

## Summary of Changes Approved August through December 2008

This summary lists changes made since the 2008 Annual Update of the *Common Manual* was printed.

Change bars denote the latest policy changes, which were approved December 18, 2008.

Changes made before the 2008 Annual Update was printed are shown in Appendix H of the Manual.

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
<b>Chapter 2: About the FFELP</b>			
2.2.C Repayment	Adds the crime of identity theft to the list of eligible circumstances for which a lender may be eligible for claim payment for discharge in the FFELP overview in Chapter 2. Updates the definition of the term 'discharge' to include the crime of identity theft.	False Certification as a result of identity theft loan discharge claims processed by the lender on or after September 8, 2006.	1060/152
<b>Chapter 3: Lender Participation</b>			
3.5.E Reporting Loan Assignments, Sales, and Transfers	<p>Clarifies that although the subsidized, unsubsidized, and HEAL portions of a single Consolidation loan may appear as separate loan records on the lender's system, the lender must ensure that the Consolidation loan is administered as a single Consolidation loan. Due diligence must be performed at a loan level, and should the Consolidation loan default, all portions of the loan must default on the same date and be filed in the same claim or at least simultaneously with the guarantor.</p> <p>Clarifies that lenders and servicers are expected to maintain adequate internal controls and procedures to ensure that all portions of the single Consolidation loan remain synchronized throughout the life of the loan, and any re-synchronization occurs in a timely manner to ensure that the loan maintains a single due date and amount, and that the guarantor may examine the lender's controls, procedures, and servicing history during a program review.</p>	Consolidation loan applications received by the lender on or after November 13, 1997.	991/153
3.5.G NSLDS Reporting	Incorporates the directive from the Department that strongly encourages monthly reporting of NSLDS data by a lender or servicer, while retaining the minimum quarterly reporting requirement.	Publication date of NSLDS Technical Update 2000-01.	1050/151
<b>Chapter 4: School Participation</b>			
4.4.A Recommended Lender Lists	Aligns the Manual with Departmental guidance that provides additional clarifications regarding alternatives to a school's recommended lender list, and how a school may provide important lender information to their FFELP applicants.	Information provided by schools regarding lenders participating with the school on or after May 9, 2008.	1063/153

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
<b>Chapter 5: Borrower Eligibility</b>			
5.2.D NSLDS Data Match	Clarifies that an individual who is in default on any Title IV loan is ineligible to receive any Title IV aid, including the benefit of a parent PLUS loan, until the default is resolved. However, a parent's unresolved default on a Title IV loan, including a PLUS loan, does not adversely impact a dependent student's eligibility for other Title IV aid.	Retroactive to the implementation of the <i>Common Manual</i> .	1056/151
5.2.D NSLDS Data Match	Adds the crime of identity theft to the list of eligible circumstances for which a lender may be eligible for claim payment for discharge in the FFELP overview in Chapter 2. Updates the definition of the term 'discharge' to include the crime of identity theft.	False Certification as a result of identity theft loan discharge claims processed by the lender on or after September 8, 2006.	1060/152
5.11 Student Enrollment Requirements	Includes new standards for determining full-time enrollment status for a student enrolled in a nonstandard term-based, credit hour program or in correspondence coursework. Deletes obsolete formulas for determining full-time enrollment status for students enrolled in a program using both credit and clock hours. Clarifies that noncredit and reduced-credit remedial courses must be included when determining a student's enrollment status, if the student qualifies for aid for the remedial courses.	Loans first disbursed on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.	1051/151
5.16 Ineligible Borrowers 5.16.A Ineligibility Based on Borrower Error 5.16.B Ineligibility Based on School Error	Aligns the Manual guidance regarding a borrower whose failure to begin attendance results in the school being required to return loan funds to the lender.	School determinations that a student did not begin attendance on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.	1041/150
<b>Chapter 6: School Certification</b>			
6.9 Defining Enrollment Status	Includes new standards for determining full-time enrollment status for a student enrolled in a nonstandard term-based, credit hour program or in correspondence coursework. Deletes obsolete formulas for determining full-time enrollment status for students enrolled in a program using both credit and clock hours. Clarifies that noncredit and reduced-credit remedial courses must be included when determining a student's enrollment status, if the student qualifies for aid for the remedial courses.	Loans first disbursed on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.	1051/151
6.11 Loan Limits	Revises text to state explicitly that there is no annual or aggregate loan limit for a parent or Grad PLUS loan. A PLUS loan may not exceed the cost of attendance minus estimated financial assistance for the student.	Retroactive to the implementation of the <i>Common Manual</i> .	1057/151
6.11.A Stafford Annual Loan Limits Figure 6-4 Stafford Annual and Aggregate Loan Limits for Undergraduate Students 6.11.B Stafford Aggregate Loan Limits	Incorporates increases in the unsubsidized Stafford annual loan limits, and the combined Stafford aggregate loan limits, for undergraduate students authorized by the ECASLA.	Stafford loans first disbursed on or after July 1, 2008, for loan periods that include or begin on or after July 1, 2008.	1052/151
6.11.C PLUS Loans for Graduate and Professional Students	Revises text to state explicitly that there is no annual or aggregate loan limit for a parent or Grad PLUS loan. A PLUS loan may not exceed the cost of attendance minus estimated financial assistance for the student.	Retroactive to the implementation of the <i>Common Manual</i> .	1057/151

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
6.11.D Increased Unsubsidized Stafford Loan Limits for Health Profession Students	Incorporates the increase in the Stafford aggregate loan limit for graduate and professional health profession students who are eligible for increased unsubsidized Stafford loans, from \$189,125 to \$224,000.	Effective on April 18, 2008.	1053/151
6.15.C PLUS Loan Certification	Revises text to state explicitly that there is no annual or aggregate loan limit for a parent or Grad PLUS loan. A PLUS loan may not exceed the cost of attendance minus estimated financial assistance for the student.	Retroactive to the implementation of the <i>Common Manual</i> .	1057/151
<b>Chapter 8: Loan Delivery</b>			
8.7 Delivering Loan Funds at Eligible Schools	Clarifies that there are three exceptions to the general rule that a student must maintain continuous eligibility for the loan period certified, and provides cross-references to explanations of those exceptions.	Retroactive to the implementation of the <i>Common Manual</i> .	1058/151
8.7.G Delivery to Transfer Students	Incorporates a regulatory change regarding a school's examination of a transfer student's financial aid history, made by the HERA Interim Final Rule, published July 3, 2006. The school must determine the amount of any ACG or National SMART grants awarded and delivered during the award year for the transfer student prior to the delivery of FFELP funds.	Eligibility determinations made on or after July 1, 2007, unless implemented earlier by the school.	1054/151
8.7.H Delivery Methods	Provides that if the borrower does not pick up the check within 21 days of the school's notice to the borrower, the school must immediately mail it to the borrower, initiate an EFT of the funds to the borrower's bank account, or return the loan funds to the lender.	Checks issued for direct payment by the school on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.	1067/154
8.9.B Return of Ineligible Borrower Loan Funds	Aligns the Manual guidance regarding a borrower whose failure to begin attendance results in the school being required to return loan funds to the lender.	School determinations that a student did not begin attendance on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.	1041/150
<b>Chapter 9: School Reporting Responsibilities and the Return of Title IV Funds</b>			
9.2.A National Student Loan Data System (NSLDS) Enrollment Reporting	Updates information concerning a school that fails to provide updated enrollment data to the NSLDS in a timely manner. Adds technical information regarding the timing and format of the NSLDS Late Enrollment Reporting Notification. Defines the date that NSLDS "created" the school's Enrollment Reporting Roster File as the date and time stamp that the NSLDS enters into the Roster File's header record.	Eligibility determinations made on or after July 1, 2007, unless implemented earlier by the school.	1055/153
9.5.A Return Amounts for Title IV Grant and Loan Programs	Provides separate glossary definitions of the Federal Work-Study, Federal Supplemental Educational Opportunity Grant, and the Federal Perkins Loan Programs. A cross-reference to the FSA Handbook has also been added to the definition of each program.	Retroactive to the implementation of the <i>Common Manual</i> .	1070/154

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
<b>Chapter 11: Deferment and Forbearance</b>			
11.1.A General Deferment Eligibility Criteria	<p>Clarifies that although the subsidized, unsubsidized, and HEAL portions of a single Consolidation loan may appear as separate loan records on the lender's system, the lender must ensure that the Consolidation loan is administered as a single Consolidation loan. Due diligence must be performed at a loan level, and should the Consolidation loan default, all portions of the loan must default on the same date and be filed in the same claim or at least simultaneously with the guarantor.</p> <p>Clarifies that lenders and servicers are expected to maintain adequate internal controls and procedures to ensure that all portions of the single Consolidation loan remain synchronized throughout the life of the loan, and any re-synchronization occurs in a timely manner to ensure that the loan maintains a single due date and amount, and that the guarantor may examine the lender's controls, procedures, and servicing history during a program review.</p>	Consolidation loan applications received by the lender on or after November 13, 1997.	991/153
11.4.A Eligibility Criteria—Economic Hardship	Clarifies that non-taxable income, defined by the IRS as child support, life insurance proceeds, and gifts and bequests, is not to be treated as income for purposes of determining eligibility for an economic hardship deferment.	Economic hardship deferment eligibility determinations made on or after July 1, 2009, unless implemented earlier by the guarantor.	1003/154
11.4.D Simplified Deferment Processing 11.5.D Simplified Deferment Processing 11.8.D Simplified Deferment Processing 11.9.D Simplified Deferment Processing 11.14.D Simplified Deferment Processing 11.18.D Simplified Deferment Processing	States that when granting a deferment using the simplified deferment processing method, the lender may base the deferment on information from an authoritative electronic database maintained or authorized by the Secretary that supports eligibility for the deferment for the same reason and same time period.	Deferment requests granted by the lender on or after July 1, 2008, unless implemented earlier by the lender on or after November 1, 2007.	1071/154

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
11.20 Forbearance	<p>Clarifies that although the subsidized, unsubsidized, and HEAL portions of a single Consolidation loan may appear as separate loan records on the lender's system, the lender must ensure that the Consolidation loan is administered as a single Consolidation loan. Due diligence must be performed at a loan level, and should the Consolidation loan default, all portions of the loan must default on the same date and be filed in the same claim or at least simultaneously with the guarantor.</p> <p>Clarifies that lenders and servicers are expected to maintain adequate internal controls and procedures to ensure that all portions of the single Consolidation loan remain synchronized throughout the life of the loan, and any re-synchronization occurs in a timely manner to ensure that the loan maintains a single due date and amount, and that the guarantor may examine the lender's controls, procedures, and servicing history during a program review.</p>	Consolidation loan applications received by the lender on or after November 13, 1997.	991/153
<b>Chapter 12: Due Diligence in Collecting Loans</b>			
12.4 Due Diligence Requirements	<p>Clarifies that although the subsidized, unsubsidized, and HEAL portions of a single Consolidation loan may appear as separate loan records on the lender's system, the lender must ensure that the Consolidation loan is administered as a single Consolidation loan. Due diligence must be performed at a loan level, and should the Consolidation loan default, all portions of the loan must default on the same date and be filed in the same claim or at least simultaneously with the guarantor.</p> <p>Clarifies that lenders and servicers are expected to maintain adequate internal controls and procedures to ensure that all portions of the single Consolidation loan remain synchronized throughout the life of the loan, and any re-synchronization occurs in a timely manner to ensure that the loan maintains a single due date and amount, and that the guarantor may examine the lender's controls, procedures, and servicing history during a program review.</p>	Consolidation loan applications received by the lender on or after November 13, 1997.	991/153
12.4.A Due Diligence Requirements for Loans with Monthly Repayment Obligations	Specifies that a diligent effort is one successful contact or two attempts to contact the borrower or endorser by telephone. Each effort consists of one successful contact or two attempts to contact the borrower or endorser on different days and at different times.	Retroactive to the implementation of the <i>Common Manual</i> .	1059/151
12.4.B Due Diligence Requirements for Loans with Repayment Obligations Less Frequent Than Monthly			
12.4.D Contact by Telephone			
12.4.E Endorser Due Diligence			
12.7.C Required Address Skip Tracing Activities			
12.8.A Telephone Skip Tracing Activities			

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
<b>Chapter 13: Claim Filing, Discharge, and Forgiveness</b>			
13.1.A Claim Filing Requirements	<p>Clarifies that although the subsidized, unsubsidized, and HEAL portions of a single Consolidation loan may appear as separate loan records on the lender's system, the lender must ensure that the Consolidation loan is administered as a single Consolidation loan. Due diligence must be performed at a loan level, and should the Consolidation loan default, all portions of the loan must default on the same date and be filed in the same claim or at least simultaneously with the guarantor.</p> <p>Clarifies that lenders and servicers are expected to maintain adequate internal controls and procedures to ensure that all portions of the single Consolidation loan remain synchronized throughout the life of the loan, and any re-synchronization occurs in a timely manner to ensure that the loan maintains a single due date and amount, and that the guarantor may examine the lender's controls, procedures, and servicing history during a program review.</p>	Consolidation loan applications received by the lender on or after November 13, 1997.	991/153
13.8.E False Certification as a Result of the Crime of Identity Theft	Relocates current Manual text regarding the loss of insurance as a result of the crime of identity theft and the refunding of interest benefits and special allowance to a more appropriate subsection of the Manual.	False Certification as a result of identity theft loan discharge claims processed by the lender on or after September 8, 2006.	1066/153
13.8.G Total and Permanent Disability	States that the borrower must submit the total and permanent disability certification to the lender within 90 days of the date that the physician completed and certified the discharge application. If the borrower submits the discharge application after this 90-day time frame, the borrower must have the physician complete a new application and the borrower must submit the application to the lender within 90 days of the physician's certification of the new discharge application.	Total and permanent disability applications received by the lender on or after July 1, 2008.	1068/154
13.9.B Teacher Loan Forgiveness Program	Aligns the Manual with Departmental clarifying guidance that states in the case of a borrower who has taught more than 5 years, any consecutive 5-year period of qualifying service may be counted for teacher loan forgiveness purposes.	Teacher Loan Forgiveness discharge determinations made after October 8, 1998.	1065/153
<b>Chapter 14: Violations, Penalties, and Cures</b>			
14.1.E Violations and Cures Associated with Unsynchronized Servicing of a Consolidation Loan with Multiple Loan Records	Clarifies that although the subsidized, unsubsidized, and HEAL portions of a single Consolidation loan may appear as separate loan records on the lender's system, the lender must ensure that the Consolidation loan is administered as a single Consolidation loan. If a lender fails to perform due diligence activities on a single payment due date and amount, the lender may incur due diligence violations and penalties sufficient to cause a loss of guarantee on the loan. Also clarifies what a lender may do to cure these violations.	Claims filed by the lender on or after January 1, 2009, unless implemented earlier by the guarantor.	997/153

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
<b>Chapter 15: Federal Consolidation Loans</b>			
15.1.A Agreement to Guarantee Federal Consolidation Loans 15.2 Borrower Eligibility and Underlying Loan Holder Requirements 15.4 Disbursement 15.5.A Establishing the First Payment Due Date 15.5.B Disclosing Repayment Terms	<p>Clarifies that although the subsidized, unsubsidized, and HEAL portions of a single Consolidation loan may appear as separate loan records on the lender's system, the lender must ensure that the Consolidation loan is administered as a single Consolidation loan. Due diligence must be performed at a loan level, and should the Consolidation loan default, all portions of the loan must default on the same date and be filed in the same claim or at least simultaneously with the guarantor.</p> <p>Clarifies that lenders and servicers are expected to maintain adequate internal controls and procedures to ensure that all portions of the single Consolidation loan remain synchronized throughout the life of the loan, and any re-synchronization occurs in a timely manner to ensure that the loan maintains a single due date and amount, and that the guarantor may examine the lender's controls, procedures, and servicing history during a program review.</p>	Consolidation loan applications received by the lender on or after November 13, 1997.	991/153
<b>Chapter 17: Program Reviews</b>			
Introduction	Moves the CRI information from Appendix F to Chapter 17, and updates the information to include ED's approval of the CRI process.	January 1, 2008.	1062/152
<b>Appendix A: Interest Benefits and Special Allowance</b>			
Figure A-5 LaRS Special Allowance and Interest Rate Reporting for FFELP Loans	Provides an updated version of the LaRS Special Allowance and Interest Rate Reporting for FFELP Loans chart from the NCHHELP Program Regulations Committee for inclusion in the Manual. This version is dated March 2008, and contains statutory changes made to special allowance codes as a result of the College Cost Reduction and Access Act (CCRAA) of 2007.	Loans first disbursed on or after October 1, 2007.	1069/154
<b>Appendix F: FFELP Community Initiatives</b>			
Common Review Initiative (CRI)	Moves the CRI information from Appendix F to Chapter 17, and updates the information to include ED's approval of the CRI process.	January 1, 2008.	1062/152
<b>Appendix G: Glossary</b>			
Academic Competitiveness Grant	Includes glossary definitions for the ACG and National SMART Grant programs.	July 1, 2006.	1061/152
Diligent Effort	Specifies that a diligent effort is one successful contact or two attempts to contact the borrower or endorser by telephone. Each effort consists of one successful contact or two attempts to contact the borrower or endorser on different days and at different times.	Retroactive to the implementation of the <i>Common Manual</i> .	1059/151
Discharge	Updates the definition of the term 'discharge' to include the crime of identity theft.	False Certification as a result of identity theft loan discharge claims processed by the lender on or after September 8, 2006.	1060/152

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
Federal Perkins Loan Federal Supplemental Educational Opportunity Grant Federal Work-Study	Provides separate glossary definitions of the Federal Work-Study, Federal Supplemental Educational Opportunity Grant, and the Federal Perkins Loan Programs. A cross-reference to the FSA Handbook has also been added to the definition of each program.	Retroactive to the implementation of the <i>Common Manual</i> .	1070/154
Full-Time Student	Includes new standards for determining full-time enrollment status for a student enrolled in a nonstandard term-based, credit hour program or in correspondence coursework. Deletes obsolete formulas for determining full-time enrollment status for students enrolled in a program using both credit and clock hours. Clarifies that noncredit and reduced-credit remedial courses must be included when determining a student's enrollment status, if the student qualifies for aid for the remedial courses.	Loans first disbursed on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.	1051/151
National Science and Mathematics Access to Retain Talent Grant	Includes glossary definitions for the ACG and National SMART Grant programs.	July 1, 2006.	1061/152
Pell Grant	Adds a cross-reference to the FSA Handbook to the existing Pell Grant glossary definition.	July 1, 2006.	1061/152
<b>Appendix H: History of the FFELP and the <i>Common Manual</i></b>			
H.4.C Higher Education Hurricane Relief Act Waivers H.4.D Disaster Waivers	Aligns the Manual with regulatory and statutory waivers that are still in effect for students, borrowers, schools, and lenders affected by a hurricane or other disaster per Departmental guidance.	For the 3-month administrative forbearance, August 5, 1999. For the Title IV grant overpayment waiver, November 9, 2005. For all other waivers, February 24, 2004.	1064/153



## Unverified Social Security Number

If the [Social Security number \(SSN\)](#) has not been verified, and a FFELP loan has been guaranteed for the student, the school must instruct the lender and [guarantor](#) to cease further disbursements of the loan until the Department or the school determines that the student's SSN is correct. If the student fails to verify the SSN within the delivery time frames in [Subsection 8.7.A](#), the school must return to the lender the affected FFELP loan disbursements for the student.

[§668.36]

## 8.7.G Delivery to Transfer Students

A Stafford or PLUS loan may be used only to cover the [cost of attendance \(COA\)](#) at the school that certifies the borrower's eligibility for the loan. If a student transfers between schools, both the student's COA and [estimated financial assistance \(EFA\)](#) may change substantially at the new school, and the change could affect the borrower's eligibility for the loan. Under these circumstances, unless the borrower is eligible for a [late disbursement](#) or a [post-withdrawal disbursement](#), neither the student nor the [parent borrower](#) is eligible to receive the undisbursed loan funds that were guaranteed for the student's attendance at the previous school. The student or parent borrower seeking additional Stafford or PLUS loan [funds](#) must reapply at the new school. For information on post-withdrawal disbursements, see [Subsection 9.5.A](#). For information on late disbursements, see [Subsection 7.7.G](#).

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

- The student is not in [default](#) on any Title IV program loan.  
[§668.19(a)(1)]
- The student does not owe an overpayment on any Title IV program grant or [Federal Perkins loan](#).  
[§668.19(a)(2)]
- For the [award year](#) for which a [Federal Pell grant](#), an [Academic Competitiveness grant \(ACG\)](#), and/or a [National SMART grant](#) is requested, the student's scheduled Federal Pell grant, ~~disbursement~~ ACG, and/or National SMART grant award and the amount of

any ~~Federal Pell grant~~, ACG, and/or National SMART grant funds already ~~disbursed~~ delivered to the student.  
[§668.19(a)(3)]<sup>1</sup>

- The outstanding [principal balance](#) of loans made to the student under each of the Title IV loan programs.  
[§668.19(a)(4)]
- The amount of, and [loan period](#) for, loans made to the student under each of the Title IV loan programs for the [academic year](#) for which Title IV aid is requested.  
[§668.19(a)(5)]

For a student who transfers from one school to another during the same [award year](#) (i.e., a current-year transfer student), the school to which the student transfers must request or access from the NSLDS updated information about that student in order to determine the student's eligibility for Stafford or PLUS loan proceeds. The school must wait for 7 days following its request to the NSLDS. However, if, before the end of the 7-day period, the school receives the information from the NSLDS in response to its request or obtains that information itself by directly accessing the NSLDS, the school may deliver the loan proceeds as long as the student is otherwise eligible. A school is not required to respond to a request for a paper [financial aid transcript](#).  
[§668.19(b)(1) and (2)]

## 8.7.H Delivery Methods

A school may deliver loan proceeds using any of the following methods:

- Crediting the proceeds to the student's account at the school.  
[§668.164(d)]
- Issuing a [check](#) or other instrument to the [borrower](#) that requires endorsement or [certification](#). The school may issue a check by releasing or mailing it to the borrower or by notifying the ~~borrower~~ student that it is available for immediate pickup at a specified location at the school. If the school notifies the student that the check is available to pick up, and the student does not pick up the check within 21 days of the date of that notification, the school must immediately mail the check to the borrower, initiate an electronic funds transfer (EFT) of those funds to the borrower's bank account, or return the funds to the lender.  
[§668.164(c)(2)]<sup>2</sup>

1. Policy 1054 (Batch 151), approved September 18, 2008

2. Policy 1067 (Batch 154), approved December 18, 2008

### Aid Types to Be Included in the Return Calculations

When calculating the return of Title IV funds, the school must include the following Title IV funds, as applicable:

- [Federal Perkins loan](#)
- Direct loan
- FFELP loan
- Federal Pell grant
- [Academic Competitiveness Grant](#)
- [National SMART Grant](#)
- [Federal Supplemental Educational Opportunity Grant \(FSEOG\)](#), FSEOG (not including the nonfederal share of an FSEOG award if the school meets its matching share by the individual recipient method or the aggregate method).<sup>1</sup>

[§668.22(a)(2)]

### Aid Types to Be Excluded from the Return Calculations

When calculating the return of Title IV funds, the school must exclude amounts from the following Title IV programs, as applicable:

- [Federal Work-Study](#).
- Leveraging Educational Assistance Partnership (LEAP).
- Special Leveraging Educational Assistance Partnership (SLEAP).
- Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP).
- Student Support Services (SSS).
- The nonfederal share of an FSEOG award if the school meets its matching share by the individual recipient method or the aggregate method.

[HEA §484B(a)(3)(C)(i); §668.22(a); DCL GEN-06-05]

<sup>1</sup> Policy 1070 (Batch 154), approved December 18, 2008

### Percentage of Title IV Aid Earned

The percentage of Title IV loan and grant aid earned by the student is equal to the percentage of the [payment period](#) or [period of enrollment](#) that the student completed as of the date of the student's withdrawal. (See the explanation of this calculation under the subheading "Determining the Percentage of the Payment Period/Period of Enrollment Completed" earlier in this subsection.)

### Amount of Title IV Aid Earned by the Student

The amount of [Title IV](#) loan and grant aid earned by the student equals the amount of aid that was delivered to the student plus the amount of aid that could have been disbursed or delivered during the [payment period](#) or [period of enrollment](#), multiplied by the calculated percentage of Title IV aid earned.

$$\text{Percentage of Title IV aid earned} \times (\text{Total Title IV aid delivered} + \text{total Title IV aid that could have been disbursed or delivered}) = \text{Title IV aid earned}$$

[07-08 FSA Handbook, Volume 5, Chapter 2, p. 5-78]

### Determining the Amount of Unearned Aid to be Returned

If the total amount of disbursed aid is greater than the amount of Title IV aid earned by the student, the amount of Title IV loan and grant aid that is unearned and must be returned is calculated as follows:

$$\text{Total Title IV disbursed aid} - \text{Title IV aid earned} = \text{Title IV loan and grant aid to be returned}$$

Monetary amounts may be rounded normally, to the nearest cent. Return amounts, for both the school and the student, may be rounded to the nearest dollar.

When calculating the amount of loan funds to be returned to the lender, the school should use the net amount that was received from the lender (the gross amount minus the [guarantee](#) and [origination fees](#)) as the basis. The lender will adjust the guarantee and origination fees.

### *Aid to Be Returned by the School*

The school must return the portion of unearned Title IV aid for which the school is responsible. The amount the school must return is the lesser of:

- The total amount of unearned aid.
- The amount that is equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of

burden, the remaining amount of that income does not exceed the amount specified in item 3 above (*see Notes 1 and 2 below*).

6. The borrower is or will be serving as a Peace Corps volunteer.

A borrower who is or will be serving as a Peace Corps volunteer may be eligible for either a Peace Corps [deferment](#) or an [economic hardship](#) deferment. A Peace Corps deferment is available to a borrower who had an outstanding balance on a FFELP loan that was made before July 1, 1993, or who had an outstanding balance on a loan made before July 1, 1993, when he or she obtained a loan disbursed on or after July 1, 1993. An economic hardship deferment is available to a “[new borrower](#)” who had no outstanding balance on a FFELP loan as of the date he or she obtained a loan on or after July 1, 1993. Lenders are encouraged to offer [forbearance](#) to any borrower who has exceeded the deferment limit in completing his or her Peace Corps service.

[DCL GEN-98-16]

*Note 1:*

A borrower is considered to be working full time if he or she is expected to be employed for at least three consecutive months at 30 or more hours per week. For a period of deferment granted under items 3 through 5 above, the lender must require the borrower to submit evidence showing the amount of the borrower’s monthly income. A borrower’s monthly income is the gross amount the borrower received from employment, if applicable, and from other taxable sources, or one-twelfth of the borrower’s adjusted gross income (AGI), as recorded on the borrower’s most recently filed federal income tax return. Non-taxable income such as child support, life insurance proceeds, and gifts and bequests that are not included in the computation of the AGI should not to be treated as income for purposes of determining eligibility for an economic hardship deferment. A borrower who is unemployed, [incarcerated](#), disabled, or on a temporary unpaid [leave of absence](#) from work may qualify for an economic hardship deferment if he or she provides the lender with documentation of his or her income. Any borrower who does not have income when applying for an economic hardship deferment must provide a self-certifying statement, either on the deferment form or in a separate statement, indicating that he or she has no income. If the borrower resides in a foreign country and submits proof of income in foreign currency, the amounts must be converted to U.S. dollars before the lender determines [deferment](#) eligibility. Deferment eligibility for borrowers with foreign income will be based on poverty guidelines for the last state in which the borrower resided.<sup>1</sup>

<sup>1</sup> Policy 1003 (Batch 154), approved December 18, 2008

*Note 2:*

To determine a borrower’s federal education debt burden for purposes of an [economic hardship](#) deferment under items 4 and 5 above, the lender must count:

- The actual monthly payment amounts that are owed on federal postsecondary education loans, if the loans are scheduled to be repaid in 10 years or less.
- The monthly payment amounts that would have been owed on federal postsecondary education loans based on a 10-year [repayment schedule](#), if the loans are scheduled to be repaid in more than 10 years.

Lenders must count a proportional share of any payments due—or that would have been due—less frequently than monthly. Lenders also must include payments due on a defaulted loan if the borrower has made repayment arrangements satisfactory to the [holder](#) of the defaulted loan. The lender must document the amount of the monthly payments that would have been owed on all federal postsecondary education loans during the deferment period based on repayment agreements in place at the time the deferment is being granted.

[§682.210(s)(6)]

## 11.4.B Deferment Documentation—Economic Hardship

If a borrower requests an economic hardship deferment, the lender should forward to the borrower the following common deferment form:

### HRD

#### Economic Hardship Deferment Request

Documentation should include pay stubs, a copy of the borrower’s most recently filed federal tax return, or other official documents noting the borrower’s income and, if applicable, copies of repayment schedules or notices on educational loans. A borrower who qualifies for deferment based on his or her Peace Corps service is not required to submit income documentation, but must submit documentation from the Peace Corps showing that he or she is or will be serving as a volunteer.

[DCL GEN-98-16]

A borrower who is newly self employed may not be able to provide traditional documentation of income. In order for a newly self-employed borrower to qualify for an economic hardship deferment, the borrower must provide the lender with a self-certifying statement of projected monthly income from all sources. In addition, the borrower must

provide documentation of the newly formed business and documentation of the borrower's involvement in that business. Documentation that may be used for newly self-employed borrowers includes, but is not limited to:

- A statement from the borrower's accountant.
- A copy of the Articles of Incorporation for the business venture.
- A copy of the Business Charter showing the borrower's involvement.
- An application for a tax identification number.

### 11.4.C Length of Deferment—Economic Hardship

The [deferment](#) begins on the date the condition entitling the borrower to the deferment first existed, as determined by the lender. The deferment ends on the date the condition establishing the borrower's eligibility for the deferment ends. This deferment may be granted for periods of up to 1 year at a time and may be renewed for a total that, collectively, do not exceed 3 years. For a borrower who is serving as a volunteer in the Peace Corps, the deferment may be granted for the lesser of the borrower's full term of service or the borrower's remaining period of [economic hardship](#) deferment eligibility under the 3-year maximum. [HEA §428(b)(1)(M)(iii); §682.210(s)(6); DCL GEN-98-16]

### 11.4.D Simplified Deferment Processing

A lender may grant an [eligible borrower](#) an economic hardship deferment based on information that the borrower has been granted an economic hardship deferment by another FFELP loan [holder](#) or the Department (for a Direct loan) for the same time period. The borrower must request the deferment either verbally or in writing but does not have to provide a completed economic hardship deferment form or the other required documentation listed in [Subsection 11.4.B](#).

In granting the deferment in this manner, the lender may rely in good faith on the information obtained from another FFELP loan holder, the Department, or an authoritative electronic database maintained ~~and~~ or authorized by the Department, unless the lender has information indicating that the borrower does not qualify for the economic

hardship deferment. The lender must resolve any discrepant information before granting an economic hardship deferment in this manner.<sup>1</sup>

If the lender grants the economic hardship deferment using this simplified process, it must notify the borrower that the deferment has been granted and that the borrower has the option to pay the interest that accrues on an unsubsidized FFELP loan or to cancel the deferment and continue to make payments on the loan.

[§682.210(s)(1)(iii) - (v)]

## 11.5 Graduate Fellowship Deferment

A graduate fellowship deferment covers study under an eligible graduate fellowship program.

[§682.210(b)(1)(ii) and (d)]

### 11.5.A Eligibility Criteria—Graduate Fellowship

To qualify for this deferment, a borrower must request it and provide the lender with a written statement from an authorized official of the fellowship program. This statement must indicate the [anticipated completion date](#) of the program and must certify the following information with respect to the borrower:

- The individual holds at least a bachelor's degree conferred by an [institution of higher education](#).
- The individual will be engaged in full-time study (which may be independent of an educational or cultural institution) in an academic or professional subject for which he or she has demonstrated an interest and ability and for which he or she has been recommended by an institution of higher education.

The fellowship program must:

- Provide sufficient financial support to the student to allow for full-time study for at least 6 months.
- Require a written statement from each applicant explaining the applicant's objectives before award of that financial support.
- Require the graduate fellow to submit periodic reports, projects, or other evidence of his or her progress.

<sup>1</sup> Policy 1071 (Batch 154), approved December 18, 2008

- Accept any applicable course of study at a [foreign school](#) for completion of the fellowship program.

### 11.5.B Deferment Documentation—Graduate Fellowship

If a borrower requests a graduate fellowship [deferment](#), the lender should forward to the borrower the following common deferment form:

**EDU**  
Education Related Deferment Request

### 11.5.C Length of Deferment—Graduate Fellowship

The deferment begins on the date the condition entitling the borrower to the deferment first existed, as determined by the lender. The deferment ends on the date the borrower withdraws or completes the fellowship program, whichever is earlier.

[§682.210(d)]

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

### 11.5.D Simplified Deferment Processing

A lender may grant an [eligible borrower](#) a graduate fellowship deferment based on information that the borrower has been granted a graduate fellowship deferment by another FFELP loan [holder](#) or the Department (for a Direct loan) for the same time period. The borrower must request the deferment either verbally or in writing but does not have to provide a completed graduate fellowship deferment form.

In granting the deferment in this manner, the lender may rely in good faith on the information obtained from another FFELP loan holder, the Department, or an authoritative electronic database maintained ~~and~~ or authorized by the Department, unless the lender has information indicating that the borrower does not qualify for the graduate fellowship deferment. The lender must resolve any discrepant information before granting a graduate fellowship deferment in this manner.<sup>1</sup>

If the lender grants the graduate fellowship deferment using this simplified process, it must notify the borrower that the deferment has been granted and that the borrower has the option to pay the interest that accrues on an unsubsidized FFELP loan or to cancel the deferment and continue to make payments on the loan.

[§682.210(s)(1)(iii) - (v)]

## 11.6 In-School Deferment and Summer Bridge

An in-school [deferment](#) is available to a borrower for both full-time and half-time study at an eligible [school](#). A [lender](#) must grant an in-school deferment if it receives information that supports the borrower's eligibility for the deferment. The [guarantor](#) forwards this information to the lender in the following cases:

- When the guarantor learns of circumstances that may entitle a borrower to an in-school deferment (which often occurs during [default](#) prevention activities).
- When the guarantor receives a request or documentation for the deferment (either verbally or in writing).
- When the guarantor receives [verification](#) of the borrower's eligibility for the deferment from the school.

If the lender receives information from the guarantor, the lender may rely on the information provided. The lender should require neither the borrower nor school to complete or submit any additional paperwork.

### 11.6.A Eligibility Criteria—In-School

A student's in-school enrollment includes any combination of courses, special studies, research, or work experience that the school considers to constitute a course of study. Full-time or half-time enrollment is determined by the individual school and may vary according to whether the student is a graduate or [undergraduate student](#); whether the enrollment is taking place during the summer or a regular session; and according to the nature of the program. Enrollment in a correspondence school program alone is considered half-time enrollment. The student's full-time or half-time enrollment also may be the result of adding together simultaneous enrollments at more than one school, provided that a single school certifies total enrollment for all of the schools.

<sup>1</sup> Policy 1071 (Batch 154), approved December 18, 2008

## 11.8.D Simplified Deferment Processing

A lender may grant an [eligible borrower](#) a military active duty student [deferment](#) based on information that the borrower has been granted a military active duty student deferment by another FFELP loan [holder](#) or the Department (for a Direct loan) for the same time period. The borrower, or the borrower's representative, must request the deferment either verbally or in writing, but does not have to provide a completed military active duty deferment request form.

In granting the deferment in this manner, the lender may rely in good faith on the information obtained from the other FFELP loan holder, the Department, or an authoritative electronic database maintained ~~and or~~ authorized by the Department, unless the lender has information indicating that the borrower does not qualify for the military active duty student deferment. The lender must resolve any discrepant information before granting a military active duty student deferment in this manner.<sup>1</sup>

If the lender grants the military active duty student deferment using this simplified process, the lender must notify the borrower that the deferment has been granted and that the borrower has the option to pay the interest that accrues on an unsubsidized FFELP loan or to cancel the deferment and continue to make payments on the loan. [[§682.210\(s\)\(iii\) - \(v\)](#); [§682.210\(t\)\(7\)](#)]

## 11.9 Military Service Deferment

A military service deferment is available to a borrower while the borrower is serving on active duty during a war or other military operation, or a national emergency, or while the borrower is performing qualifying National Guard duty during a war or other military operation, or a national emergency. [[§682.210\(t\)\(1\)](#); [HEA §428\(b\)\(1\)\(M\)](#); [DCL GEN-06-02](#); [DCL FP-08-01](#)]

Payments made by or on behalf of a borrower during a period for which the borrower qualified for a military service deferment are not refunded. [[§682.210\(t\)\(5\)](#)]

## 11.9.A Eligibility Criteria—Military Service

This deferment is available to Stafford, PLUS and Consolidation loan borrowers for all periods that include October 1, 2007, or begin on or after that date, during which a borrower is serving in one of the following capacities:

- On active duty during a war or other military operation, or a national emergency.
- On qualifying National Guard duty during a war or other military operation, or a national emergency. [[HEA §428\(b\)\(1\)\(M\)](#); [§682.210\(t\)\(1\) - \(4\)](#); [DCL GEN-06-02](#); [DCL GEN-08-01](#)]

### Definitions Applicable to Military Service Deferment

In the context of the military service deferment, the following definitions apply:

- *Active duty* means serving in full-time duty in the active military service of the U.S., not including training or attendance at a service school.
- *Military operation* means a contingency operation in which a member of the Armed Forces is, or may become, involved in military actions, operations, or hostilities against an enemy of the U.S. or against an opposing military force; or results in the call or order to, or retention on, active duty of members of the uniformed services under 10 U.S.C. 688, 12301(a), 12302, 12304, 12305, or 12406, 10 U.S.C. Chapter 15, or any other provision of law during a war or during a national emergency declared by the president or Congress.
- *National emergency* means a national emergency by reason of certain terrorist attacks declared by the president on September 14, 2001, or subsequent national emergencies declared by the president by reason of terrorist attacks.
- *Qualifying National Guard duty* means training or other duty, other than inactive, performed by a member of the U.S. Army National Guard or the Air National Guard on full-time National Guard duty as called to service authorized by the president or the secretary of defense. The training or other duty must be performed for more than 30 consecutive days in connection with a war or other military operation, or a national emergency as declared by the president and supported by federal funds.

<sup>1</sup> Policy 1071 (Batch 154), approved December 18, 2008

- *Serving in active duty* means service by an individual who is a Reserve of an Armed Force ordered to active duty under section 10 U.S.C. 12301(a), 12301(g), 12302, 12304, or 12306, or any retired member of an Armed Force ordered to active duty under 10 U.S.C. 688, for service in connection with a war or other military operation or national emergency, regardless of the location at which the active duty service is performed. This also includes any other member of an Armed Force on active duty in connection with such emergency or subsequent actions of conditions who has been assigned to a duty station at a location other than where the member is normally assigned.

Not all active duty military personnel are eligible for the military [deferment](#). A borrower who does not qualify for this deferment may be eligible for the Armed Forces deferment (see [Subsection 11.3.A](#) for the Armed Forces deferment eligibility criteria).

A borrower is not eligible for a [refund](#) of any loan payments made prior to the time the deferment is granted. [[HEA §428\(b\)\(1\)\(M\)](#); [DCL GEN-06-02](#)]

### 11.9.B Deferment Documentation—Military Service

A borrower or a borrower's representative must request the deferment and provide the lender with documentation of the borrower's active duty status. The documentation must include a copy of the borrower's military orders, or a written statement from the borrower's commanding or personnel officer that the borrower is serving on active duty during a war or other military operation, or a national emergency, or that the borrower is performing qualifying National Guard duty during a war or other military operation, or a national emergency, as those terms are defined in [Subsection 11.9.A](#). The lender may also grant a borrower a deferment using the simplified deferment processing outlined in [Subsection 11.9.D](#). [[HEA §428\(b\)\(1\)\(M\)](#); [§682.210\(t\)\(7\)](#); [DCL GEN-06-02](#); [DCL FP-08-01](#)]

If a borrower's military deferment eligibility expired due to the previous 3-year limitation and the borrower was still serving on qualifying active duty service on or after October 1, 2007, a lender may grant expanded deferment benefits without receiving a new deferment request from the borrower or borrower's representative. If a deferment is granted in this manner, the lender must notify the borrower of the additional benefits and provide the borrower the opportunity to decline the deferment. [[DCL GEN-08-01](#)]

If a lender grants a military deferment based on a request from the borrower's representative, the lender must notify the borrower that the deferment has been granted and that the borrower has the option to cancel the deferment and continue to make payments on the loan. The lender may also notify the borrower's representative of the outcome of the deferment request.

[[§682.210\(t\)\(7\)](#)]

### 11.9.C Length of Deferment—Military Service

The deferment begins on the date the condition entitling the borrower to the deferment first existed, as determined by the lender. The deferment ends on the date on which the borrower's qualifying service is certified to end or actually ends.

[[HEA §428\(b\)\(1\)\(M\)](#); [§682.210\(t\)](#); [DCL GEN-06-02](#)]

For a borrower whose qualifying service includes October 1, 2007, or begins on or after that date, the deferment is extended for an additional 180 days after the date the borrower is demobilized from that qualifying service. The additional 180-day deferment is available to a borrower each time a borrower is demobilized from qualifying active duty service. The additional 180-day deferment period may not be granted unless the lender receives documentation of the date the borrower was demobilized from qualifying service.

[[§682.210\(t\)\(2\)](#); [DCL FP-08-01](#)]

### 11.9.D Simplified Deferment Processing

A lender may grant an [eligible borrower](#) a military deferment based on information that the borrower has been granted a military deferment by another FFELP loan [holder](#) or the Department (for a Direct loan) for the same time period. The borrower, or the borrower's representative, must request the deferment either verbally or in writing but does not have to provide a completed military deferment form.

In granting the deferment in this manner, the lender may rely in good faith on the information obtained from another FFELP loan holder, the Department, or an authoritative electronic database maintained ~~and~~ <sup>or</sup> authorized by the Department, unless the lender has information indicating that the borrower does not qualify for the military deferment. The lender must resolve any discrepant information before granting a military deferment in this manner.<sup>1</sup>

<sup>1</sup> Policy 1071 (Batch 154), approved December 18, 2008

- Specifies the date on which the services to the borrower or [dependent student](#) are expected to end.
- Is structured in a way that requires a substantial commitment by the borrower or dependent student to his or her rehabilitation. A substantial commitment is defined as a commitment demanding time and effort that would normally prevent an individual from engaging in full-time employment, either because of the number of hours that must be devoted to rehabilitation or because of the nature of the rehabilitation. For these purposes, full-time employment is defined as at least 30 hours of work per [week](#) that is expected to last at least 3 months.

### 11.14.B Deferment Documentation—Rehabilitation Training Program

If a borrower requests a rehabilitation training program [deferment](#), the lender should forward to the borrower the following common deferment form:

**EDU**  
Education Related Deferment Request

If a PLUS borrower requests a rehabilitation training deferment based on the participation in a qualified training program by the dependent student for whom the [parent](#) borrowed a PLUS loan, the lender should forward to the borrower the following common deferment form:

**PLUS**  
PLUS Borrower with Dependent Student Deferment Request

### 11.14.C Length of Deferment—Rehabilitation Training Program

The deferment begins on the date the condition entitling the borrower to the deferment first existed, as determined by the lender. The deferment ends when the borrower completes the program or withdraws, whichever is earlier. [[§682.210\(e\)](#) and [\(s\)\(4\)](#)]

### 11.14.D Simplified Deferment Processing

A lender may grant an [eligible borrower](#) a rehabilitation training deferment based on information that the borrower has been granted a rehabilitation training deferment by another FFELP loan [holder](#) or the Department (for a Direct loan) for the same time period. The borrower must request the deferment either verbally or in writing but does not have to provide a completed rehabilitation training deferment form.

In granting the deferment in this manner, the lender may rely in good faith on the information obtained from another FFELP loan holder, the Department, or an authoritative electronic database maintained ~~and~~ or authorized by the Department, unless the lender has information indicating that the borrower does not qualify for the rehabilitation training deferment. The lender must resolve any discrepant information before granting a rehabilitation training deferment in this manner.<sup>1</sup>

If the lender grants the rehabilitation training deferment using this simplified process, it must notify the borrower that the deferment has been granted and that the borrower has the option to pay the interest that accrues on an unsubsidized FFELP loan or to cancel the deferment and continue to make payments on the loan. [[§682.210\(s\)\(1\)\(iii\) - \(v\)](#)]

### 11.15 Tax-Exempt Organization Volunteer Deferment

A tax-exempt organization volunteer [deferment](#) is available to a borrower who is engaged in full-time paid volunteer service with a tax-exempt organization that the U.S. [Department](#) of Education has determined to be comparable to service as a Peace Corps or ACTION volunteer.

#### 11.15.A Eligibility Criteria—Tax-Exempt Organization Volunteer

This deferment is available only if the borrower has an outstanding balance on a [FFELP](#) loan that was made before July 1, 1993, or the borrower had an outstanding balance on a FFELP loan made before July 1, 1993, when he or she obtained a loan disbursed on or after July 1, 1993. The deferment is also available to a PLUS borrower if that borrower has a PLUS loan first disbursed before August 15, 1983.

<sup>1</sup> Policy 1071 (Batch 154), approved December 18, 2008



- Provide the lender with written certification—or an equivalent approved by the Department—that the borrower has:
  - Registered with a public or private employment agency if one is available within a 50-mile radius of the borrower’s current address.
  - Made at least six diligent attempts in the preceding 6-month period to obtain full-time employment. If the unemployment **deferment** request is for an initial period of deferment, the borrower is not required to certify attempts to obtain employment.

## 11.18.B Deferment Documentation—Unemployment

If a borrower requests an unemployment deferment and the borrower is eligible for unemployment benefits, the lender should request that the borrower submit evidence of his or her eligibility for unemployment benefits. If a borrower requests an unemployment deferment and is not eligible for unemployment benefits, the lender should forward to the borrower the following common deferment form:

**UNEM**  
Unemployment Deferment Request

## 11.18.C Length of Deferment—Unemployment

The initial period of unemployment deferment that is based on the borrower’s self-certification begins on the latest of the following:

- The date that the condition entitling the borrower to the deferment first existed, as determined by the lender.
- The date that the borrower requests the deferment to begin.
- Six months before the date the lender receives the request and required documentation.

A lender may grant an initial period of unemployment deferment based on the borrower’s self-certification for no more than 6 months after the date the lender receives the borrower’s unemployment deferment request. A lender may grant an unemployment deferment extension for no more than 6 months after the date the lender receives the borrower’s certification.

An initial period of unemployment deferment based on evidence of the borrower’s eligibility for unemployment benefits and any extension of an existing unemployment deferment is not subject to the 6-month backdating restriction. A lender may grant an unemployment deferment extension for no more than 6 months following the date the lender receives evidence of eligibility for unemployment benefits.

An unemployment **deferment** period ends as soon as one of the following events occurs:

- The condition that entitled the **borrower** to the unemployment deferment ends.
- The unemployment deferment period reaches the 2-year or 3-year maximum, as applicable.
- The 6-month period of deferment expires before the borrower submits an extension request. [[§682.210\(h\)](#); [Appendix A of DCL 96-L-186/96-G-287](#)]

If the borrower is eligible to receive a 6-month **post-deferment grace period** on his or her loan (see [Subsection 11.1.H](#)), a lender may grant only one such grace period following one unemployment deferment period—regardless of how many periods of unemployment deferment the borrower is granted. This **grace period** should be provided only following the initial unemployment deferment period. [[HEA §428\(b\)\(1\)\(M\)\(ii\)](#); [§682.210\(a\)\(5\) and \(h\) and \(s\)\(5\)](#)]

## 11.18.D Simplified Deferment Processing

A lender may grant an **eligible borrower** an unemployment deferment based on information that the borrower has been granted an unemployment deferment by another FFELP loan **holder** or the Department (for a Direct loan) for the same time period. The borrower must request the deferment either verbally or in writing but does not have to provide a completed unemployment deferment form.

In granting the deferment in this manner, the lender may rely in good faith on the information obtained from another FFELP loan holder, the Department, or an authoritative electronic database maintained ~~and~~ or authorized by the Department,<sup>1</sup> unless the lender has information indicating that the borrower does not qualify for the unemployment

<sup>1</sup> Policy 1071 (Batch 154), approved December 18, 2008

- An endorser, if the lender is pursuing collection activities against the endorser.

The borrower's, comaker's, or endorser's representative may provide the physician's certification if the borrower, comaker, or endorser is unable to do so. The borrower, comaker, or endorser, or his or her representative, must submit a completed Loan Discharge Application: Total and Permanent Disability or other form(s) approved by the Department. The physician's certification must state that the borrower, comaker, or endorser is unable to work and earn money because of an injury or illness that is expected to continue indefinitely or result in death. The borrower must submit the certification to the lender within 90 days of the date that the physician completed and certified the discharge application. If the lender receives borrower submits the discharge application after this 90-day time frame, the borrower must have the physician complete a new application and the borrower must submit the new application to the lender within 90 days of the physician's new certification of the new discharge application. [§682.402(c)(2)]<sup>1</sup>

### Suspending Collection

If a lender receives information indicating that a borrower or one of two comakers on a PLUS or Consolidation loan has become **totally and permanently disabled**, the lender must continue collection activities until it receives the physician's certification—or until it receives a written request from the physician requesting additional time to determine whether the borrower or comaker is totally and permanently disabled. If the lender receives reliable information indicating that an endorser has become totally and permanently disabled, the lender may not apply an **administrative forbearance** to the PLUS loan. [§682.402(c)(5)(i)]

If the lender receives a written request from the borrower's or comaker's physician requesting additional time to make a determination, the lender must suspend collection activity on the loan for up to 60 days or until the certification is received, whichever is earlier. If the lender determines that the borrower or comaker does not meet the definition of totally and permanently disabled, or if the lender does not receive the physician's certification of total and permanent disability within 60 days of the receipt of the physician's written request for additional time, the lender must resume collection activity and treat the loan as though **forbearance** had been granted during this period. A signed forbearance agreement is not required for this **administrative forbearance** period. The **delinquency** status, if any, that existed on the loan before the lender suspended its **due diligence** remains. The lender must resume due diligence

immediately at the level of delinquency at which it was suspended. For more information on the use of administrative forbearance in conjunction with the lender's receipt of a physician's written request for additional time, see **Subsection 11.21.Q**. [§682.402(c)(5)]

For a comade Consolidation loan on which one comaker's loan discharge application will not result in the discharge of the entire loan balance, the lender must continue to service the portion of the loan that is not eligible for loan discharge. The lender must ensure that when the comaker who is claiming to be totally and permanently disabled resumes repayment on the remaining balance of the loan, the loan itself has not become delinquent or more delinquent during the conditional discharge period. The lender may apply an administrative forbearance to the entire Consolidation loan for the conditional discharge period, after first exploring with the non-disabled comaker any other available options, such as alternative repayment agreements, **deferral**, discretionary forbearance, or reduced-payment forbearance.

For a comade PLUS loan on which one comaker is applying for loan discharge, the lender must continue to collect on the full balance of the loan from the non-disabled comaker. The lender must ensure that the loan status does not deteriorate during the conditional discharge period, and should work with the non-disabled comaker to discuss deferment options or to negotiate forbearance terms. The lender may apply an administrative forbearance to the entire loan balance if the non-disabled comaker is not eligible for other repayment options or does not choose to defer or forbear the loan. The administrative forbearance may be applied only for the time period that the nondisabled comaker is solely responsible for the loan's repayment and may not begin earlier than the date the loan holder receives the disabled comaker's loan discharge application, or the notification from the guarantor that a loan discharge application was submitted to the guarantor, whichever is earlier. The administrative forbearance may not end later than the date the lender receives notification of the final discharge determination.

For a PLUS loan on which the endorser is applying for loan discharge, the lender may not collect from the endorser but must continue to collect the entire loan amount from the borrower.

### General Requirements for Total and Permanent Disability Loan Discharge

If a doctor of medicine or osteopathy, legally authorized to practice in a state, certifies that the borrower, the comaker, or the endorser on a PLUS loan is totally and permanently disabled, the borrower's, comaker's or endorser's

<sup>1</sup> Policy 1068 (Batch 154), approved December 18, 2008

LaRS Special Allowance and Interest Rate Reporting for FFELP Loans<sup>1</sup>

Figure A-5

LaRS Special Allowance and Interest Rate Reporting For FFELP Loans					
Loan Type Code		Special Allowance Factor			
SF <sup>1</sup>	Subsidized Stafford and Subsidized FISL loans	SA	3.50% round up to 1/8%	SL	3.10%
PL	PLUS (parent) loans and Grad PLUS loans	SB	3.50%	CA, CE	1.74%
PL <sup>2</sup>	PLUS (student) and ALAS loans	SD	3.25%	CB, CF	2.34%
SU	Unsubsidized Stafford loans	SE, SG	3.10%	CC, CG	2.64%
SL	SLS loans	SH	2.50% / 3.10% (see below)	CD, CH	2.64%
SL <sup>3</sup>	PLUS (student) and ALAS loans	SJ	2.20%	CI	1.19%
CL	Consolidation loans	SK	2.80%	CJ, CM	1.79%
CK				CK ENFP <sup>6</sup>	2.24%
				CI ENFP <sup>6</sup>	1.34%
				CM ENFP <sup>6</sup>	1.94%
				X* <sup>4</sup>	3.50%
Special Allowance Codes - For loans made or purchased with taxable funds or tax-exempt funds not subject to the minimum/maximum rules <sup>4</sup>					
SA	All loans first disbursed prior to 10-1-1981. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4, rounded up to the nearest 1/8 percent)	SB	All loans first disbursed on/after 10-1-1981 through 10-16-1986 and loans first disbursed on/after 10-17-1986 through 11-15-1986 with a loan period begin date prior to 11-16-1986. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4)		
SC	All loans first disbursed during sequester periods (1st four quarters after first disbursement). These sequester periods included 3-1-1986 to 9-30-1986 and 10-1-1989 to 12-31-1989. (Formulas no longer in effect)	SD	All loans first disbursed on/after 10-17-1986 through 11-15-1986 with a loan period begin date on/after 11-16-1986, and loans first disbursed on/after 11-16-1986 through 9-30-1992. (Formula: Average 90-day Tbill + 3.25% - Interest Rate / 4)		
SE	All loans first disbursed on/after 10-1-1992 through 6-30-1994, and consolidation loans based on applications received by the lender prior to 11-13-1997. (Formula: Average 90-day Tbill + 3.10% - Interest Rate / 4)	SG	All Stafford and PLUS loans first disbursed on/after 7-1-1994 through 6-30-1998 (except Stafford loans first disbursed on/after 7-1-1995 through 6-30-1998 while in school, grace, or deferment status) and consolidation loans based on applications received by the lender on/after 11-13-1997 through 9-30-1998. (Formula: Average 90-day Tbill + 3.10% - Interest Rate / 4)		
SH	All Stafford loans first disbursed on/after 7-1-1995 through 6-30-1998 while in school, grace, or deferment status, and PLUS loans first disbursed on/after 7-1-1998 through 12-31-1999. (Stafford Formula: Average 90-day Tbill + 2.50% - Interest Rate / 4) (PLUS Formula: Average 90-day Tbill + 3.10% - Interest Rate / 4)	SJ	All Stafford loans first disbursed on/after 7-1-1998 through 12-31-1999 while in school, grace, or deferment status. (Formula: Average 90-day Tbill + 2.20% - Interest Rate / 4)		
SK	All Stafford loans first disbursed on/after 7-1-1998 through 12-31-1999 while in a status other than in-school, grace or deferment status. (Formula: Average 90-day Tbill + 2.80% - Interest Rate / 4)	SL	Consolidation loans based on applications received by the lender on/after 10-1-1998 through 12-31-1999. (Formula: Average 90-day Tbill + 3.10% - Interest Rate / 4)		
CA	All Stafford loans first disbursed on/after 1-1-2000 through 3-31-2006 while in school, grace, or deferment status. (Formula: Average 3-month CP + 1.74% - Interest Rate / 4)	CB	All Stafford loans first disbursed on/after 1-1-2000 through 3-31-2006 while in a status other than in-school, grace, or deferment status. (Formula: Average 3-month CP + 2.34% - Interest Rate / 4)		
CC	Consolidation loans based on applications received by the lender on/after 1-1-2000 through first disbursed on/before 3-31-2006. (Formula: Average 3-month CP + 2.64% - Interest Rate / 4)	CD	PLUS loans first disbursed on/after 1-1-2000 through 3-31-2006. (Formula: Average 3-month CP + 2.64% - Interest Rate / 4)		
CE	All Stafford loans first disbursed on/after 4-1-2006 while in school, grace, or deferment status. (Formula: Average 3-month CP + 1.74% - Interest Rate / 4, subject to excess interest rebates)	CF	All Stafford loans first disbursed on/after 4-1-2006 while in a status other than in-school, grace, or deferment status. (Formula: Average 3-month CP + 2.34% - Interest Rate / 4, subject to excess interest rebates)		
CG	Consolidation loans first disbursed on/after 4-1-2006. (Formula: Average 3-month CP + 2.64% - Interest Rate / 4, subject to excess interest rebates)	CH	PLUS loans first disbursed on/after 4-1-2006. (Formula: Average 3-month CP + 2.64% - Interest Rate / 4, subject to excess interest rebates)		
CI	All Stafford loans first disbursed on/after 10-1-2007 while in school, grace, or deferment status, including loans held by an ENFP <sup>6</sup> . (Formula: Average 3-month CP + 1.19% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 3-month CP + 1.34% - Interest Rate / 4, subject to excess interest rebates)	CJ	All Stafford loans first disbursed on/after 10-1-2007 while in a status other than in-school, grace, or deferment status, including loans held by an ENFP <sup>6</sup> . (Formula: Average 3-month CP + 1.79% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 3-month CP + 1.94% - Interest Rate / 4, subject to excess interest rebates)		
CK	Consolidation loans first disbursed on/after 10-1-2007, including loans held by an ENFP <sup>6</sup> . (Formula: Average 3-month CP + 2.09% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 3-month CP + 2.24% - Interest Rate / 4, subject to excess interest rebates)	CM	PLUS loans first disbursed on/after 10-1-2007, including loans held by an ENFP <sup>6</sup> . (Formula: Average 3-month CP + 1.79% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 3-month CP + 1.94% - Interest Rate / 4, subject to excess interest rebates)		

<sup>1</sup> Policy 1069 (Batch 154), approved December 18, 2008

## LaRS Special Allowance and Interest Rate Reporting for FFELP Loans *(continued)*<sup>1</sup>

Special Allowance Codes - For loans made or purchased with tax exempt funds subject to the minimum/maximum rules <sup>4</sup>			
SA	All loans first disbursed prior to 10-1-1980. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4, rounded up to the nearest 1/8 percent)		XA All loans first disbursed on/after 10-1-1980 through 9-30-1981. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)
XB	All loans first disbursed on/after 10-1-1981 through 9-30-1992. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)		XC All loans first disbursed during sequester periods (1st four quarters after first disbursement). These sequester periods include 3-1-1986 to 9-30-1986 and 10-1-1989 to 12-31-1989. (Formulas no longer in effect)
XE	All loans first disbursed on/after 10-1-1992 through 6-30-1994, and consolidation loans based on applications received by the lender prior to 11-13-1997. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)		XG All Stafford and PLUS loans first disbursed on/after 7-1-1994 through 6-30-1998 (except Stafford loans while in school, grace, or deferment) and consolidation loans based on applications received by the lender on/after 11-13-1997 through 9-30-1998. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)
XH	All Stafford loans first disbursed on/after 7-1-1995 through 6-30-1998 while in school, grace, or deferment, and PLUS loans first disbursed on/after 7-1-1998 through 3-31-2006, for quarters prior to 4-1-2006. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)		XJ All Stafford loans first disbursed on/after 7-1-1998 through 3-31-2006 while in school, grace, or deferment. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)
XK	All Stafford loans first disbursed on/after 7-1-1998 through 3-31-2006 while in a status other than in-school, grace or deferment. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)		XL Consolidation loans based on applications received by the lender on/after 10-1-1998 through first disbursement on/before 3-31-2006. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)
XM	All Stafford loans first disbursed on/after 4-1-2006 while in school, grace, or deferment, held by lenders eligible for the HERA of 2005 special exemptions. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater, subject to excess interest rebates)		XN All Stafford loans first disbursed on/after 4-1-2006 while in a status other than in-school, grace or deferment, held by lenders eligible for the HERA of 2005 special exemptions. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater, subject to excess interest rebates)
XO	Consolidation loans first disbursed on/after 4-1-2006, held by lenders eligible for the HERA of 2005 special exemptions. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater, subject to excess interest rebates)		XP PLUS loans first disbursed on/after 4-1-2006, held by lenders eligible for the HERA of 2005 special exemptions. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater, subject to excess interest rebates)
XQ	PLUS loans first disbursed on/after 1-1-2000 through 3-31-2006, for quarters beginning 4-1-2006 which would have been reported under the "XH" category for quarters prior to 4-1-2006. (Formula: Average 90-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)		

Interest Rate Codes	
Fixed	For fixed rate loans, report applicable rate as decimal point.
.07	Stafford loans at a fixed rate of 7% or less.
.99999	Consolidation loans based on applications received by the lender on/after 10-1-1998 where the fixed interest rate is a weighted average of the underlying loan interest rates rounded up to the nearest 1/8 of a percent.
CVAR	PLUS loans and SLS loans made in 1986 and 1987 where the interest rate changes each January 1.
VAR	PLUS and SLS loans with first disbursements on or after 7-1-1987, but before 10-1-1992, where the interest rate changes each July 1.
EVAR	All FFELP loans that were guaranteed as variable rate loans with first disbursements on or after 10-1-1992 and Consolidation loans based on applications received by the lender between 11-13-1997 and 9-30-1998, inclusive, where the interest rate changes each July 1, and HEAL portions of Consolidation loans.
FVAR#	Stafford loans that were originally guaranteed as fixed rate loans, but were converted to a variable rate, where the interest rate now changes each July 1. Includes 8/10% loans except for those that fall under the FVARX category. FVAR# includes FVAR7, FVAR8, FVAR9, FVAR10.
FVARX	FFELP Stafford loans with a 8/10% interest rate first disbursed to prior borrowers on or after 7-23-1992 but before 10-1-1992, when such loans reach the 49 <sup>th</sup> month of repayment and beyond.
.068	All Stafford loans (subsidized and unsubsidized) made on or after 7-1-2006.
.085	All PLUS loans (parent and Grad) made on or after 7-1-2006.
.060	Subsidized Stafford loans made to undergraduate students on or after 7-1-2008.

<sup>1</sup> Policy 1069 (Batch 154), approved December 18, 2008

## LaRS Special Allowance and Interest Rate Reporting for FFELP Loans *(continued)*<sup>1</sup>

Valid Special Allowance, Loan Type, and Interest Rate Code Reporting Combinations									
Subsidized Stafford		Unsubsidized Stafford		PLUS <sup>5</sup>		SLS <sup>5</sup>		Consolidation	
Taxable	Tax-exempt <sup>4</sup>	Taxable	Tax-exempt <sup>4</sup>	Taxable	Tax-exempt <sup>4</sup>	Taxable	Tax-exempt <sup>4</sup>	Taxable	Tax-exempt <sup>4</sup>
SA SF .07	SA SF .07	SE SU .07	XE SU .07	SA PL .09	XA PL .09	SA SL .09	XA SL .09	SC CL .09	XC CL .09
SA SF .09	XA SF .07	SE SU .08	XE SU .08	SB PL .14	XB PL .14	SB SL .14	XB SL .14	SC CL .10	XC CL .10
SB SF .07	XA SF .09	SE SU .09	XE SU .09	SB PL .12	XB PL .12	SB SL .12	XB SL .12	SC CL .11	XC CL .11
SB SF .08	XB SF .07	SE SU EVAR	XE SU EVAR	SB PL CVAR	XB PL CVAR	SB SL CVAR	XB SL CVAR	SC CL .12	XC CL .12
SB SF .09	XB SF .08	SE SU FVAR7	XE SU FVAR7	SC PL .12	XB PL VAR	SC SL .12	XB SL VAR	SD CL .09	XB CL .09
SC SF .07	XB SF .09	SE SU FVAR8	XE SU FVAR8	SC PL VAR	XC PL .12	SC SL VAR	XC SL .12	SD CL .10	XB CL .10
SC SF .08	XB SF .10	SE SU FVAR9	XE SU FVAR9	SD PL .12	XC PL VAR	SD SL .12	XC SL VAR	SD CL .11	XB CL .11
SC SF .09	XB SF FVAR7	SE SU FVAR10	XE SU FVAR10	SD PL CVAR	XE PL EVAR	SD SL VAR	XE SL EVAR	SD CL .12	XB CL .12
SD SF .07	XB SF FVAR8	SG SU EVAR	XG SU EVAR	SD PL VAR	XG PL EVAR	SD SL CVAR		SE CL .01-.25	XE CL .01-.25
SD SF .08	XB SF FVAR9	SH SU EVAR	XH SU EVAR	SE PL EVAR	XH PL EVAR	SE SL EVAR		SG CL EVAR	XG CL EVAR
SD SF .09	XB SF FVAR10	SJ SU EVAR	XJ SU EVAR	SG PL EVAR	XP PL EVAR			SL CL .99999	XL CL .99999
SD SF .10	XB SF FVARX	SK SU EVAR	XK SU EVAR	SH PL EVAR	XP PL .085			CC CL .99999	XO CL .99999
SD SF FVAR7	XC SF .07	CA SU EVAR	XM SU EVAR	CD PL EVAR	XQ PL EVAR			CG CL .99999	
SD SF FVAR8	XC SF .08	CB SU EVAR	XN SU EVAR	CH PL EVAR				CK CL .99999	
SD SF FVAR9	XC SF .09	CE SU EVAR	XM SU .068	CH PL .085					
SD SF FVAR10	XE SF .07	CF SU EVAR	XN SU .068	CM PL .085					
SD SF FVARX	XE SF .08	CE SU .068							
SE SF .07	XE SF .09	CF SU .068							
SE SF .08	XE SF EVAR	CI SU .068							
SE SF .09	XE SF FVAR7	CJ SU .068							
SE SF EVAR	XE SF FVAR8								
SE SF FVAR7	XE SF FVAR9								
SE SF FVAR8	XE SF FVAR10								
SE SF FVAR9	XG SF EVAR								
SE SF FVAR10	XH SF EVAR								
SG SF EVAR	XJ SF EVAR								
SH SF EVAR	XK SF EVAR								
SJ SF EVAR	XM SF EVAR								
SK SF EVAR	XN SF EVAR								
CA SF EVAR	XM SF .068								
CB SF EVAR	XN SF .068								
CE SF EVAR									
CF SF EVAR									
CE SF .068									
CF SF .068									
CI SF .068									
CJ SF .068									
CI SF .060									
CJ SF .060									
Notes									
<sup>1</sup>	Stafford Nonsubsidized and FISL Nonsubsidized loans disbursed prior to 10-1-1981 are included within SF loan types.								
<sup>2</sup>	Loans disbursed prior to 10-17-1986 and <b>unable</b> to distinguish from PLUS (parent) loans.								
<sup>3</sup>	Loans disbursed prior to 10-17-1986 and <b>able</b> to distinguish from PLUS (parent) loans.								
<sup>4</sup>	Loans originally made or purchased with tax-exempt funds originally issued prior to 10-1-1993 receive ½ the regular special allowance rate but not less than 9.5% minus the applicable interest rate. Loans made or purchased with tax-exempt funds originally issued on or after 10-1-1993, loans held in tax-exempt bond issues that were refunded on or after 10-1-2004, and loans made or purchased on or after 2-8-2006 regardless of funding source (except those held by lenders eligible for the HERA of 2005 special exemptions), receive regular special allowance and must be reported using the taxable special allowance codes.								
<sup>5</sup>	PLUS and SLS loans first disbursed on/after 7-1-1987 but before 6-30-1994, and PLUS loans first disbursed on/after 7-1-1998 but before 12-31-1999 do not receive any special allowance if the annual interest rate calculation does not exceed the applicable maximum interest rate. PLUS loans first disbursed on/after 1-1-2000 will receive special allowance for quarters beginning 4-1-2006, even if the annual interest rate calculation does not exceed the applicable maximum interest rate.								
<sup>6</sup>	Eligible Not-For-Profit (ENFP) holders may receive the increased Special Allowance Factor on loans made on or after October 1, 2007 if they meet the statutory and regulatory requirements for ENFP holders and are designated as such in the Department of Education's Lender Reporting System (LaRS).								

<sup>1</sup> Policy 1069 (Batch 154), approved December 18, 2008

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

**Exceptional Performer:** A designation conferred upon a qualified lender, servicer, or guarantor by the Department of Education for an exceptional level of performance in servicing FFELP loans, if the lender, servicer, or guarantor requests such status and meets all statutory and regulatory requirements. This designation was eliminated on October 1, 2007, per statutory changes from the [College Cost Reduction and Access Act \(P.L. 110-84\)](#). See [Appendix H](#) for more information.

**Excess Interest Rebate:** See [Windfall Profits](#)

**Exit Counseling (or Exit Interview):** Required counseling that must be provided to Stafford loan borrowers shortly before graduating or ceasing at least half-time enrollment. The school must conduct counseling in person, by audiovisual presentation, or by interactive electronic means. See [Subsection 4.4.D](#).

**Expected Family Contribution: (EFC)** The amount a student and the student’s spouse or family are expected to pay toward the student’s cost of attendance. The [Federal Need Analysis Methodology](#) must be used to calculate the EFC. See [Section 6.6](#).

**Extended Repayment Schedule:** A repayment schedule available to a “new borrower” on or after October 7, 1998, with outstanding principal and interest in FFELP loans totaling more than \$30,000. An extended repayment schedule may provide for standard or graduated installments over a period not to exceed 25 years.

## F

**FAA:** See [Financial Aid Administrator](#)

**FAFSA:** See [Free Application for Federal Student Aid](#)

**FAT:** See [Financial Aid Transcript](#)

**FDLP:** See [Federal Direct Loan Program](#)

## Federal Consolidation Loan Application and

**Promissory Note:** A common form that a borrower—or, as applicable, spouses as comakers—must complete to apply for a Federal Consolidation loan. For more information about Federal Consolidation loans, see [Chapter 15](#).

**Federal Default Fee:** A fee collected by the guarantor either by deduction from the proceeds of the loan or from other nonfederal sources. The Higher Education Act requires that this fee equal 1% of the loan principal. This fee replaced the guarantee fee. See [Section 7.8](#).

**Federal Direct Loan Program: (FDLP)** A student loan program authorized on July 23, 1992, by [Title IV, Part D, of the Higher Education Act](#). The Federal Direct Loan Program offers Federal Direct (Subsidized) Stafford loans, Federal Direct Unsubsidized Stafford loans, Federal Direct Consolidation loans, and Federal Direct PLUS loans. The FDLP is similar to the FFELP, except that funding comes directly from the U.S. Treasury rather than from private lending institutions.

**Federal Family Education Loan Program: (FFELP)** Loan programs authorized by [Title IV, part B of the Higher Education Act of 1965, as amended](#), that includes the Federal Stafford, Federal PLUS, Federal SLS, and Federal Consolidation Loan Programs. These loan programs are funded by lenders, guaranteed by guarantors, and reinsured by the federal government. These programs are defined individually in [§668](#).

**Federal Interest Benefits:** The federal government’s payment of accrued interest on subsidized Stafford loans to the lender on behalf of the borrower during in-school, grace, and deferment periods (see [Section 10.9](#)). Some Consolidation loans also may qualify for interest benefits (see [Section 15.6](#)). For more detailed information regarding the collection of federal interest benefits, see [Section A.1](#).

**Federal Need Analysis Methodology: (FM)** The formula used to calculate the expected family contribution with regard to determining the amount of Title IV assistance available to a borrower.

**Federal Perkins Loan:** A low-interest, long-term loan intended for undergraduate or graduate and professional students with financial need. The Federal Perkins Loan Program is one of the campus-based programs administered by a school’s financial aid office. For more information, see the [FSA Handbook](#).<sup>1</sup>

<sup>1</sup> Policy 1070 (Batch 154), approved December 18, 2008

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**Federal PLUS Loan Application and Master**

**Promissory Note: (PLUS MPN)** A common form that allows a parent or graduate or professional student borrower to receive loans for either a single academic year or multiple academic years. A parent borrower must complete a separate PLUS MPN for each dependent student for whom he or she wishes to borrow (see [Section 6.16](#)).

**Federal Register:** A federal government publication, published each weekday (except federal holidays), that lists regulations, regulatory amendments, notices, and proposed regulatory changes for all federal executive agencies.

**Federal Stafford Loan Master Promissory Note: (Stafford MPN)** A common form that allows a student borrower to receive loans for either a single academic year or multiple academic years (see [Section 6.16](#)).

**Federal Supplemental Educational Opportunity**

**Grant: (FSEOG)** A grant intended for undergraduate students with exceptional financial need. The FSEOG is one of the campus-based programs administered by a school's financial aid office. For more information, see the [FSA Handbook](#).

**Federal Work-Study: (FWS)** An employment program intended for undergraduate or graduate and professional students with financial need that allows students to work part time to help pay for their educational costs. The FWS program is one of the campus-based programs administered by a school's financial aid office. For more information, see the [FSA Handbook](#).<sup>1</sup>

**FFELP:** See [Federal Family Education Loan Program](#)

**File Transfer Protocol: (FTP)** A standard Internet protocol that allows the transmission of data files.

**Final Demand:** A letter that the lender mails to the borrower demanding full payment of a delinquent or ineligible account. The letter is required as part of the due diligence procedures for collecting a loan that is seriously delinquent or ineligible. The final demand letter is mailed on or after the 241st day of delinquency for loans payable in monthly installments. The letter must be mailed at least 30 days before the lender files a default claim.

**Final Regulations:** Federal program rules, which are published in the *Federal Register*. Final regulations usually take effect 45 days after the date of publication.

**Financial Aid Administrator: (FAA)** A staff member at an eligible school who is charged with the administration of financial aid programs.

**Financial Aid Package:** The total amount of financial aid that a school awards a student. Federal and nonfederal aid such as loans, grants, or work-study are combined into a “package” to help meet the student’s cost of attendance. Using available resources to give each student the best possible aid package is one of the major responsibilities of a school’s financial aid administrator.

**Financial Aid Transcript: (FAT)** An official record of the federal financial aid a student has received at schools the student previously attended. The record is used to assess the amount of federal financial aid the student has received and to prevent the award of federal funds for which the student or the parent of a dependent student is not eligible. The record may be obtained from the National Student Loan Data System (NSLDS) or may be a paper report received from the previous schools.

**Financial Need:** The student’s cost of attendance less the expected family contribution. In determining a student’s eligibility for a subsidized Stafford loan and a FFELP borrower’s total loan amount, the student’s estimated financial assistance is also subtracted from the cost of attendance.

**FM:** See [Federal Need Analysis Methodology](#)

**Forbearance:** A period of time during which the borrower is permitted to temporarily cease making payments or reduce the amount of the payments. The borrower is liable for the interest that accrues on the loan during the forbearance period. Some forbearances are entitlements for eligible borrowers; others are granted at the discretion of the lender. See [Section 11.20](#).

**Foreign School:** An eligible school located outside the United States and its territories.

**Forgiveness:** The release of a borrower or any comaker, as applicable, from all or a portion of his or her loan obligation due to qualifying child care service or qualifying teaching service as authorized by [Title IV, Part B of the Higher Education Act, as amended](#). See [Section 13.9](#).

**Free Application for Federal Student Aid: (FAFSA)** The form the student must complete to apply for federal Title IV financial assistance, including Stafford loans. The student must include financial information on the student’s household so that the expected family contribution can be calculated. See [Section 6.6](#).

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<sup>1</sup> Policy 1070 (Batch 154), approved December 18, 2008