repayment. The school also must determine whether the status of the loan (default or non-default) will trigger additional requirements before it certifies a new loan for the borrower. If the loan(s) was in a default prior to being conditionally discharged, the school may be required to document that the borrower has either made satisfactory repayment arrangements with the loan holder in order to reinstate Title IV eligibility or rehabilitated the defaulted loan(s).

Revised policy states that a school must not deliver any new loan funds until it confirms that the conditionally discharged loan(s) has been returned to repayment.

Further, revised policy provides a note in Subsection 13.8.G to refer the reader to Section 5.4 for information about eligibility requirements that a borrower must meet in order for the borrower to receive a new loan after he or she has received a prior loan discharge due to total and permanent disability.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower may not be certified as eligible for a new loan when the borrower has a conditionally discharged Title IV loan(s) until the borrower submits a request to the Department's Conditional Discharge Disability Unit (CDDU) indicating that the conditionally discharged loan(s) be returned to repayment and advises the school that the process of returning the conditionally discharged loan(s) to repayment has been initiated. A borrower whose loan(s) is conditionally discharged may experience delays in new loan certification based on the new steps that he or she must take to regain eligibility and delays in delivery of loan funds related to processing times at the CDDU.

School:

A school may need to amend processing and certification requirements for a borrower whose prior Title IV loan(s) is conditionally discharged. A school may need to monitor more aspects of the borrower's eligibility until the CDDU processes the borrower's request to return the loan(s) to repayment and then the school confirms that a prior default or other issue does not make the borrower ineligible. Delays in the ability of the school to certify the loan may create commensurate delays in the school's receipt of the loan disbursements for the borrower. The school must ensure that, along with current requirements, it confirms that the process of returning the conditionally discharged loan(s) to repayment has been initiated and that it has processes in place to determine whether the status of the loan(s) (default or non-default) will trigger additional requirements before it certifies a new loan for the borrower. The school may need to establish processes to ensure that it does not deliver new loan funds until it confirms that the conditionally discharged loan(s) has been returned to repayment.

Lender/Service:

None.

Guarantor:

A guarantor may need to update program review procedures.

U.S. Department of Education:

The Department may need to update program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

September 1, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

November 12, 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, EdFund, Great Lakes, HESC, NASFAA, NCHelp, NSLP, OGSLP, SCSLC, 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:

Two commenters suggested that the newly added text to Figure 5-1, footnote 3, should be placed in the same order as the information appears in Subsection 5.4.A.

Response:

The Committee agrees.

Change:

The newly added text to Figure 5-1, footnote 3, has been moved as suggested by the commenters.

COMMENT:

One commenter suggested adding information to Subsection 5.4.A, as follows:

“The school must not deliver any new loan funds until it confirms, via the National Student Loan Data System, NSLDS, that the conditionally discharged loan(s) has been returned to a repayment status.”

The commenter suggests this addition to advise a school where to obtain the confirmation. Another commenter questions whether the school can obtain the confirmation from NSLDS and if not, how does the school confirm this information.

Response:

The Committee agrees that some schools may choose to check NSLDS to confirm that the loan(s) has been returned to a repayment status. However, we decline to include the additional text in the Manual because it may be interpreted that it is the school's *responsibility* to check NSLDS for this information. The Committee understands that some schools require the borrower to provide the school with documentation that his or her loan(s) has been returned to a repayment status. Also, it is feasible that some schools may have other processes in place for obtaining the confirmation.

Change:

None.

COMMENT:

Two commenters noted that the new requirement, that the school must not deliver funds until it confirms that the return to repayment has been accomplished, is not mentioned in the “delivery” section of the Manual and believe that it should be. The commenters suggested that one possible placement would be in Section 8.7, page 8, column 1, as a new paragraph 4.

Response:

The Committee agrees that the information should be added to Section 8.7. However, the Committee believes that a more up-front placement in Section 8.7 may be more appropriate.

Change

Section 8.7, page 7, column 1, has been revised by adding a new paragraph 3, as follows:

“A school must not deliver any new loan funds to a borrower whose prior Title IV loan(s) is conditionally discharged due to an initial determination that the borrower is totally and permanently disabled until it confirms that the conditionally discharged loan(s) has been returned to repayment.”

COMMENT:

One commenter suggested changes to Subsection 5.4.A so that the bulleted items which represent borrower activities are grouped together to provide clarity. By grouping the borrower required items together, this would eliminate the possibility that a reader misses the fact that all 5 bulleted items represent borrower requirements. In addition, the flow of the text will not be interrupted by the change in subject from borrower to school and back again. Another commenter provided the same suggestion stating that it was a little confusing to follow the entire section because the text goes back and forth between borrower and school requirements.

Response:

The Committee appreciates the commenters' suggestion and understands the rationales for the suggestion. However, the proposal is based on new guidance in which the Department provided its interpretation of §682.201(a)(5), as follows: " We interpret this to mean that a conditionally discharged loan must be returned to repayment status before a borrower can receive a new loan. The school must at least confirm that the process of returning the conditionally discharged debt to repayment status has been initiated and determine whether the status of the loan (default or non-default) will trigger additional requirements before it certifies the borrower for a new loan. The school should not deliver/disburse any new loan funds until it confirms that the loans have been returned to repayment status." The Department's guidance further states that "regulations don't explicitly say it's the borrower's responsibility (as opposed to the school's responsibility) to initiate the repayment conversion process, it's a logical conclusion since the borrower is the one seeking the new loan. Waiting until a new loan is made and reflected in NSLDS to trigger the borrower's return to repayment or collection on the conditionally discharged loan could result in a defaulted borrower receiving a new loan and would conflict with (a)(5)."

This guidance allows a school to certify a new loan after it receives information from the borrower that the borrower has initiated the process of returning the conditionally discharged loan(s) to repayment. The guidance allows the borrower time after the new loan certification to obtain and provide to the school a physician's statement certifying that the borrower may now engage in substantial gainful activity, a signed statement acknowledging that any loan that has been conditionally discharged may not be discharged due to the same or any disability existing at the time the borrower applied for a total and permanent disability discharge or when the new loan is made, unless the disabling condition substantially deteriorates to the extent that the definition of total and permanent disability is met, and a signed statement acknowledging that collection activity will resume on any conditionally discharged loan(s).

The Committee believes that if all of the borrower requirements are listed in a continuous list of bullets, it would not illustrate that some of the requirements must be fulfilled prior to the school's certification of a new loan, and some requirements may be fulfilled after the new loan certification, but before a school delivers new funds to the student. Also, the Committee believes that if the policy is crafted to state that all of the borrower's requirements had to be fulfilled prior to the school's certification of a new loan, some schools would be out of compliance for past certification procedures. Further, the Committee reiterates that the Department's guidance allows for some borrower requirements to be fulfilled after the school certifies the new loan.

Change:

None.

COMMENT:

One commenter suggested adding a cross-reference to Subsection 13.8.G, as follows:

"Total and Permanent Disability

A total and permanent disability discharge request based on a determination by the U.S. Department of Veterans Affairs (VA) has different eligibility criteria than one that is not based on a VA determination, as outlined below. A borrower whose prior Title IV loan(s) is in a conditional discharge status due to an initial determination that the borrower is totally and permanently disabled must fulfill certain requirements before he or she is eligible to receive a new Stafford or PLUS loan. See Subsection 5.4.A for more information."

The commenter stated that providing this cross-reference will assist readings in obtaining complete information about the TPD process.

Response:

The Committee agrees that adding a cross-reference in Subsection 13.8.G will be helpful. However, the Committee elects to add this new information as a note at the beginning of Subsection 13.8.G

Change:

Subsection 13.8.G, page 48, column 2, has been revised by adding a new note before paragraph 1, as follows:

"Total and Permanent Disability

Note: See Section 5.4 for more information about eligibility requirements that a borrower must meet in order for the borrower to receive a new loan after he or she has received a loan discharge due to total and

permanent disability.”

ma/edited-chh

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: November 19, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With Changes	Nov 19

SUBJECT: Additional Unsubsidized Stafford Loan Eligibility

AFFECTED SECTIONS: 6.15.D Additional Unsubsidized Stafford Loan Certification for a Dependent Student

POLICY INFORMATION: 1150/Batch 162

EFFECTIVE DATE/TRIGGER EVENT: Publication date of Volume 3 of the 06-07 FSA Handbook, unless implemented earlier by the guarantor.

BASIS:
06-07 FSA Handbook, Volume 3, Chapter 4, p. 3-73.

CURRENT POLICY:
Current policy states that only one parent needs to be unable to obtain a PLUS loan in order for the dependent student to be eligible for additional unsubsidized Stafford loan funds, but it does not address the situation of one parent being approved for a PLUS loan and another being unable to obtain a PLUS loan.

REVISED POLICY:
Revised policy clarifies that if a parent is approved for a PLUS loan, the student is not eligible for the additional unsubsidized Stafford loan funds available to an independent student. Revised policy also reorganizes the subsection in order to facilitate understanding about the amount a school may certify in additional unsubsidized Stafford loan funds.

REASON FOR CHANGE:
These changes are necessary to update the Manual with Departmental policy regarding awarding additional unsubsidized Stafford loan funds for dependent students.

PROPOSED LANGUAGE - COMMON MANUAL:
Revise Subsection 6.15.D, page 45, column 1, paragraph 1, as follows:

6.15.D Additional Unsubsidized Stafford Loan Certification for a Dependent Student

If a dependent student's parent is unable to obtain a PLUS loan at a school that participates in the Federal PLUS Loan Program due to exceptional circumstances documented by the financial aid administrator (FAA), and the student's family is otherwise unable to provide the expected family contribution (EFC), the dependent student is eligible for additional unsubsidized Stafford loan funds ~~not to exceed the student's additional unsubsidized Stafford annual loan limit, assuming the student meets the other criteria in Section 5.1. See Figure 6-4.~~ in an amount that is the lesser of:

- The additional unsubsidized Stafford annual loan limit available to an independent student. See Figure 6-4.
- The student's cost of attendance (COA) for the loan period, minus the student's estimated financial assistance (EFA).

Exceptional circumstances may include, but are not limited to:

- The dependent student's parent has an adverse credit history. [§682.201(a)(3)]
- The dependent student's parent is incarcerated. [§682.201(a)(3)]

- The whereabouts of the dependent student's parent are unknown.
[§682.201(a)(3)]
- The dependent student's family income is limited to public assistance or disability benefits.
[§682.201(a)(3)]
- The dependent student's parent is prohibited from borrowing a PLUS loan because he or she is not a U.S. citizen or eligible noncitizen. See Subsection 5.2.A for citizenship and eligible noncitizenship criteria.
[DCL GEN-05-16, Q&A 5]
- The dependent student's parent files a bankruptcy petition and provides the school with an official letter from the bankruptcy court confirming that the parent has filed for bankruptcy and is prohibited from incurring additional debt.
[DCL GEN-05-16, Q&A 6]
- The dependent student's parent is prohibited from borrowing a PLUS loan because he or she is in default on a Title IV loan.
[§682.201(c)(1)(iv)]
- The dependent student's school has evidence that the student's parent has been denied a PLUS loan by a lender due to the parent's existing debt burden, income-to-debt ratio, likely inability to repay, or other credit standards or factors the lender has adopted.
[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-95]

The school is not permitted to deny the additional unsubsidized Stafford loan funds to an otherwise eligible student unless such denial is based on a permissible reason and the school provides the reason for its action to the borrower in writing. For more information, see Subsection 6.15.E.
[§682.603(f)(3)]

A school may not certify additional unsubsidized Stafford loan funds for a dependent student based on the school's decision not to participate in the Federal PLUS Loan Program.

A parent's unwillingness or refusal to take out a PLUS loan is not considered an exceptional circumstance. ~~The certification of additional unsubsidized Stafford loan funds, when combined with the student's estimated financial assistance (EFA), must not exceed the student's cost of attendance (COA) for the loan period. Only one parent needs to be unable to obtain a PLUS loan in order for the dependent student to be eligible for the additional unsubsidized Stafford loan funds. However, if a parent is approved for a PLUS loan, the student is not eligible for the additional unsubsidized Stafford loan funds, even if another parent has been unable to obtain a PLUS loan. A school may not certify additional unsubsidized Stafford loan funds for a dependent student based on the school's decision not to participate in the Federal PLUS Loan Program.~~
[§682.201(a)(3); §682.204(k); 09-10 FSA Handbook, Volume 3, Chapter 6, p. 3-103]

If, *after* the school certifies additional unsubsidized Stafford loan funds for the student based on one parent's inability to obtain a PLUS loan, a ~~either~~ parent is subsequently determined to be eligible for a PLUS loan ~~after the school certifies the student for additional unsubsidized Stafford loan funds~~, the school must return to the lender any additional unsubsidized Stafford loan funds received by the school but not yet delivered to the student for that loan period. The school must request the cancellation of any future disbursements of the additional unsubsidized Stafford loan funds. The school is not responsible for recovering and returning Stafford loan funds for which the student was previously determined eligible and which have been released to the student. However, those Stafford funds must be included in the EFA used in determining eligibility for the PLUS loan.
[DCL 96-L-186/96-G-287, Q&A #3]

**PROPOSED LANGUAGE - COMMON BULLETIN:
Additional Unsubsidized Stafford Loan Eligibility**

The *Common Manual* has been updated to clarify that if a parent is approved for a PLUS loan, the student is not eligible for the additional unsubsidized Stafford loan funds available to an independent student, even if another parent has been denied a PLUS loan. The calculation of the amount of additional unsubsidized

Stafford loans funds that a student may be eligible for has also been reorganized to facilitate understanding.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower may be deemed ineligible for additional unsubsidized Stafford funds due to the PLUS approval of one of his or her parents.

School:

A school may need to update its processes for certifying additional unsubsidized Stafford loan funds, and its counseling and informational resources for students and parent borrowers relating to additional unsubsidized Stafford loan eligibility.

Lender/Service:

A lender may need to update its informational resources for students and parent borrowers relating to additional unsubsidized Stafford loan eligibility.

Guarantor:

A guarantor may need to update its informational resources for students and parent borrowers, schools, and lenders relating to additional unsubsidized Stafford loan eligibility. A guarantor may also need to update its program review parameters.

U.S. Department of Education:

The Department may be required to update its informational resources for students and parent borrowers relating to additional unsubsidized loan eligibility, and its informational resources, training, and program review materials for schools relating to additional unsubsidized Stafford loan eligibility.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

OGSLP

DATE SUBMITTED TO CM POLICY COMMITTEE:

August 11, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

November 12, 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, EdFund, Great Lakes, HESC, NASFAA, NCHelp, NSLP, OGSLP, SCSLC, 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:

A number of commenters suggested the language of the policy be clarified to make it easier to understand and to take into account the possibility that a student has more than two parents, such as when stepparents are involved.

Response:

The Committee agrees.

Change:

Subsection 6.15.D, page 45, column 2, paragraph 2, has been revised as follows:

Only one parent needs to be unable to obtain a PLUS loan in order for the dependent student to be eligible for the additional unsubsidized Stafford loan funds. ~~;~~ However, if ~~either a~~ parent is approved for a PLUS loan, the student is not eligible for the additional unsubsidized Stafford loan funds, even if another parent has been unable to obtain a PLUS loan...

If *after* the school certifies additional unsubsidized Stafford loan funds for the student based on one parent's inability to obtain a PLUS loan and then a ~~either~~ parent is subsequently determined to be eligible for a PLUS loan, the school must return to the lender any additional unsubsidized Stafford loan funds received by the school but not yet delivered to the student for that loan period.

COMMENT:

One commenter suggested changing the language of the policy to state that only one parent needs to apply and be denied a PLUS loan instead of only one parent needs to be unable to obtain a PLUS loan.

Response:

The Committee thanks the commenter for the suggestion; however, a parent does not need to apply for a PLUS loan in order for a school to certify additional unsubsidized Stafford eligibility. A school may certify additional unsubsidized Stafford eligibility based on documentation of a parent's exceptional circumstances as listed in Subsection 6.15.D.

Change:

None.

COMMENT:

A number of commenters suggested inserting information into the Revised Policy, Reason for Change, and Common Bulletin Language to clarify that other sentences of Subsection 6.15.D have been reorganized.

Response:

The Committee agrees.

Change:

The Revised Policy, Reason for Change, and Common Bulletin Language has been revised per the commenter's request.

COMMENT:

One commenter suggested moving to its own paragraph the inserted information about a school not being able to certify additional unsubsidized Stafford loan funds based on a school's decision not to participate in the Federal PLUS Loan Program.

Response:

The Committee agrees.

Change:

Revise Subsection 6.15.D, page 45, column 2, paragraph 2, as follows:

A school may not certify additional unsubsidized Stafford loan funds for a dependent student based on the school's decision not to participate in the Federal PLUS Loan Program.

A parent's unwillingness or refusal to take out a PLUS loan is not considered an exceptional circumstance, ~~nor may a school certify additional unsubsidized Stafford loan funds for a dependent student based on the school's decision not to participate in the Federal PLUS Loan Program.~~

bmf/edited-rrl

COMMON MANUAL – FEDERAL POLICY PROPOSAL

Date: November 19, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Nov 19

SUBJECT: In-School and Post-Enrollment Deferments for PLUS Loans

AFFECTED SECTIONS: Figure 11-1 Deferment Eligibility Chart

POLICY INFORMATION: 1151/Batch 162

EFFECTIVE DATE/TRIGGER EVENT: PLUS loans first disbursed on or after July 1, 2008.

BASIS:

HEA §428B(d)(1) as amended by the Higher Education Opportunity Act (HEOA), P. L. 110-315; DCL GEN-12-08/FP-08-10.

CURRENT POLICY:

The current Deferment Eligibility Chart, Figure 11-1, does not include information regarding the additional in-school deferment and post-enrollment deferment for parent PLUS borrowers based on the benefiting student's in-school eligibility and post-enrollment deferment available to parent PLUS and Grad PLUS borrowers.

REVISED POLICY:

Revised policy incorporates into the Deferment Eligibility Chart, Figure 11-1, the new in-school and post-enrollment deferment options for parent PLUS and Grad PLUS borrowers whose loans were first disbursed on or after July 1, 2008.

REASON FOR CHANGE:

These changes are being made to comply with the provisions of the HEOA and to align with current Manual policy outlined in Section 11.6.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Figure 11-1, page 7, as follows:

See attached chart.

Note: For ease of review, the footnotes have been reformatted in a larger font and placed on a separate page.

PROPOSED LANGUAGE - COMMON BULLETIN:

In-School and Post-Enrollment Deferments for PLUS Loans

The Deferment Eligibility Chart, Figure 11-1, has been revised to incorporate the in-school deferment for parent PLUS borrowers. A parent PLUS borrower whose loan(s) was first disbursed on or after July 1, 2008, may request an in-school deferment if the dependent student for whom the parent borrower obtained the PLUS loan(s) meets the conditions for an in-school deferment. In addition, the chart has been revised to reference the 6-month post-enrollment deferment that is available upon request for parent PLUS borrowers beginning on the day after the parent or the student for whom the PLUS loan(s) is obtained ceases to be enrolled at least half time, as reported by the school.

Additionally, the chart has been revised to reflect that a Grad PLUS borrower, whose loan(s) was first disbursed on or after July 1, 2008, is eligible to receive a six-month post-enrollment deferment beginning on the day after he or she ceases to be enrolled at least half time as reported by the school. A lender must grant the post-enrollment deferment if it receives information that supports the Grad PLUS borrower's eligibility. A Grad PLUS borrower may, however, choose to not accept the post-enrollment deferment.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

A school has an additional tool that could be incorporated into counseling materials.

Lender/Service:

A lender/service has an additional tool that could be used for default prevention.

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:

November 25, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

November 12, 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, EdFund, Great Lakes, HESC, NASFAA, NCHELP, OGSLP, SCCLC, SLSA, 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 updating the Deferment Eligibility Chart, Figure 11-1, to separate the information for Grad PLUS and parent PLUS loans, stating that borrowers receiving Grad PLUS loans were eligible for deferments based on at least half-time enrollment on or after July 1, 2006.

Response:

The Committee thanks the commenter for the suggestion. As this request will make substantive changes to the deferment eligibility chart that will need to be reviewed by the industry, the Committee will evaluate the request for possible future policy development. In addition, the Committee would welcome a draft proposal that incorporates the commenter's suggestion to expedite the enhancements to the chart.

Change:

None.

COMMENT:

One commenter provided language to expand and clarify the Current Policy statement. The commenter suggested adding language that more clearly indicates that the post-enrollment deferment for parent PLUS borrower is based on the benefiting student's in-school eligibility, as well as the parent PLUS borrower's in-school eligibility.

Response:

The Committee agrees.

Change:

Current Policy statement has been revised as follows:

The current Deferment Eligibility Chart, Figure 11-1, does not include information regarding the additional in-school deferment and post-enrollment deferment for parent PLUS borrowers based on the benefiting student's in-school eligibility and post-enrollment deferment available to parent PLUS and Grad PLUS borrowers.

COMMENT:

One commenter suggested revising the first sentence of paragraph one in the Common Bulletin to clarify the post-enrollment deferment for a parent PLUS borrower is based on the benefiting student's in-school eligibility.

Response:

The Committee feels this clarification is provided in the current second sentence of paragraph one of the Common Bulletin. As a result, the suggested addition would be redundant. The second sentence states the following:

A parent PLUS borrower whose loan(s) was first disbursed on or after July 1, 2008, may request an in-school deferment if the dependent student for whom the parent borrower obtained the PLUS loan meets the conditions for an in-school deferment.

Change:

None.

COMMENT:

One commenter provided additional language to the first paragraph of the Common Bulletin that would clarify that a parent PLUS post-enrollment deferment is available upon request.

Response:

The Committee agrees.

Change:

The last sentence in the first paragraph of the Common Bulletin was revised as follows:

In addition, the chart has been revised to reference the six-month post-enrollment deferment that is available upon request for parent PLUS borrowers beginning on the day after the parent or the student for whom the PLUS loan is borrower ceases to be enrolled at least half-time as reported by the school.

nm/edited-rrl

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- ¹ “New Borrower” 7/1/87 to 6/30/93: A borrower whose first FFELP loan was made on or after July 1, 1987, and before July 1, 1993, or who had an outstanding balance on a loan obtained on or after July 1, 1987, and before July 1, 1993, when he or she obtained a loan on or after July 1, 1993, or who had no outstanding balance on a Federal Consolidation loan made before July 1, 1993, that repaid a loan first disbursed before July 1, 1987.
- ² “New borrower” 7/1/93: A borrower whose outstanding FFELP loans were all made on or after July 1, 1993, and when his or her first FFELP loan was made on or after July 1, 1993, had no outstanding FFELP loans that were made before July 1, 1993.
- ³ Deferment for parent borrower who received a loan(s) between July 1, 1987, and June 30, 1993, during which the student for whom the parent obtained the PLUS loan(s) meets the conditions required for an in-school deferment. Upon request, a parent borrower may defer repayment on a parent PLUS loan(s) that was first disbursed on or after July 1, 2008, during the period in which the student for whom the parent obtained the PLUS loan(s) meets the conditions required for an in-school deferment.
- ⁴³ A deferment may be granted during periods when the borrower is temporarily totally disabled or during which the borrower is unable to secure employment because the borrower is caring for a dependent (including the borrower’s spouse) who is temporarily totally disabled.
- ⁵⁴ Borrowers are eligible for a combined maximum of three years of deferment for service in NOAA, PHS, and Armed Forces.
- ⁶⁵ A parental leave deferment may be granted to a borrower in periods of no more than 6 months each time the borrower qualifies.
- ⁶ ~~Deferment for parent borrower during which the dependent student for whom the parent obtained a PLUS loan meets the deferment eligibility requirements.~~
- ⁷ A Grad PLUS borrower whose loan(s) was first disbursed on or after July 1, 2008, may receive a 6-month post-enrollment deferment beginning on the day after he or she no longer meets the conditions required for an in-school deferment. Upon request, a parent PLUS borrower may defer repayment on a parent PLUS loan(s) that was first disbursed on or after July 1, 2008, for a 6-month period that begins on the day after the parent or the student for whom the parent obtained the PLUS loan(s) no longer meets the conditions required for an in-school deferment.
- ⁸⁷ A borrower who received a Federal Consolidation loan before July 1, 1993, that repaid a loan made before July 1, 1987, or who had an outstanding balance on a FFELP loan obtained prior to July 1, 1987, when the Federal Consolidation loan was obtained, is eligible for in-school deferment only if the borrower attends schools full-time.
- ⁹⁸ A borrower with a Federal Consolidation loan made before July 1, 1993, or a borrower who receives a Consolidation loan on or after July 1, 1993, who has any outstanding FFELP loan(s) at the time of consolidation that was first disbursed before July 1, 1993.
- ¹⁰⁹ A borrower who receives a Federal Consolidation loan made on or after July 1, 1993, who has no outstanding FFELP loans at the time of consolidation that were made on or before July 1, 1993.
- ¹¹⁴⁰ A deferment may be granted to a borrower who is serving on active duty during a war or other military operation or national emergency (including qualifying National Guard duty). The borrower’s military service must begin on or after October 1, 2007, or include that date.
- ¹²⁴⁴ A deferment may be granted to a borrower called to active National or State duty who is a member of the National Guard or Reserves (including retired members) and who was enrolled at least half time at an eligible school at the time of, or within 6 months prior to, being activated. The borrower’s military service must begin on or after October 1, 2007, or include that date.
- ¹³⁴² A post-active duty student deferment may be granted to a borrower for a period of no more than 13 months each time the borrower qualifies. There is no limit to how many deferments of this type a borrower may receive. If a borrower is also eligible for a military service deferment, the 13-month period must run concurrently with the 180-day post-military mobilization period.
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COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: November 19, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Nov 19

SUBJECT: **Stafford Annual Loan Limits for a Student Enrolled in Teacher Certification Coursework or Preparatory Coursework for a Graduate or Professional Program**

AFFECTED SECTIONS: **Figure 6-4 Stafford Annual and Aggregate Loan Limits for Undergraduate Students**

POLICY INFORMATION: **1152/Batch 162**

EFFECTIVE DATE/TRIGGER EVENT: Publication date of Volume 8 of the 02-03 FSA Handbook.

BASIS:
02-03 FSA Handbook, Volume 8, pp. 8-9 and 8-10.

CURRENT POLICY:
Current policy in Figure 6-4 indicates that the base Stafford annual loan limit is prorated for a student enrolled in a period of teacher certification coursework or graduate preparatory coursework that is less than an academic year in length.

REVISED POLICY:
Revised policy corrects Figure 6-4 to indicate that proration is “not applicable” to the base Stafford annual loan limit for a student enrolled in a period of teacher certification coursework or graduate preparatory coursework that is less than an academic year in length.

REASON FOR CHANGE:
This change is necessary to correct an error in Figure 6-4, aligning it with existing Manual text in Subsection 6.11.F.

PROPOSED LANGUAGE - COMMON MANUAL:
Revise Figure 6-4, page 32, as follows:

...

Teacher Certification Coursework or Preparatory Coursework for Graduate or Professional Program		
Base Stafford eligibility (subsidized and unsubsidized)	\$5,500	Proportional Proration Calculation #1—N/A
Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to obtain a PLUS loan)	N/A	N/A
Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan)	\$7,000	N/A

PROPOSED LANGUAGE - COMMON BULLETIN:
Stafford Annual Loan Limits for a Student Enrolled in Teacher Certification Coursework or Preparatory Coursework for a Graduate or Professional Program

The *Common Manual* has been corrected to align Figure 6-4 with existing text in Subsection 6.11.F, to state that proration is “not applicable” to the base Stafford annual loan limit for a student enrolled in teacher certification coursework or preparatory coursework for admission into a graduate or professional program. Figure 6-4 already correctly states that 1) proration is not applicable to the additional unsubsidized Stafford annual loan limit for a student enrolled in teacher certification coursework or preparatory coursework for admission into a graduate or professional program, and 2) proration is not applicable to the Stafford annual loan limits for a student enrolled in preparatory coursework for admission into an undergraduate program.

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:

OGSLP

DATE SUBMITTED TO CM POLICY COMMITTEE:

September 9, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

November 12, 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, EdFund, Great Lakes, HESC, NASFAA, NCHelp, NSLP, OGSLP, SCSLC, SLSA, TG, UHEAA, and USA Funds.

Responses to Comments

All of the commenters supported this proposal. A few commenters recommended wordsmithing changes or typographical corrections to the Common Bulletin language that made no substantive changes to the policy and were considered without comment. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

jcs-bmf/edited-aes

COMMON MANUAL – CORRECTION POLICY PROPOSAL

Date: November 19, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Nov 19

SUBJECT: Regaining Eligibility for New Stafford Loan Funds after an Inadvertent Overaward

AFFECTED SECTIONS: 6.11.E Exceeding Loan Limits

POLICY INFORMATION: 1153/Batch 162

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

BASIS:
08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-107.

CURRENT POLICY:
Current policy states that a Stafford loan amount must never exceed the maximum amount the borrower is eligible to receive or the amount the borrower requested, whichever is less. If a borrower inadvertently exceeds an annual or aggregate loan limit, the borrower is ineligible for additional Title IV funds until the borrower authorizes the school to adjust the excess loan amount or reallocate between subsidized and unsubsidized funds, the borrower repays the excess in full, or the borrower makes arrangements satisfactory to the holder of the loan to repay the excess loan amount.

REVISED POLICY:
Revised policy clarifies that even after a school documents that a Stafford borrower who inadvertently exceeded an annual or aggregate loan limit has taken one of the necessary actions to regain Title IV eligibility, the student still may not be eligible to receive additional Stafford loan funds, depending on the circumstances, and provides an example.

REASON FOR CHANGE:
This change is necessary to reinforce that a school must not certify Stafford loan amounts in excess of a borrower's Stafford annual or aggregate loan limit for a borrower who inadvertently exceeds one or both of those limits and takes action to regain Title IV eligibility.

PROPOSED LANGUAGE - COMMON MANUAL:
Revise Subsection 6.11.E, page 37, column 2, paragraph 2, as follows:

6.11.E Exceeding Loan Limits

A Stafford or PLUS loan amount must never exceed the maximum amount the borrower is eligible to receive or the amount the borrower requested, whichever is less. A loan disbursed in excess of the lesser of these two amounts may lose its guarantee and eligibility for interest benefits and/or special allowance payments. A PLUS loan may not exceed the cost of attendance (COA) minus estimated financial assistance (EFA), but otherwise is not limited. See Subsections 6.11.A and 6.11.B for more information regarding Stafford loan limits. [§682.204(h); §682.401(b); §682.603(e)]

A Stafford borrower is subject to the annual and aggregate loan limits that exist in the Higher Education Act of 1965, as amended, at the time the borrower received ~~the an~~ inadvertent overaward. If a Stafford borrower inadvertently exceeds ~~an the Stafford~~ annual or aggregate loan limit ~~under a Title IV program~~, the borrower will be ineligible for additional Title IV funds until one of the following occurs:

- The borrower authorizes the school to adjust the excess loan amount or reallocate funds between a subsidized Stafford loan and an unsubsidized Stafford loan for which the borrower is eligible. For more information on adjusting or reallocating loan amounts, see Section 6.20.

- The borrower repays in full the excess Stafford loan amount. [§668.35(d)(1)]
- The borrower makes arrangements satisfactory to the holder of the loan to repay the excess Stafford loan amount. These arrangements may include having the borrower sign an agreement acknowledging the debt and affirming his or her intention to repay the excess amount as part of the normal repayment process. Consolidation of the loan(s) that exceeded the annual or aggregate loan limit (provided that the loan(s) is otherwise eligible for consolidation) is also considered to be a satisfactory repayment arrangement. [§668.35(d)(2); 09-10 FSA Handbook, Volume 5, Chapter 1, pp. 5-15 and 5-16; 07-08 08-09 FSA Handbook, Volume 43, Chapter 35, pp. 4-41-3-107 and 3-108]

A school must document how a student who has inadvertently exceeded a Stafford annual or aggregate loan limit has resolved the excess before the school may award the student additional Title IV aid. However, once the excess is resolved, the student does not necessarily regain eligibility to receive additional Stafford loan funds as the student is still subject to annual and aggregate loan limits. A school may certify additional Stafford loan funds only to the extent that the student borrower has reduced his or her outstanding Stafford loan debt to an amount that is less than the applicable annual or aggregate loan limit. [09-10 FSA Handbook, Volume 5, Chapter 1, p. 5-16]

Example: A dependent undergraduate student who inadvertently exceeded the \$23,000 subsidized Stafford aggregate loan limit arranges to have a portion of his debt reallocated to unsubsidized Stafford funds, reducing his or her outstanding subsidized Stafford loan debt to the \$23,000 limit. The school must not certify any additional subsidized Stafford loan funds for the student; however, if the dependent student has not exceeded the combined Stafford aggregate loan limit of \$31,000, the school may certify unsubsidized Stafford loan funds, up to the \$31,000 limit. For an independent undergraduate student in this same situation who did not exceed the combined Stafford aggregate loan limit of \$57,500, the school may certify unsubsidized Stafford loan funds, up to the \$57,500 limit. [09-10 FSA Handbook, Volume 3, Chapter 6, p. 3-127]

During the academic year in which a student exceeds an annual loan limit, the school must not certify additional Stafford loan funds unless the student reduces his or her outstanding Stafford loan debt to an amount less than the applicable annual loan limit.

If a Stafford borrower exceeds an annual or aggregate loan limit as a result of providing false or misleading information, the borrower can only regain eligibility for Title IV aid by paying excess funds in full.

PROPOSED LANGUAGE - COMMON BULLETIN:

Regaining Eligibility for New Stafford Loan Funds after an Inadvertent Overaward

The *Common Manual* has been updated to clarify a Stafford loan borrower's eligibility for additional Stafford loan funds after an inadvertent overaward has been resolved.

If a Stafford borrower inadvertently exceeds the Stafford annual or aggregate loan limit, the student is ineligible for additional Title IV aid until the student resolves the excess. A school must document how a student who has inadvertently exceeded a Stafford annual or aggregate loan limit has resolved the excess before the school may award the student additional Title IV aid. However, once it is resolved, the borrower does not necessarily regain eligibility to receive additional Stafford loan funds as the borrower is still subject to annual and aggregate loan limits. A school may certify additional Stafford loan funds only to the extent the borrower has reduced his or her outstanding Stafford loan debt to an amount that is less than the applicable annual loan limit or aggregate loan limit. For example, a dependent undergraduate student who inadvertently exceeded the \$23,000 subsidized Stafford aggregate loan limit arranges to have a portion of his debt reallocated to unsubsidized Stafford funds, reducing his or her outstanding subsidized Stafford loan debt to the \$23,000 limit. The school must not certify any additional subsidized Stafford loan funds for the student; however, if the dependent student has not exceeded the combined Stafford aggregate loan limit of \$31,000, the school may certify unsubsidized Stafford loan funds, up to the \$31,000 limit. For an independent undergraduate student in this same situation who did not exceed the combined Stafford aggregate loan limit of \$57,500, the school may certify unsubsidized Stafford loan funds, up to the \$57,500 limit. During the academic year in which a student exceeds an annual loan limit, the school must not certify additional Stafford loan funds

unless the student reduces his or her outstanding Stafford loan debt to an amount less than the applicable annual loan limit.

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:

June 2, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

November 12, 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, EdFund, Great Lakes, HESC, NASFAA, NCHelp, NSLP, OGSLP, SCSLC, 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:

Two commenters suggested changing all instances of overaward with the term overborrow to align the Manual with the FSA Handbook.

Response:

The Committee thanks the commenters for their suggestions. However this change is outside the scope of this policy proposal. The Manual currently does not use the term overborrowing and only utilizes the term overaward for all situations of a borrower receiving more than his or her loan limits or exceeding his or her need. We agree that this issue needs to be analyzed to examine the correct term to use in each situation described in the Manual. The Committee will also determine if the use of different terminology can be handled as a technical correction or if a new policy proposal is required.

Change:

None.

COMMENT:

A number of commenters suggested clarifying how much aid a school may award a borrower after resolving an overaward in the new paragraph text.

Response:

The Committee agrees.

Change:

Revise Subsection 6.11.E, page 37, column 2, new paragraph 3, as follows:

A school must document how a student who has inadvertently exceeded a that an inadvertent overaward of the Stafford annual or aggregate loan limit has been resolved the exceeding of the loan limit in one of the ways described above before the school may award Title IV aid to the studentborrower. However, once it is resolved, the studentborrower does may not necessarily regain eligibility to receive additional Stafford loan funds depending upon the circumstances as the student is still subject to annual and aggregate loan limits. A school must not may certify additional Stafford loan funds only to the extent that during the academic year in which a borrower exceeds the annual loan limit unless the studentborrower has reduced his or her outstanding Stafford loan debt to an amount that is less than the applicable annual loan limit. A school must not certify additional Stafford loan funds for a borrower who does not reduce his or her outstanding Stafford loan debt to an amount that is less than the applicable or aggregate loan limit.

Example: ...

During the academic year in which a student exceeds an annual loan limit, the school must not certify additional Stafford loan funds unless the student reduces his or her outstanding Stafford loan debt to an amount less than the applicable annual loan limit.

COMMENT:

A number of commenters suggested clarifying how much aid a school may award a borrower after resolving an overaward in the new example.

Response:

The Committee agrees.

Change:

Revise Subsection 6.11.E, page 37, column 2, new paragraph 4, as follows:

Example: A school must not certify subsidized Stafford loan funds for a dependent undergraduate student who inadvertently exceeded the \$23,000 subsidized Stafford aggregate loan limit and arranges to have a portion of his debt reallocated to unsubsidized Stafford funds, reducing his or her outstanding subsidized Stafford loan debt to if the borrower does not reduce his or her outstanding subsidized Stafford loan debt to an amount that is less than the \$23,000 limit. The school must not certify any additional subsidized Stafford loan funds for the student; hHowever, if the dependent studentborrower has not exceeded the combined Stafford aggregate loan limit of \$31,000, the school may certify unsubsidized Stafford loan funds for the dependent student, up to the \$31,000 limit. For an independent undergraduate student who inadvertently exceeded the \$23,000 subsidized Stafford aggregate loan limit, but in this same situation who did not exceed the combined Stafford aggregate loan limit of \$57,500, the school may certify unsubsidized Stafford loan funds for the independent student, up to the \$57,500 limit.

COMMENT:

One commenter suggested placing the additional information about resolving an overaward in only the bullet detailing that a borrower may repay in full the excess Stafford loan amount.

Response:

The Committee thanks the commenter for their suggestion. However, the information about what can be

awarded after an overaward has been resolved extends to all ways a borrower may resolve an overaward, not just when a borrower repays in full the excess Stafford loan amount. In addition, the Committee believes the extra details provided by the example are helpful to demonstrate how eligibility for future loans is affected by the way the student resolves an excess loan amount.

Change:

None.

jcs-bmf/edited-rrl

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: November 19, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Nov 19

SUBJECT: Borrower Right to Cancel All or a Portion of a Stafford or PLUS Loan Disbursed by EFT or Master Check

AFFECTED SECTIONS: 8.2.C School Notice of Credit to Student Account
8.2.D Borrower Notice to Cancel Loan

POLICY INFORMATION: 1154/Batch 162

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

BASIS:
§668.165(a)(2)(ii).

CURRENT POLICY:

Subsection 8.2.C currently states that a school's notice that a student's school account has been credited must include, for proceeds disbursed by EFT or master check, a statement explaining the student or parent borrower's right to cancel all or a portion of the loan or loan disbursement. Subsection 8.2.D explains a school's responsibilities when a student or parent borrower responds to the notice referenced in Subsection 8.2.C. Subsection 8.2.D requires a school to return loan funds to the lender when it receives a borrower's request to cancel a loan within certain time frames after it sends a notice of credit to the student's account, but it provides no cross-reference to Subsection 8.2.C to enable the reader to determine when such a notice must be sent. In addition, Subsection 8.2.D does not explain that the school's notice of credit to the student's account must include the notice of a borrower's right to cancel all or a portion of the loan for funds that a lender disburses to the school by EFT or master check.

REVISED POLICY:

Revised policy provides a cross-reference from renamed Subsection 8.2.C, "School's Notice of Credit to Student's Account," to renamed Subsection 8.2.D, "School's Notice of Borrower's Right to Cancel Loan Disbursed by EFT or Master Check." Subsection 8.2.D clarifies that a school must honor a borrower's cancellation request when that request is received within certain time frames after the school sends a notice advising the borrower of the right to cancel the loan. Finally, Subsection 8.2.D states that, for funds disbursed to the school by EFT or master check, the school must advise the borrower of the right to cancel the loan as part of the notice of credit to the student's account, and cross-references Subsection 8.2.C for more information about the content of that notice and when the school must send the notice.

REASON FOR CHANGE:

These changes are necessary to enhance the clarity of Manual text.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 8.2.C, page 2, column 2, paragraph 3, bullet 3, as follows:

8.2.C

School's Notice of Credit to Student's Account

Except in the case of a post-withdrawal disbursement made as a result of the return of Title IV funds calculation (see Subsection 9.5.A), the school must notify the student or parent borrower if the school credits Stafford, Grad PLUS, or parent PLUS loan proceeds to the student's school account. If the school obtained affirmative confirmation of the borrower's acceptance of the loan amount offered (see Subsection 8.2.B), the notice must be issued no earlier than 30 days before and no later than 30 days after the school credits the student's account. If the school did not obtain affirmative confirmation of the borrower's acceptance of the loan amount offered, the notice must be issued no earlier than 30 days before and no later than 7 days after the school credits the student's account. The notice may be written or electronically transmitted and must include:

[§668.165(a)(2) and (3)]

- The date and amount of the disbursement. [§668.165(a)(2)(i)]
- For proceeds disbursed by EFT or master check, a statement explaining the student or parent borrower's right to cancel all or a portion of the loan or loan disbursement and have the proceeds returned to the lender. [§668.165(a)(2)(ii)]
- The method and date by which the student or parent borrower must notify the school that he or she wishes to cancel all or a portion of the loan or loan disbursement. [§668.165(a)(2)(iii)]

See Subsection 8.2.D for more information about actions a school must take when a student or parent borrower notifies the school that he or she wishes to cancel all or a portion of the loan or loan disbursement.

Revise Subsection 8.2.D, page 3, column 1, paragraph 1, as follows:

8.2.D

School's Borrower Notice of Borrower's Right to Cancel Loan Disbursed by EFT or Master Check

A student or parent borrower must inform the school if he or she wishes to cancel all or a portion of a loan or loan disbursement that a lender disburses to the school by EFT or master check. The school's notice of a student or parent borrower's right to cancel all or a portion of the loan is found in the school's notice of credit to the student's account. For more information about the content and timing of this notification, see Subsection 8.2.C.

The school must return the loan proceeds, cancel all or a portion of the loan or loan disbursement as applicable, or do both if the school receives a borrower's cancellation request in either of the following time frames:
[§668.165(a)(4)]

- If the school obtained affirmative confirmation of the borrower's acceptance of the loan amount offered (see Subsection 8.2.B), by the later of the first day of the payment period for which the funds are intended or 14 days after the date the school sends the notification advising the student or parent borrower ~~the school has credited the student's account at the school~~ of his or her right to cancel all or a portion of the loan.
[§668.165(a)(4)(ii)(A)]
- If the school did not obtain affirmative confirmation of the borrower's acceptance of the loan amount offered, within 30 days after the date the school sends the notification advising the student or parent borrower ~~the school has credited the student's account at the school~~ of his or her right to cancel all or a portion of the loan.
[§668.165(a)(4)(ii)(B)]

See Section H.4 for information about a statutory or regulatory waiver authorized by the HEROES Act that may impact these requirements.

Late Requests

If a student or parent borrower requests cancellation of the loan after the 30-day period, the 14-day period, or the first day of the payment period, as applicable, the school may, but is not required to, return the loan proceeds, cancel all or a portion of the loan or loan disbursement, or do both.
[§668.165(a)(4)(iii)]

...

Borrower Right to Cancel All or a Portion of Stafford or PLUS Loan Funds Disbursed by EFT or Master Check

The *Common Manual* has been updated to clarify the interaction between Subsections 8.2.C and 8.2.D. A cross-reference is provided from Subsection 8.2.C, "School's Notice of Credit to Student's Account," to Subsection 8.2.D, which has been renamed "School's Notice of Borrower's Right to Cancel Loan Disbursed by EFT or Master Check." Subsection 8.2.D clarifies that a school must return the loan proceeds, cancel all or a portion of the loan or loan disbursement, as applicable, or do both if the school receives a borrower's cancellation request within certain time frames after the school sends the borrower a notice advising the borrower of the right to cancel the loan. Finally, Subsection 8.2.D states that the school must advise the borrower of the right to cancel a loan disbursed by EFT or master check as part of the school's notice of credit to the student's account, and cross-references Subsection 8.2.C for more information about the content of that notice and when it must be sent.

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:

November 12, 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, EdFund, Great Lakes, HESC, NASFAA, NCHelp, NSLP, OGSLP, SCSLC, 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:

Several commenters suggested changes to the titles of Subsections 8.2.C and 8.2.D.

For Subsection 8.2.C, one commenter suggested to change the title to “School’s Notice of Credit to the Student’s Account” for consistency with the use of possessives.

For Subsection 8.2.D, there were two suggestions. 1) One commenter proposed changing the title to “School’s ~~Borrower~~ Notice of Borrower’s Right to Cancel Loan Disbursed by EFT or Master Check”. The rationale is that the school sends the notice informing the borrower of his or her right to cancel the loan. 2) Two other commenters suggested changing the title to “Borrower Request Notice to Cancel Loan Disbursed by EFT or Master Check”. The rationale is that information the school is required to provide to the borrower is termed a “notice” by §668.165. Throughout this section, the *Common Manual* refers to a borrower’s “request” to cancel the loan. The use of the word “request” in the title of Subsection 8.2.D would be more consistent and less confusing.

Response:

The Committee concurs with commenter’s suggestion regarding the title for Subsection 8.2.C.

For the title of Subsection 8.2.D, both suggestions were given much consideration. In order for a borrower to request the cancellation of all or any portion of a loan or loan disbursement that a lender disburses to the school by EFT or master check, the notice must first be generated by the school and then sent to the borrower. The Committee believes that confusion is avoided between Subsections 8.2.C and 8.2.D by labeling them both “School Notices” within Section 8.2 “Required Notices”.

Change:

The title of Subsection 8.2.C has been changed to “School’s Notice of Credit to the Student’s Account”.

To align with the title of Subsection 8.2.C, the title of Subsection 8.2.D has been amended to read “School’s ~~Borrower~~ Notice of Borrower’s Right to Cancel Loan Disbursed by EFT or Master Check”.

jcs-rbl/edited-rrl

COMMON MANUAL - ORGANIZATIONAL POLICY PROPOSAL

Date: November 19, 2009

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Nov 19

SUBJECT: Prorated Stafford Annual Loan Limits

AFFECTED SECTIONS: 6.11.F Prorated Loan Limits

POLICY INFORMATION: 1155/Batch 162

EFFECTIVE DATE/TRIGGER EVENT: Not applicable.

BASIS:

§682.204(a) and (d); §682.603(h)(4); 08-09 FSA Handbook, Volume 3, Chapter 5, pp. 3-100, 3-101, and 3-103.

CURRENT POLICY:

Current policy does not provide an illustrative chart outlining the process a school must follow in circumstances in which a school must prorate an undergraduate student's Stafford annual loan limit.

REVISED POLICY:

Revised policy provides an illustrative chart outlining the process a school must follow in circumstances in which a school must prorate an undergraduate student's Stafford annual loan limit.

REASON FOR CHANGE:

A commenter to policy proposal 1093 in Batch 157 requested that the Policy Committee include a figure in the Manual to illustrate text of Subsection 6.11.F relative to prorating Stafford annual loan limits.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 6.11.F to include new Figure 6-5 that outlines the process a school must follow in circumstances in which a school must prorate an undergraduate student's Stafford annual loan limit.

See attached chart. For ease of review, the chart is provided in two versions. One version shows the proposed text with underlines. The second version is a "clean" version, i.e., without underlines.

PROPOSED LANGUAGE - COMMON BULLETIN:

Prorated Stafford Annual Loan Limits

The *Common Manual* has been updated to include a new Figure 6-5 (attached) in Subsection 6.11.F that outlines the process a school must follow in circumstances in which a school must prorate (i.e., reduce) an undergraduate student's Stafford annual loan limit.

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:

American Student Assistance

DATE SUBMITTED TO CM POLICY COMMITTEE:

January 30, 2009

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

November 12, 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, EdFund, Great Lakes, HESC, NASFAA, NCHELP, NSLP, OGSLP, SCSLC, 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:

One commenter suggested revising Figure 6-5 by replacing the term “fraction” with “ratio.” The rationale in using the term “ratio” instead of “fraction” is to align the text within Figure 6-5 with text in Figure 6-4, describing Proportional Proration Calculation #1.

Response:

The Committee concurs.

Change:

The Committee has replaced “fraction” with “ratio” where “fraction” appeared denoting mathematical equations in Figure 6-5.

COMMENT:

One commenter suggested revising Figure 6-5 in each instance where a reference is made to “semester, trimester, quarter, or clock hours...” by adding “number of” so that the reference reads “number of semester, trimester, quarter, or clock hours...” In addition, the commenter supports the proposed language within Figure 6-5 that references the “number of instructional weeks”.

Response:

The Committee concurs.

Change:

Figure 6-5 has been revised so that “number of” precedes each reference to “semester, trimester, quarter, or clock hours...” as well as each reference to “instructional weeks enrolled in the program” and “instructional weeks in the academic year” in Figure 6-5.

COMMENT:

One commenter suggested the use of singular nouns throughout the headings in Figure 6-5.

For the third column header entitled “Clock-hour, non-term, or nonstandard-term programs terms that are not SE9W” it was suggested to add “program” and “-based” within the title so it would read “Clock-hour program, or non-term-based or nonstandard-term-based program with terms that are *not* SE9W”.

The commenter also pointed out that Figure 6-4 of the *Common Manual* contains information about proration

and suggests the Committee remove that information now that proration will have its own figure.

Response:

The Committee agrees with the commenter on the use of singular nouns for the headings in Figure 6-5.

The Committee will review Figure 6-4 of the *Common Manual* for consideration of removing the proration information now that proration will have its own figure.

Change:

The headings in Figure 6-5 will read “Program Shorter than an Academic Year”, “Final Period of Study Shorter Than an Academic Year¹”, “Credit-Hour Program with Standard Terms or Nonstandard Terms That Are Substantially Equal and Have at Least Nine Weeks of Instructional Time (SE9W)”, and “Credit-Hour Program with Nonstandard Terms That Are *Not* SE9W, Non-Term-Based Credit-Hour and Clock-Hour Program”.

rbl/edited-as

Prorated Stafford Annual Loan Limits

Figure 6-5

A school must prorate the Stafford annual loan limit when it has advanced knowledge that an undergraduate Stafford loan borrower will be enrolled in a program that meets either of the following conditions:

- The program is shorter than a full academic year in length (for more information about the minimum statutory requirements for an academic year, see Section 6.1).
- The program is one academic year or more in length, but the student is enrolled in a final period of study that is shorter than a full academic year.

The Stafford annual loan limit is not prorated for a student enrolled in a graduate or professional program, or for an undergraduate student enrolled in preparatory coursework or coursework necessary for teacher certification.

Program Shorter Than an Academic Year	Final Period of Study Shorter Than an Academic Year¹	
	Credit-Hour Program with Standard Terms or Nonstandard Terms That Are Substantially Equal and Have at Least Nine Weeks of Instructional Time (SE9W)	Credit-Hour Program with Nonstandard Terms That Are Not SE9W, Non-Term-Based Credit-Hour and Clock-Hour Program
<p><u>Multiply the applicable Stafford annual loan limit(s) by the lesser of the following ratios²:</u></p> $\frac{\text{Number of semester, trimester, quarter, or clock hours enrolled in the program}}{\text{Number of semester, trimester, quarter, or clock hours in the academic year}}$ <p style="text-align: center;">or</p> $\frac{\text{Number of instructional weeks enrolled in the program}}{\text{Number of instructional weeks in the academic year3}}$	<p><u>A final period of study is considered shorter than an academic year if the final period consists of fewer terms than the program's defined academic year. (For a program that uses a Scheduled Academic Year (SAY), the number of terms in the program's academic year does not include a summer term designated as a header or trailer.)</u></p> <p><u>Multiply the applicable Stafford annual loan limit(s) by the following ratio²:</u></p> $\frac{\text{Number of semester, trimester, quarter, or clock hours enrolled in the final period of the program}}{\text{Number of semester, trimester, quarter, or clock hours in the academic year}}$	<p><u>A final period of study is considered shorter than an academic year if the final period consists of fewer clock or credit hours than the program's defined academic year.</u></p> <p><u>Multiply the applicable Stafford annual loan limit(s) by the following ratio²:</u></p> $\frac{\text{Number of semester, trimester, quarter, or clock hours enrolled in the final period of the program}}{\text{Number of semester, trimester, quarter, or clock hours in the academic year}}$

¹ A school may establish an academic year for a program that is greater than the statutory minimum in clock hours or weeks of instructional time. For such a program, the school must use its academic year definition for the program – not the statutory minimum for an academic year – to determine whether the program or a final period of study is shorter than an academic year.

² A school may either use a fraction or convert the fraction to a decimal, and multiply the Stafford annual loan limit by the fraction or decimal, respectively. A school must use the method it chooses (i.e., either a fraction or a decimal) consistently for calculating a prorated Stafford annual loan limit.

³ For a Credit-Hour Program, have at least 30 weeks of instructional time, or, for a clock-hour program, at least 26 weeks of instructional time.

See Subsection 6.11.F for additional information. [§682.204(a) and (d)]

Prorated Stafford Annual Loan Limits

Figure 6-5

A school must prorate the Stafford annual loan limit when it has advanced knowledge that an undergraduate Stafford loan borrower will be enrolled in a program that meets either of the following conditions:

- The program is shorter than a full academic year in length (for more information about the minimum statutory requirements for an academic year, see Section 6.1).
- The program is one academic year or more in length, but the student is enrolled in a final period of study that is shorter than a full academic year.

The Stafford annual loan limit is not prorated for a student enrolled in a graduate or professional program, or for an undergraduate student enrolled in preparatory coursework or coursework necessary for teacher certification.

	Final Period of Study Shorter Than an Academic Year¹	
	Credit-Hour Program with Standard Terms or Nonstandard Terms That Are Substantially Equal and Have at Least Nine Weeks of Instructional Time (SE9W)	Credit-Hour Program with Nonstandard Terms That Are Not SE9W, Non-Term-Based Credit-Hour and Clock-Hour Program
Program Shorter Than an Academic Year		
<p>Multiply the applicable Stafford annual loan limit(s) by the lesser of the following ratios²:</p> $\frac{\text{Number of semester, trimester, quarter, or clock hours enrolled in the program}}{\text{Number of semester, trimester, quarter, or clock hours in the academic year}}$ <p style="text-align: center;">or</p> $\frac{\text{Number of instructional weeks enrolled in the program}}{\text{Number of instructional weeks in the academic year3}}$	<p>A final period of study is considered shorter than an academic year if the final period consists of fewer terms than the program's defined academic year. (For a program that uses a Scheduled Academic Year (SAY), the number of terms in the program's academic year does not include a summer term designated as a header or trailer.)</p> <p>Multiply the applicable Stafford annual loan limit(s) by the following ratio²:</p> $\frac{\text{Number of semester, trimester, quarter, or clock hours enrolled in the final period of the program}}{\text{Number of semester, trimester, quarter, or clock hours in the academic year}}$	<p>A final period of study is considered shorter than an academic year if the final period consists of fewer clock or credit hours than the program's defined academic year.</p> <p>Multiply the applicable Stafford annual loan limit(s) by the following ratio²:</p> $\frac{\text{Number of semester, trimester, quarter, or clock hours enrolled in the final period of the program}}{\text{Number of semester, trimester, quarter, or clock hours in the academic year}}$

¹ A school may establish an academic year for a program that is greater than the statutory minimum in clock hours or weeks of instructional time. For such a program, the school must use its academic year definition for the program – not the statutory minimum for an academic year – to determine whether the program or a final period of study is shorter than an academic year.

² A school may either use a fraction or convert the fraction to a decimal and multiply the Stafford annual loan limit by the fraction or decimal, respectively. A school must use the method it chooses (i.e., either a fraction or a decimal) consistently for calculating a prorated Stafford annual loan limit.

³ For a Credit-Hour Program, have at least 30 weeks of instructional time or for a clock-hour program, at least 26 weeks of instructional time.

See Subsection 6.11.F for additional information.
[§682.204(a) and (d)]