

## Summary of Changes Approved September through January 2008

This summary lists changes made since the 2007 Annual Update of the *Common Manual* was printed.

Change bars denote the latest policy changes, which were approved January 17, 2008.

Changes made before the 2007 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>			
2.3.C Common Forms	Deletes reference to the Ad Hoc Standardization Committee, adds that NCHelp developed and updates the common default aversion and claim forms, and updates the listing of common forms.	September 20, 2007	967/142
<b>Chapter 3: Lender Participation</b>			
3.5.A Federal Origination Fee and Lender Fee	States that, beginning with loans first disbursed on or after October 1, 2007, a lender is charged a lender fee equal to 1.0% of the principal amount of each FFELP loan made.	Loans first disbursed on or after October 1, 2007.	984/145
<b>Chapter 4: School Participation</b>			
4.1.A Establishing Eligibility	Clarifies that a school may certify loans of different types (Stafford or PLUS) in separate programs for the same enrollment period and same student.	Stafford and PLUS loans certified on or after December 1, 2006, unless implemented earlier by the school.	980/144
<b>Chapter 5: Borrower Eligibility</b>			
5.1.B Student Eligibility Requirements	States that, in order to receive any Title IV aid other than a parent PLUS loan, the student must certify, as part of the FAFSA, a statement of educational purpose. To receive a parent PLUS loan without completing a FAFSA, the student must complete and submit to the school a separate statement of educational purpose.	Retroactive to the implementation of the <i>Common Manual</i> .	986/145
5.1.B Student Eligibility Requirements	Clarifies that the student must be enrolled or accepted for enrollment on at least a half-time basis to be eligible for a Stafford or PLUS loan.	Retroactive to the implementation of the <i>Common Manual</i> .	968/142
5.1.C Graduate or Professional Student and Parent PLUS Loan Borrower Eligibility Requirements	States that each PLUS borrower must certify a statement of educational purpose, which is fulfilled by the borrower's certification of the PLUS MPN. Revised policy also corrects the regulatory citation for this requirement.	Retroactive to the implementation of the <i>Common Manual</i> .	969/142
5.2 Federal Data Matches 5.2.A Citizenship Data Match 5.2.D Prior Overpayment 5.2.E Prior Default	Removes from Appendix F, FFELP Community Initiatives, the information on the NSLDS data match and adds it to Section 5.2 Federal Data Matches. Also adds information on the DOJ data match, the USCIS data match, and the VA data match. Current references in 5.2.A to the Immigration and Naturalization Service (INS) have been replaced with references to the USCIS, which now performs the citizenship data match.	Implementation of any federal data match is determined by the Department.	981/144

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
5.2.A Citizenship Data Match	Updates the information on acceptable documentation for verification of eligible U.S. Citizens and Nationals and Eligible Noncitizens.	Implementation of a federal citizenship form is determined by the Department.	1000/146
5.2.A Citizenship Data Match	Adds victims of human trafficking and their relatives as eligible noncitizens for purposes of determining eligibility for Title IV assistance.	FFELP loans certified by the school on or after May 11, 2006.	992/146
5.11 Student Enrollment Requirements	States that a course of study that uses direct assessment rather than credit hours or clock hours is not an eligible course for purposes of teacher certification or recertification.	September 8, 2006.	993/146
<b>Chapter 6: School Certification</b>			
6.2 Determining the Loan Period	States that a school may include a retroactive period in a loan period when certifying a Stafford or PLUS loan if the student completed the retroactive period on at least a half-time basis. Requires the school to ensure that a loan period that includes a retroactive period does not exceed the maximum allowable loan period as currently described in this section, and that it meets applicable criteria for determining the frequency of Stafford annual loan limits. Adds cross-references to other pertinent sections and text.	Publication date of the 03-04 FSA Handbook.	976/143
6.2 Determining the Loan Period	Clarifies that, if the student's loss of eligibility was based on a failure to meet satisfactory academic progress standards, the school must comply with its written satisfactory academic progress policy, if the written policy provides that the student's eligibility will be reinstated at a later point.	Publication date of the 96-97 FSA Handbook.	999/146
6.11.A Stafford Annual Loan Limits Figure 6-4 Stafford Undergraduate Annual and Aggregate Loan Limits	States that a dependent student who is taking preparatory coursework necessary for enrollment in an undergraduate program is eligible to borrow the base Stafford annual loan limit of \$2,625. An independent student, or a dependent student whose parent is not eligible for a PLUS loan, who is taking preparatory coursework necessary for enrollment in an undergraduate program is eligible to borrow a combined subsidized and unsubsidized Stafford annual loan limit of up to \$6,625, of which no more than \$2,625 may consist of subsidized Stafford loan funds.  Updates Figure 6-4 to include the additional unsubsidized Stafford annual loan limit for an independent student, or a dependent student whose parent is not eligible for a PLUS loan, who is enrolled in preparatory coursework necessary for enrollment in an undergraduate program.	Loans first disbursed on or after July 1, 2007.	964/142
6.11.D Increased Unsubsidized Stafford Loan Limits for Health Profession Students	States that a health profession student must be enrolled at least half time to be eligible for increased unsubsidized Stafford loan limits.	Loan periods beginning on or after May 1, 1999.	965/142
6.11.F Prorated Loan Limits	States that loan proration is not required for a student completing coursework necessary for a professional credential or certification from a state if that credential or certification is required for employment as a teacher in an elementary or secondary school in that state.	Retroactive to the implementation of the <i>Common Manual</i> .	977/143

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
6.15.B Stafford Loan Certification 6.15.C PLUS Loan Certification	Clarifies that the student must be enrolled or accepted for enrollment on at least a half-time basis to be eligible for a Stafford or PLUS loan.	Retroactive to the implementation of the <i>Common Manual</i> .	968/142
6.15.D Additional Unsubsidized Stafford Loan Certification for a Dependent Student	Clarifies that a dependent student enrolled in a school that participates in the PLUS loan program whose parent is unable to obtain a PLUS loan is eligible to borrow additional unsubsidized Stafford loan funds, not to exceed the student's maximum additional unsubsidized Stafford loan limit. A school does not have the option of denying the additional funds to an otherwise eligible student, unless the school's refusal to certify is based on a documented reason.	Retroactive to the implementation of the <i>Common Manual</i> .	970/142
6.15.D Additional Unsubsidized Stafford Loan Certification for a Dependent Student	Places into a bulleted format the list of exceptional circumstances that may prevent a dependent student's parent from obtaining a PLUS loan. Also clarifies that if the school refuses to certify a loan for which the student is eligible, or refuses to certify the full amount of unsubsidized loan funds for which the student is eligible, the school must document the reason.	Retroactive to the implementation of the <i>Common Manual</i> .	987/145
<b>Chapter 7: Loan Origination</b>			
7.6.A General Initial Disclosure Requirements	Removes the requirement that the lender disclose to the borrower in the initial disclosure, information on how the interest rate is calculated.	Disclosures provided by the lender to a borrower on or after July 1, 2006.	988/145
<b>Chapter 8: Loan Delivery</b>			
8.3 Required Authorizations	States that a school must obtain a parent PLUS borrower's written authorization to deliver parent PLUS loan funds directly to the student, in addition to any other authorization it must obtain from the student (e.g., an authorization to deliver funds to the student's bank account or to the student's stored-value card).	Publication date of the 97-98 FSA Handbook.	982/144
8.6 Managing Overawards	Clarifies that an overaward may occur not only from a student's receipt of additional Title IV funds, but also from the receipt of additional non-Title IV financial assistance, such as a scholarship or an alternative loan.	Retroactive to the implementation of the <i>Common Manual</i> .	989/145
8.7.E Late Delivery	Extends to 180 days the time frame for the delivery of a late disbursement of FFELP loan funds but eliminates the option for the school to obtain Department approval for a late delivery of loan funds after the 180-day period expires. Also extends the time frame for making a post-withdrawal disbursement of loan funds to 180 days after the school determines the student withdrew. A new Sub-subsection is added to the text to address the differences between the requirements for the post-withdrawal disbursement of Title IV grant funds and the post-withdrawal disbursement of Title IV loan funds.	Late disbursements delivered by the school on or after July 1, 2008. Post-withdrawal disbursements delivered by the school on or after July 1, 2008.	994/146

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Figure 8-6 Delivery or Return of Loan Funds	Adds a footnote clarifying that the required authorization for the school to deliver loan funds received by EFT or master check is included on the MPN. However, if the MPN is signed by a third party with power of attorney for the borrower, the school must obtain a separate authorization from the borrower, except in the case of a study-abroad student.	Retroactive to the implementation of the Federal Stafford Loan Master Promissory Note.	971/142
<b>Chapter 9: School Reporting Responsibilities and the Return of Title IV Funds</b>			
9.5.A Return Amounts for Title IV Grant and Loan Programs	Extends to 180 days the time frame for the delivery of a late disbursement of FFELP loan funds but eliminates the option for the school to obtain Department approval for a late delivery of loan funds after the 180-day period expires. Also extends the time frame for making a post-withdrawal disbursement of loan funds to 180 days after the school determines the student withdrew. A new Sub-section is added to the text to address the differences between the requirements for the post-withdrawal disbursement of Title IV grant funds and the post-withdrawal disbursement of Title IV loan funds.	Late disbursements delivered by the school on or after July 1, 2008. Post-withdrawal disbursements delivered by the school on or after July 1, 2008.	994/146
<b>Chapter 10: Loan Servicing</b>			
10.9.C Excess Interest Rebates	Revises Subsection 10.9.C to remove historic information on excess interest rebates, called "windfall profits," which were last required in 1994. This information is present in Section H.2 of the History Appendix. The historic information is being replaced with the current requirement for excess interest rebates (as currently listed in Figure A-3 in Appendix A), effective for loans first disbursed on or after April 1, 2006.	December 20, 2007	990/145
<b>Chapter 11: Deferment and Forbearance</b>			
11.1.A General Deferment Eligibility Criteria	Expands existing guidance by adding to the <i>Common Manual</i> an explanation of how lenders may grant administrative forbearance to a loan during a time when a nondisabled comaker is solely responsible for the repayment of the loan.	Administrative forbearances processed by a lender on or after July 1, 2007, unless implemented earlier by the guarantor.	995/146
11.3.A Eligibility Criteria—Armed Forces 11.3.C Length of Deferment—Armed Forces	Moves text concerning Operations Desert Shield/Desert Storm to the history appendix.	September 20, 2007	974/142
11.4.A Eligibility Criteria—Economic Hardship	States that a borrower who is receiving a payment or benefit under a federal or state public assistance program, such as Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance is eligible to receive an economic hardship deferment.	Economic hardship deferments granted by the lender on or after January 1, 2008, unless implemented earlier by the lender.	944/143
11.19.F Forbearance of a Loan for a Comaker during the TPD Conditional Period	Expands existing guidance by adding to the <i>Common Manual</i> an explanation of how lenders may grant administrative forbearance to a loan during a time when a nondisabled comaker is solely responsible for the repayment of the loan.	Administrative forbearances processed by a lender on or after July 1, 2007, unless implemented earlier by the guarantor.	995/146

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<b>Chapter 12: Due Diligence in Collecting Loans</b>			
12.4.E Endorser Due Diligence	Aligns the Manual's text with the history Appendix to specify that when a loan is discharged due to the borrower's total and permanent disability, bankruptcy, closed school, false certification, or unpaid refund, the endorser is released from his or her obligation to repay the loan. Also specifies that an endorser is released from his or her obligation to repay the loan when he or she files an adversary proceeding before the bankruptcy court on the basis of undue hardship and the loan obligation is discharged, and when he or she is determined to be totally and permanently disabled after the loan becomes delinquent.	Retroactive to the implementation of the <i>Common Manual</i> .	983/144
<b>Chapter 13: Claim Filing, Discharge, and Forgiveness</b>			
13.8 Discharge	Adds information about the Request For Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form that a lender may use to request a partial discharge of the portion of the Consolidation loan that represents any underlying loans that are eligible for discharge due to disability (only for comade Consolidation loans), closed school, death, or false certification discharge. Incorporates a new chart that helps lenders determine what information must be provided on this form.	Lenders may have begun using the Request For Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form upon the applicable publication date.	963/142
13.8.F Total and Permanent Disability	Expands existing guidance by adding to the <i>Common Manual</i> an explanation of how lenders may grant administrative forbearance to a loan during a time when a nondisabled comaker is solely responsible for the repayment of the loan.	Administrative forbearances processed by a lender on or after July 1, 2007, unless implemented earlier by the guarantor.	995/146
<b>Chapter 15: Federal Consolidation Loans</b>			
15.1.A Agreement to Guarantee Federal Consolidation Loans	States that, beginning with loans first disbursed on or after October 1, 2007, a lender is charged a lender fee equal to 1.0% of the principal amount of each FFELP loan made.	Loans first disbursed on or after October 1, 2007.	984/145
15.1.A Agreement to Guarantee Federal Consolidation Loans	Clarifies that any failure on the part of a lender to fulfill due diligence requirements on a Consolidation loan may also result in a loss of eligibility for any special allowance payments that might otherwise apply to that Consolidation loan.	Retroactive to the implementation of the <i>Common Manual</i> .	978/143
15.3.A Providing Consolidation Loan Information	Revises language to acknowledge electronic delivery methods. Also suggests that consolidating lenders provide Consolidation loan applicants with a complete explanation of any applicable loss of loan benefits if a borrower is consolidating loans from other loan programs into a Federal Consolidation loan and an explanation of any special benefits the lender may offer on Federal Consolidation loans and the criteria for obtaining those benefits.	July 1, 2008, unless implemented earlier by the lender.	979/144
15.3.C Reviewing the Loan Verification Certificate	Incorporates more detailed guidance from DCL GEN-07-03/FP-07-07 regarding when a loan holder may decline to certify an LVC and when the loan holder must notify the Federal Student Aid Financial Partners staff of a its decision not to complete an LVC.	Consolidation Loan Verification Certificates (LVC) received by a loan holder on or after May 22, 2007.	985/145

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
<b>Appendix F: FFELP Community Initiatives</b>			
National Student Loan Data System (NSLDS)	Removes from Appendix F, FFELP Community Initiatives, the information on the NSLDS data match and adds it to Section 5.2 Federal Data Matches.	Implementation of any federal data match is determined by the Department.	981/144
<b>Appendix G: Glossary</b>			
Change of Control	Adds that it is considered a change of control if a school changes from a for-profit entity to a nonprofit entity, or vice versa.	Retroactive to the implementation of the <i>Common Manual</i> .	1001/146
Lender Fee	States that, beginning with loans first disbursed on or after October 1, 2007, a lender is charged a lender fee equal to 1.0% of the principal amount of each FFELP loan made.	Loans first disbursed on or after October 1, 2007.	984/145
Post-Deferment Grace Period	Adds a reference in the appendix G entry entitled "Post-Deferment Grace Period" to additional information in the history appendix on a post-deferment grace period for military personnel who served in Operations Desert Shield/Desert Storm.	September 20, 2007	974/142
<b>Appendix H: History of the FFELP and the <i>Common Manual</i></b>			
H.4 History of Statutory and Regulatory Waivers	Moves text concerning Operations Desert Shield/Desert Storm to the history appendix.	September 20, 2007	974/142

information about confirming a student's citizenship status, Social Security number, Selective Service registration, or student financial aid overpayment or default status history information, or denial of Title IV benefits due to court orders, or veteran status, see [Subsections 5.2.A, 5.2.B, 5.2.C, 5.2.D, and 5.2.E](#), and [5.2.F](#). Schools may also obtain more information about the Department's data matches from the ~~2006-2007~~ [Federal Student Aid Handbook, Volume 1, Chapter 2, pp. 1-17 to 1-19](#) [07-08 FSA Handbook, Application and Verification Guide, Chapter 2, p. AVG-27](#); [Volume 1, Chapter 1, p. 12](#); and [Volume 1, Chapters 2 to 5, pp. 1-17 to 1-61](#).<sup>1</sup>

## 5.2.A Citizenship Data Match

Generally, each [eligible borrower](#) and student must be a U.S. citizen or national, a U.S. permanent resident, or an eligible noncitizen. The Department will verify the student's Social Security number and alien registration number provided on the [Free Application for Federal Student Aid \(FAFSA\)](#) with the relevant federal agencies. [[§668.33\(c\)](#)]

Citizens and eligible noncitizens may be eligible for FFELP funds at participating [foreign schools](#). Citizens of any one of the Freely Associated States (i.e., the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau) are not eligible for FFELP funds at any participating school, but may be eligible for other types of Title IV aid. [[§668.33\(b\)\(1\)](#)]

Information on citizenship status and documentation may be found in the ~~most recent publication of the 2006-2007~~ [Federal Student Aid Handbook, Volume 1, Chapter 2, pp. 1-19 to 1-34](#) [07-08 FSA Handbook, Volume 1, chapter 2, pp. 1-17 to 1-40](#). Schools are cautioned against attempting to establish citizenship status without reviewing this source. [[HEA 484\(g\) and \(h\)](#); [§668.130 through 133](#); [DCL GEN-92-21 \(section XXIX, subsection k\)](#)]<sup>2</sup>

### U.S. Citizens and Nationals

If a student indicates on the [FAFSA](#) that he or she is a U.S. citizen, the Department will verify the student's citizenship through a data match with the Social Security Administration (SSA). If the SSA confirms the student's citizenship, the Department will report that confirmation to the school and to the student. If the Department is unable to verify a student's citizenship with the SSA, the student must verify U.S. citizenship by submitting documentation

to the school. The school must give the student at least 30 days' notice to produce evidence of U.S. citizenship before denying Title IV assistance to a student for failure to establish citizenship. [[§668.33\(c\)\(2\)](#)]

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

- A copy of the birth certificate showing that the student or parent borrower was born in the United States.
- A Certificate of Citizenship (N-600-560 or N-561)<sup>3</sup> from the U.S. ~~Immigration and Naturalization Service (INS)~~ Department of Homeland Security, United States Citizenship and Immigration Service (USCIS)<sup>4</sup>, ~~which must include at least the student or parent borrower's name and application number, the certificate number (found in the upper right hand corner), and the date the certificate was issued.~~
- A Certificate of Naturalization (N-550 or N-570) ~~from issued by~~<sup>5</sup> the ~~INS~~ USCIS<sup>6</sup> through a federal or state court, or through administrative naturalization after December 1990 to those who are individually naturalized,<sup>7</sup> ~~which must contain at least the student or parent borrower's name and petition number, the certificate number (found in the upper right hand corner), the INS USCIS A Number, the name of the court that granted the naturalization, and the date of naturalization.~~<sup>8, 9</sup>
- A ~~Consular Report of Birth Abroad of a Citizen of the United States (FS-240), Certification of Birth (DS-1350), or a Certificate of Birth—Foreign Service (FS-545) issued prior to November 1990, Certificate of Birth (DS-1350), or Freedom of Information Act Form~~<sup>10</sup> (INS USCIS Form G-639),<sup>11, 12</sup> These ~~first three~~ forms are generated by the State Department and include an embossed seal with the words "United States of America" and "State Department."<sup>13</sup>
- A U.S. passport (current or expired).

<sup>3</sup>. Policy 1000 (Batch 146), approved January 17, 2008

<sup>4</sup>. Policy 981 (Batch 144), approved November 15, 2007

<sup>5</sup>. Policy 1000 (Batch 146), approved January 17, 2008

<sup>6</sup>. Policy 981 (Batch 144), approved November 15, 2007

<sup>7</sup>. Policy 1000 (Batch 146), approved January 17, 2008

<sup>8</sup>. Policy 981 (Batch 144), approved November 15, 2007

<sup>9</sup>. Policy 1000 (Batch 146), approved January 17, 2008

<sup>10</sup>. Policy 1000 (Batch 146), approved January 17, 2008

<sup>11</sup>. Policy 981 (Batch 144), approved November 15, 2007

<sup>12</sup>. Policy 1000 (Batch 146), approved January 17, 2008

<sup>13</sup>. Policy 1000 (Batch 146), approved January 17, 2008

<sup>1</sup>. Policy 981 (Batch 144), approved November 15, 2007

<sup>2</sup>. Policy 981 (Batch 144), approved November 15, 2007



If the student or parent borrower submits a citizenship or naturalization certificate as documentation of his or her citizenship status, the school must place a copy of the form in the student's file, demonstrating that proof of citizenship was obtained (see the ~~2006-2007~~ 2007-08 FSA Handbook, Volume 1, Chapter 2, p. 1-18).<sup>1</sup>

### Eligible Noncitizens

A noncitizen is considered eligible for Stafford ~~or~~ and PLUS loans if he or she meets all other applicable eligibility criteria and is one of the following.<sup>2</sup>

- A U.S. permanent resident alien with an ~~Alien Permanent Resident Registration Receipt Card (Form I-151 or I-551 since 1977) or a Resident Alien Card (Form I-151 issued prior to June 1978)~~.
- A refugee with an Arrival/Departure Record (CBP Form I-94) or the new Departure Record (Form I-94A, which is used at land border ports of entry) with the endorsement "Processed for I-1551. Temporary Evidence of Lawful Admission for Permanent Residence. Valid until \_\_\_\_\_. Employment authorized." The form will have an A-number annotated on it and is acceptable if the expiration date has not passed. These records are issued by ~~from~~ the INS USCIS<sup>3</sup> showing one of the following designations (indicating that the refugee is in the United States for other than a temporary purpose):
  - Refugee.
  - Asylum Granted.
  - Alien paroled into the U.S. for at least one year.
  - Alien granted a stay of deportation [pursuant to 8 U.S.C. section §1253(h)] due to fear of persecution on account of race, religion, or political opinion.
  - Conditional Entrant (valid if I-94 was issued before April 1, 1980).
- A victim of human trafficking, or one of certain relatives of such a victim, as certified by the U.S. Department of Health and Human Services (HHS)

[pursuant to 22 U.S.C. §7101 Victims of Trafficking and Violence Protection Act].  
[DCL GEN-06-09]<sup>5</sup>

A school must verify ~~To establish~~ the eligibility of a noncitizen. ~~This may be done a school must by performing~~ a data match with another agency, such as the ~~INS~~ USCIS. If the student reports on the FASFA that he or she is an eligible noncitizen (and, therefore could be eligible for federal student aid) and reports an Alien Registration number, that information is checked against the database maintained by the USCIS. This process is ~~also~~ known as primary confirmation. If a student or parent borrower's eligible noncitizen status is not verified by this procedure, the school must transmit copies of the student's or parent borrower's documentation of immigration status to the ~~INS~~ USCIS. This process constitutes secondary confirmation. For purposes of secondary confirmation, a school may *not* require a student or parent borrower to produce evidence from the ~~INS~~ USCIS that he or she is a permanent resident of the U.S. or is in the U.S. for other than a temporary purpose with the intention of becoming a citizen or permanent resident if both of the following conditions are applicable:<sup>6</sup>

- The school determined the student or parent borrower to be an eligible noncitizen using secondary confirmation of documents provided in a previous award year, and those documents have not expired.
- The school does not have conflicting information or reason to believe that the student or parent borrower's claim of citizenship or immigration status is incorrect.

An exception to this applies to victims of human trafficking. If the USCIS does not have the eligibility status of victims of human trafficking in its system, the student will fail the data match. The school must collect a copy of the student's Certification Letter or Eligibility Letter that was issued by the HHS. The school must also call the HHS Office of Refugee Resettlement to confirm eligibility and document the date, time, and results of the call.<sup>7</sup>

A school may not deny eligibility to an applicant based on immigration status while awaiting primary confirmation from the ~~INS~~ USCIS. However, if a loan is guaranteed, the school must delay the delivery of the loan and any other Title IV assistance to the applicant until primary confirmation is received.<sup>8</sup>

<sup>1</sup>. Policy 981 (Batch 144), approved November 15, 2007

<sup>2</sup>. Policy 992 (Batch 146), approved January 17, 2008

<sup>3</sup>. Policy 1000 (Batch 146), approved January 17, 2008

<sup>4</sup>. Policy 981 (Batch 144), approved November 15, 2007

<sup>5</sup>. Policy 992 (Batch 146), approved January 17, 2008

<sup>6</sup>. Policy 981 (Batch 144), approved November 15, 2007

<sup>7</sup>. Policy 992 (Batch 146), approved January 17, 2008

<sup>8</sup>. Policy 981 (Batch 144), approved November 15, 2007



A school may deliver funds to an otherwise eligible student pending ~~INS USCIS~~ response to secondary confirmation if at least 15 business days have elapsed since the school submitted the documentation to the ~~INS USCIS~~. Schools are reminded that they must reconcile any other inconsistency in data before releasing [FFELP](#) funds.<sup>1</sup>

The school must retain copies of documentation provided by an eligible noncitizen. The ~~Alien-Permanent Resident~~ Registration Receipt Card (Form I-551 ~~or I-154~~) or a ~~Resident Alien Card~~ (Form I-151), ~~Arrival/Departure Record~~ (CBP Form I-94) or the new ~~Departure Record~~ (Form I-94A), U.S. passport, or other documentation provided as proof of the student's or borrower's status may be photocopied (front and back) and placed in the student's file. Endorsements on the I-94 or U.S. passport identifying the individual's status may be stamped in rust-colored ink on the original document. If such endorsements do not photocopy well, they should be hand copied exactly as they appear on the original I-94 or U.S. passport. As confirmation of the hand-copied endorsement, both the student and a school [official](#) should initial the endorsement. [[DCL GEN-98-2](#)]<sup>2</sup>

## 5.2.B Social Security Number Data Match

When a student submits a [Free Application for Federal Student Aid \(FAFSA\)](#), the U.S. Department of Education will conduct a data match with the Social Security Administration to verify the student's [Social Security number](#) (SSN). If the Social Security Administration confirms that SSN, the Department will notify the [school](#) and the student. If the data match fails to confirm the student's SSN, or if the school has reason to believe that the verified SSN is inaccurate, the school must give the student at least 30 days from the date the school is notified of the results of the data match, or until the end of the [award year](#), whichever is later, to submit evidence to the school that verifies the accuracy of the SSN.

[[§668.36\(a\)\(1\) and \(3\)](#)]

A school may neither deny, reduce, delay, nor terminate a determination of a student's eligibility for assistance under the [Title IV](#) programs if [verification](#) of the student's SSN is pending. The school may not deliver any Title IV program [funds](#) to a student until the school is satisfied that the student's reported SSN is accurate. The school must notify the Department of the student's accurate SSN if the student demonstrates the accuracy of a number other than the number that the student included on the FAFSA.

[[§668.36\(a\)\(4\)](#); [§668.36\(b\)\(1\) and \(2\)](#)]

<sup>1</sup> Policy 981 (Batch 144), approved November 15, 2007

<sup>2</sup> Policy 1000 (Batch 146), approved January 17, 2008

See [subsection 8.7.F](#) for information regarding unverified SSNs.

## 5.2.C Selective Service Registration Data Match

Unless exempt, a male student must register with the Selective Service. When a male student submits a [Free Application for Federal Student Aid \(FAFSA\)](#), the [Department](#) will conduct a data match with the Selective Service to verify the student's registration status. The Department will notify the student and the school of the results of the data match.

[[§668.37\(a\)\(1\) and \(b\)](#)]

If the data match fails to confirm the male student's registration, the [school](#) must allow the student at least 30 days from the date the school was notified of the results of the data match or until the end of the [award year](#), whichever is later, to submit evidence to the school that verifies either (a) that he is registered with the Selective Service or (b) that there is a valid reason why he is not required to be registered with the Selective Service. If the school receives a student's response to a failed data match after the end of the [loan period](#), the school would be unable to certify the loan—even if the [verification documentation](#) was received within 30 days.

[[§668.37](#)]

A female student is exempt from the Selective Service registration requirement and is not subject to the corresponding data match.

For more information on Selective Service registration requirements, see the [2006-2007 Federal Student Aid Handbook, Volume 1, Chapter 5, pp. 1-57 to 1-61](#).

## 5.2.D NSLDS Data Match

Another data match that is conducted when a student submits a Free Application for Federal Student Aid (FAFSA) is with the National Student Loan Data System (NSLDS). The Central Processing System (CPS) matches the student's information against the NSLDS to see if the student is in default on a Title IV loan, owes a Title IV overpayment, or has exceeded applicable Stafford loan limits. The CPS matches the student's FAFSA information with his or her financial aid history in the NSLDS database. The school must resolve any conflict between the NSLDS and other information prior to delivering Title IV aid. For more information on the NSLDS, see [07-08 FSA Handbook, Volume 1, Chapter 3](#) and [NSLDS Reference](#) provided on the [IFAP website](#).

- *Teacher Certification or Recertification*  
A student is exempt from the degree or certificate program requirement if he or she is enrolled at least half time in a required teacher-certification program, even though the teacher-certification program does not lead to a degree or certificate awarded by the school (e.g., the certificate may instead be granted by the state). A student who is not enrolled in a formal teacher certification program but who is taking a series of courses necessary to obtain certification from the state is also exempt from the degree requirements. The program, or series of courses, must be required for elementary or secondary teacher certification or recertification in the state where the student plans to teach or in the state where the student is completing the program or series of courses. This exemption is not intended to cover optional courses that the student elects to take for professional recognition or advancement, nor does it cover courses that the school recommends but that are not required for certification or recertification. In addition, this exemption does not apply to students seeking a professional credential or certification that is required for employment as a non-teaching professional (e.g., a school administrator, nurse, or librarian), or to students enrolled in a teacher certification or recertification course that uses direct assessment rather than credit hours or clock hours to measure student progress.

The school must develop a process to identify the student as pursuing teacher certification or recertification (e.g., collect a written statement from the student or have a special classification assigned by the school), and must document that the courses are required by the state for teacher certification or recertification. A student who is enrolled in a teacher-certification or recertification program is considered a fifth-year undergraduate student (see section 6.11 for applicable loan limits).

[HEA §484(b)(4); §668.2; §668.32(a)(1)(iii);-§682.215(b); 2006-2007 *Federal Student Aid Handbook*, Volume 1, Chapter 1, pp. 1-4 to 1-5 07-08 FSA Handbook, Volume 1, Chapter 1, p. 1-5]<sup>1</sup>

## 5.12 Use of Telecommunications and Correspondence in Programs of Study

A student's enrollment in [telecommunications](#) or [correspondence](#) courses can affect his or her eligibility for Stafford loans and [Grad PLUS loans](#), and a parent's eligibility for [parent PLUS loans](#).

### 5.12.A Telecommunications Program of Study

An otherwise eligible student enrolled in a program of study offered in whole or in part through [telecommunications](#) is eligible for Title IV aid if each of the following applies:

- The program leads to a recognized certificate, or to an associate, bachelor's, or graduate degree.  
[HEA 484(l)(1); DCL GEN-06-05]
- The school providing the program has been evaluated by an accrediting agency recognized by the Department as having the evaluation of distance education programs within its scope of recognition. The accrediting agency must determine that the school has the capability to effectively deliver distance education programs. Beginning July 1, 2006, the Department provides an 18-month waiver of the distance education evaluation component. The waiver applies to certain distance education programs that were offered as of July 1, 2006, but for which the Department did not recognize the accrediting agency as having the evaluation of distance education programs within its scope of recognition.  
[HEA 481(b)(3); §668.8(m); DCL GEN-06-05; GEN-06-17]

If a foreign school offers a program of study that includes even a single telecommunications course, that program of study is ineligible for Title IV aid. Telecommunications technologies may be used in the foreign school classroom to supplement and support instruction offered as part of an otherwise eligible program, as long as the student and instructor are physically present in the classroom.  
[§600.51(d)(4); §668.8(m); DCL GEN-06-11]

<sup>1</sup> Policy 993 (Batch 146), approved January 17, 2008

## 6.2 Determining the Loan Period

The loan period is the period of enrollment for which a Stafford or PLUS loan is intended. The loan period must coincide with a bona fide academic term established by the school for which school charges are generally assessed (i.e., semester, trimester, quarter, length of the student's program, or the school's [academic year](#)).  
[§682.200(b)]

The minimum loan period that a school may certify is:

- An academic term (e.g., a semester or quarter) for schools that measure academic progress in credit hours and use a semester, trimester, or quarter system.  
[§682.603(f)(1)(i)]
- The length of the student's program at the school, the school's academic year, or the student's remaining period of enrollment for the program of study at the school, whichever is less, for schools that measure academic progress in [clock hours](#) (or in credit hours, but that do not use a semester, trimester, or quarter system).  
[§682.603(f)(1)(ii)]

The maximum loan period that a school may certify is:

- An academic year.  
[§682.603(f)(2)(ii)]
- A period longer than an academic year—not to exceed 12 months—that corresponds to the period to which annual loan limits are applied.  
[§682.603(f)(2)(i)]

### Defaulted Borrowers

The maximum loan period that the school may certify for a defaulted borrower whose Title IV eligibility is reinstated (see [Subsection 5.2.E](#)) is the academic year during which the borrower regains eligibility.  
[§682.603(f)(2)(ii)]

### Including a Retroactive Period in a Loan Period

Generally, a school may certify a borrower's eligibility for a Stafford or PLUS loan retroactive to the beginning of the current period of enrollment for a student or parent borrower, as applicable, who meets conditions that include, but are not limited to, the following:

- The student or parent borrower, as applicable, regains eligibility during the period of enrollment after an earlier loss of eligibility due to, for example:
  - = Failure to<sup>1</sup> meet ~~make~~ satisfactory academic progress (see [Section 8.4](#)).<sup>2, 3</sup> If the school's written satisfactory academic progress policy provides for reinstatement of eligibility at a later point, the school must comply with its written policy.  
[\[07-08 FSA Handbook, Volume 1, Chapter 1, p. 1-10\]](#)<sup>4</sup>
  - = Failure to meet citizenship requirements (see [Subsection 5.2.A](#)).
  - = A prior default or overpayment in a Title IV program (see [Subsections 5.2.D](#) and [5.2.E](#)).  
[\[§682.603\(f\)\(2\)\(ii\)\]](#)
  - = Inadvertent borrowing in excess of the Stafford annual or aggregate loan limit (see [Subsection 6.11.E](#)).
- The student or parent borrower, as applicable, requests a loan in the second or subsequent payment period in the period of enrollment.
- The student regains eligibility after a loss of eligibility due to a conviction for drug possession or sale (see [Section 5.8](#)).

However, a school may include a retroactive portion of the current enrollment period in a Stafford or PLUS loan period only if the student attended and completed that retroactive period on at least a half-time basis. For example, a school may certify a loan in the spring term for a fall/spring period of enrollment and include the costs for the fall term in the student's cost of attendance for the loan period, provided that the student completed the fall term on at least a half-time basis. The school must ensure that a loan period including a retroactive period does not exceed the<sup>5</sup>

1. Policy 976 (Batch 143), approved October 18, 2007

2. Policy 976 (Batch 143), approved October 18, 2007

3. Policy 999 (Batch 146), approved January 17, 2008

4. Policy 999 (Batch 146), approved January 17, 2008

5. Policy 976 (Batch 143), approved October 18, 2007

## 8.7.E Late Delivery

After the end of the [loan period](#) or the date on which a student ceases to be enrolled at least half time, a student borrower, or in the case of a parent PLUS loan, a parent borrower, may be eligible to receive a late delivery of Stafford or PLUS loan funds, provided certain conditions are met (see subheading “Conditions for Late Delivery” later in this subsection).

A school must offer a late delivery of Stafford or PLUS loan funds that the borrower was eligible to receive while the student was still enrolled during a payment period or period of enrollment that the student successfully completed. The school may credit the student’s account to pay for current and allowable charges as described in [section 8.7](#), but must pay or offer any remaining amount to the borrower.

[§668.164(g)(3)(ii)]

If a student ceases to be enrolled at least half time but does not withdraw, a school may, but is not required to, offer a late delivery of Stafford or PLUS loan funds to the student or parent borrower to pay for educational costs the student incurred for the period in which the student was eligible.

[§668.164(g)(3)(iii)]

### Conditions for Late Delivery

Before making a late delivery of Stafford or PLUS loan funds, a school must ensure that:

- The school certified the loan before the earlier of the end of the loan period or the date on which the student ceased to be enrolled at least half time.  
[§668.164(g)(2)(ii); §682.207(f)(1)]
- Except in the case of a [parent PLUS loan](#), the Department processed a [Student Aid Report \(SAR\)](#) or an [Institutional Student Information Record \(ISIR\)](#) with an official [expected family contribution \(EFC\)](#) before the date the student became ineligible.  
[§668.164(g)(2)(i)]
- In the case of a first-year, first-time borrower whose loan is subject to [delayed delivery](#) (see [subsection 8.7.D](#)), the student completed the first 30 days of his or her program of study.  
[§668.164(g)(4)(iii); §682.207(f)(2)]
- In the case of a second or subsequent [disbursement](#), the student graduated or successfully completed the [period of enrollment](#) for which the loan was intended.  
[§668.164(g)(4)(ii); §682.207(f)(3)]

- The loan [funds](#) will only be used to pay educational costs that the school determines the student incurred for the period in which the student was enrolled and eligible.
- The school delivers the [loan funds](#) no later than ~~120-180~~ days after the school determines the student withdrew (for additional information on post-withdrawal disbursements, see [Subsection 9.5.A](#); for additional information on required notices, see [Subsection 8.2.E](#)), or, if the student did not withdraw, ~~120-180~~ days after the earlier of the end of the loan period or the date on which the student ceased to be enrolled at least half time.

[§668.164(g)(4)(i)]

~~On an exception basis, and with the approval of the Department, the school may make a late delivery of loan funds after the applicable 120-day period, if the reason the late delivery was not made within the 120-day period is not the fault of the student.~~

~~[§668.164(g)(4)(i)]<sup>1</sup>~~

The borrower is not required to sign the Master Promissory Note (MPN) prior to the end of the loan period or the date on which the student ceased to be enrolled at least half time (or lost eligibility for a reason other than a withdrawal) to be eligible for a late delivery of Stafford or PLUS loan funds, as applicable. However, the borrower must sign the MPN before a lender may make a late disbursement.

[DCL GEN-05-16]

### Disbursements Exceed Loan Eligibility

If the total amount of the [late disbursement](#) and all prior disbursements exceeds the student’s loan eligibility for the period in which the student was enrolled and eligible, as determined by the [financial aid administrator \(FAA\)](#), the school must return the balance of the borrower’s loan proceeds to the lender with a notice certifying the following:

- The beginning and ending dates of the loan period or [payment period](#) during which the student was enrolled and eligible.  
[§682.604(e)(2)(i)]
- The amount of loan funds the student or parent borrower is eligible to receive for that loan period or payment period.  
[§682.604(e)(2)(ii)]

<sup>1</sup> Policy 994 (Batch 146), approved January 17, 2008



that must be repaid to a Title IV loan program, the student (or parent, in the case of a [parent PLUS loan](#)) returns those funds by normal repayment of the loan according to the terms and conditions of the promissory note. If there are unearned grant funds that must be repaid to a Title IV grant program, the student is obligated to return the grant overpayment amount that exceeds 50% of the total Title IV grant funds that the student received for the payment period or period of enrollment. The student is not required to return a grant overpayment for which the original balance was \$50 or less. The \$50 tolerance applies on a program-by-program basis.

[[HEA 484B\(b\)\(2\)](#); [§668.22\(h\)](#); [DCL GEN-06-05](#)]

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

### Death of a Student

If a student dies during the loan period, the school must perform a return of Title IV funds calculation and must return all Title IV funds for which it is responsible. However, the student's estate is not responsible for returning any unearned funds that would be the responsibility of the student to repay. A school may not under any circumstances make a late disbursement or a post-withdrawal disbursement of Title IV funds on behalf of a student who has died.

[[2006-2007 Federal Student Aid Handbook, Volume 5, Chapter 2, p. 5-79](#)]

### Post-Withdrawal Disbursements

A [post-withdrawal disbursement](#) is a disbursement made to a student who has withdrawn but who has earned more aid than has been disbursed. ~~If the student is eligible to receive a post-withdrawal disbursement of funds, the school must offer to deliver a post-withdrawal disbursement to the student (or parent, in the case of a parent PLUS loan).~~ Neither the school nor the student is required to return funds when the student is eligible to receive a post-withdrawal disbursement.

[[§668.22\(a\)\(4\)](#); [§668.22\(a\)\(5\)\(i\)](#)]

A [post-withdrawal disbursement](#) is different from a [late disbursement](#) (as described in [subsection 7.7.G](#)) in the following ways:

- A late disbursement may be made if a student ceases to be enrolled at least half time but has not withdrawn. A post-withdrawal disbursement must be offered and, if accepted, must be made after an eligible student withdraws from all classes for the payment period or period of enrollment, as applicable.

[[§668.164\(g\)\(3\)\(i\)](#), (ii), and (iii)]

- A post-withdrawal disbursement must exhaust available Title IV grant funds before utilizing available loan funds. A late disbursement has no such requirement.

[[§668.22\(a\)\(5\)\(i\)](#)]

- A late disbursement of [FFELP loan funds](#) must be delivered within ~~120-180~~ days from the earlier of the end of the loan period or the date on which the student ceased to be enrolled at least half time. ~~A The 120-day period for the school to deliver the post-withdrawal disbursement of loan funds must be delivered within 180 days after disbursement is calculated from the date of the school's determination that the student withdrew.~~ A post-withdrawal disbursement of Title IV grant funds must be delivered within 45 days after the date of the school's determination that the student withdrew.

[[§668.22\(a\)\(5\)\(ii\)\(B\)\(1\)](#); [§668.22\(a\)\(5\)\(iii\)\(C\)](#); [§668.164\(g\)\(4\)](#)]

### *Post-Withdrawal Disbursement of Grant Funds*

If outstanding charges exist on a student's account, a school may credit the student's account up to the amount of outstanding charges with any grant funds that make up the post-withdrawal disbursement. The school must deliver directly to a student any amount of a post-withdrawal disbursement of grant funds that is not credited to the student's account. The school must deliver a post-withdrawal disbursement of Title IV grant funds as soon as possible, but no later than 45 days after the date of the school's determination that the student withdrew. There is no requirement that a school obtain the student's permission before making a post-withdrawal disbursement of grant funds.

[[§668.22\(a\)\(5\)\(ii\)\(A\)\(1\)](#) and (B)(1)]<sup>1</sup>

### *Post-Withdrawal Disbursement of Loan Funds*

If the post-withdrawal disbursement includes loan funds, the school must first determine that the borrower is eligible for a late delivery under the provisions in [subsection 8.7.E](#). (See also [subsection 7.7.G](#) for the late disbursement provisions applicable to lenders.) A student may receive all or a portion of a disbursement as a post-withdrawal disbursement provided that all of the following conditions are met:

- The student is not a first-year, first-time undergraduate Stafford loan borrower subject to delayed delivery requirements who withdrew prior to the completion of the first 30 days of his or her [program of study](#).

<sup>1</sup> Policy 994 (Batch 146), approved January 17, 2008

- Except in the case of a parent PLUS loan, the Department processed a valid [SAR](#) or [ISIR](#) with an official [EFC](#) on or before the date of the student’s withdrawal.
- The school certified the loan on or before the date of the student’s withdrawal.  
[DCL GEN-04-03]
- The borrower signed the Master Promissory Note (MPN) for the loan subject to return of Title IV funds prior to the date the return of Title IV funds calculation was completed.  
[DCL GEN-05-16]
- The disbursement is not a second or subsequent FFELP loan disbursement, even if it was included in the [return of Title IV funds](#) calculation as aid that could have been disbursed.
- Within 30 days of the date of the school’s determination that the student withdrew and prior to delivering the loan disbursement, the school notified the borrower in writing to:
  - Request confirmation for any post-withdrawal disbursement of loan funds that the school wishes to credit to outstanding school charges, identifying the type and amount of those loan funds and explaining that the borrower may accept or decline some or all of those funds.
  - Request confirmation for any post-withdrawal disbursement of loan funds that can be delivered directly to the borrower, identifying the type and amount of loan funds and explaining that the borrower may accept or decline some or all of those funds.
  - Explain that if the borrower does not confirm that loan funds may be applied to outstanding school charges, the borrower may not receive the direct delivery of any loan funds unless the school concurs.
  - Explain the obligation of the borrower to repay any loan funds he or she chooses to have applied to outstanding school charges or delivered directly to the borrower.
  - Explain that, if the borrower does not respond within 14 days of the date the notice was sent (or a later deadline set by school policy), the school

will not deliver the loan funds, unless the school chooses to deliver the funds based on a late response.

The deadline for a borrower to accept a direct delivery of a post-withdrawal disbursement and the deadline to accept the delivery of a post-withdrawal disbursement to cover outstanding school charges must be the same. If the borrower submits a timely response that confirms that the loan funds may be credited to outstanding charges, or that he or she wishes to receive all or a portion of a direct delivery of funds, the school must deliver all loan funds, not only those used to pay school charges. If the borrower submits a late response, the school may deliver the funds as requested (provided the school delivers *all* of the funds accepted by the borrower), or the school may decline to deliver any funds. A post-withdrawal disbursement of [loan funds](#) may not be delivered later than ~~120-180~~ days after the date of the school’s determination that the student withdrew, ~~unless an exception is granted by the Department.~~ If the borrower submits a late response and the school opts *not* to deliver the post-withdrawal disbursement, the school must notify the borrower in writing of that decision. If the borrower does not respond to the notice of the availability of the post-withdrawal disbursement, no portion of the disbursement may be delivered. The school must document in the student’s file the result of the post-withdrawal disbursement notification, and the final determination made concerning the disbursement.  
[§668.22(a)(5)(ii)(B)(1) ~~and (iv)~~; §668.22(a)(5)(iii)(C); §668.164(g)(4)(i)]<sup>1</sup>

A first-year, first-time undergraduate Stafford loan borrower who is subject to delayed delivery and withdraws before completing the 30th day of his or her program of study is prohibited from receiving any Stafford loan funds as a post-withdrawal disbursement even if the amount of the initial disbursement was included in the return of Title IV funds calculation as aid that could have been disbursed. In addition, when a student withdraws prior to completing the period for which the loan is intended, no portion of any second or subsequent FFELP loan disbursement may be delivered as a [post-withdrawal disbursement](#) even if the amount of the second or subsequent disbursement was included in the return of Title IV funds calculation as aid that could have been disbursed.  
[DCL GEN 00-24; DCL GEN-04-03; 2006-2007 *Federal Student Aid Handbook*, Volume 5, Chapter 2, p. 5-98]

<sup>1</sup> Policy 994 (Batch 146), approved January 17, 2008



based solely on the non-disabled comaker's deferment eligibility. The deferment period for the non-disabled comaker may not begin prior to the date the lender 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 deferment ends on the date that the non-disabled comaker's deferment eligibility ends, or the date on which the lender receives notice of the final discharge determination for the disabled comaker, whichever is earlier.

The loan holder may apply an administrative forbearance to any delinquency that exists prior to the start date of the deferment or, if the lender is processing the deferment retroactively, the forbearance may also be used to satisfy any delinquency that remains after the end date of the deferment. 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 either 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. The deferment and any associated administrative forbearance may cover a period less than, but never more than, the period of time the disabled comaker is granted a conditional discharge.<sup>1</sup>

- **Endorsers** are not entitled to deferment. If an endorser is repaying the loan and has temporary difficulty in continuing repayment, he or she may request a **forbearance**. [[§682.210\(a\)\(11\)](#)]
- In most cases, the borrower must request a deferment, either verbally or in writing, and provide the lender with documentation necessary to support the borrower's eligibility for the deferment. However, if at any time during the collection efforts the lender becomes aware of circumstances indicating that the borrower may qualify for a deferment, the lender must explain the deferment criteria and make the deferment option available to the borrower. Deferment eligibility criteria and documentation are outlined under each deferment type in [sections 11.2 to 11.18](#). [[§682.210\(a\)\(4\)](#)]
- A delinquent borrower whose loan is not in **default** must be granted a deferment if the borrower is eligible for the deferment. See [subsection 11.1.F](#) for more information on deferments and delinquent loans. [[§682.210\(a\)\(7\)](#)]
- A borrower whose loan is in default must be granted a deferment if the borrower's deferment eligibility began *before* the date of default. A borrower is not eligible for deferment of a loan that is in default if his or her **deferment** eligibility begins *after* the date of default, unless the borrower makes payment arrangements acceptable to the **lender** to resolve the default prior to the payment of a default **claim** by a **guarantor**. See [subsection 11.1.G](#) for more information about deferment of defaulted loans. [[§682.210\(a\)\(8\)](#)]

### Borrower-Specific Deferments

The Department has indicated that deferments generally are borrower-specific—not loan-specific. This means that time limits should generally be enforced for each borrower, rather than for a borrower's individual loans or groups of loans (see *Example 1* below). However, if all of the borrower's loans are paid in full (except through consolidation) and the borrower subsequently obtains a new loan, the borrower is eligible for all deferments applicable to that loan, despite any previous periods of deferment (see *Example 2* below).

#### *Example 1*

A borrower has used 36 months of unemployment deferment on loans A and B, then obtains additional loans before paying loans A and B in full. The borrower is not eligible for an unemployment deferment on the additional loans, even if loans A and B are subsequently paid in full.

#### *Example 2*

A borrower has used 36 months of unemployment deferment on loans A and B, then pays both loans in full. After both loans are paid in full, the borrower obtains new loans. The borrower is eligible for an additional 36 months of unemployment deferment on the new loans.

[[§682.210\(a\)\(1\)\(ii\)](#)]

### "New Borrower" Categories

In some cases, a borrower must be a "new borrower" to be eligible for certain types of deferments. The **Department** has established two "new borrower" categories that

<sup>1</sup> Policy 995 (Batch 146), approved January 17, 2008

## 11.19.F Forbearance of a Loan for a Comaker during the TPD Conditional Period

When one comaker of a joint Consolidation loan or a comade PLUS loan applies for a total and permanent disability (TPD) loan discharge, the forbearance eligibility requirements apply only to the non-disabled [comaker](#) during the conditional discharge period. The lender must ensure that the delinquency on a comade loan, if any, at the time the conditional discharge period begins does not worsen.

A lender may grant discretionary forbearance on the repayment of the entire loan if the ability of the non-disabled comaker to make payments is impaired during the conditional discharge period for the disabled comaker.

The lender must explore with the non-disabled comaker any other available options such as alternative repayment agreements, deferments, discretionary forbearance, or reduced-payment forbearance. As a last resort, the lender may apply an [administrative forbearance](#) to ensure that the loan does not become delinquent or that an existing delinquency does not increase during the conditional discharge period. 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 either 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. (See [Subsection 10.6.C](#) for repayment options; [Sections 11.2 to 11.18](#) for deferment information; [Section 11.21](#) for information on discretionary forbearance; and [Subsection 11.21.A](#) for information on reduced-payment forbearance.)<sup>1</sup>

## 11.19.G Forbearance of Delinquent Loans

A lender must not administratively forbear a delinquent borrower in cases where the borrower is delinquent before a mandatory forbearance or certain mandatory administrative forbearances. A lender should resolve any delinquencies that exist before these types of forbearance by working with the borrower to grant a discretionary forbearance. This requirement to resolve existing delinquency using a discretionary forbearance does not

apply to mandatory administrative forbearances granted for military mobilization, local or national emergencies, or a designated disaster area (see [subsection 11.22.B](#) for more information).

## 11.19.H Forbearance of Defaulted Loans

A lender may grant a discretionary forbearance to a borrower or endorser to resolve a delinquency and permit the resumption of payments after the date of default only if the forbearance is granted prior to the lender's receipt of the claim payment. In order to grant a forbearance after the date of default, the lender must obtain a verbal or written agreement regarding the terms of the discretionary forbearance and a new signed agreement to repay the debt. At the lender's discretion, the signed agreement to repay the debt may be included in the context of a written forbearance agreement or may be separate. If the lender grants a discretionary forbearance based on a verbal agreement, the lender must record the forbearance terms in the borrower's file and send, within 30 days of that agreement, a notice to the borrower or endorser confirming the terms of the forbearance agreement. (See [section 11.21](#) for more information about granting a discretionary forbearance.) The lender is not required to obtain a new signed agreement to repay the debt if an [administrative forbearance](#) is granted in conjunction with an authorized deferment that begins prior to the 270th day of delinquency. [[§682.211\(b\)](#) and [\(d\)](#)]

## 11.19.I Borrower Contact during Forbearance

If the lender and borrower or endorser agree verbally to a discretionary forbearance, the lender must record the forbearance terms in the borrower's file and send, within 30 days of that agreement, a notice to the borrower or endorser confirming the terms of the forbearance agreement.

Whenever granting forbearance involves postponing all payments, the lender must contact the borrower or endorser at least once every 6 months during the forbearance period. The lender must inform the borrower or endorser of all the following information in each such contact:

- The obligation to repay the loan.
- The outstanding balance of principal and interest on the loan.

<sup>1</sup> Policy 995 (Batch 146), approved January 17, 2008

## 13.8.F Total and Permanent Disability

If any party to a loan claims to be totally and permanently disabled, the lender must request that party to provide certification of the disability from a physician. An eligible party includes any one of the following:

- A borrower.
- One of two comakers on a PLUS or Consolidation loan.
- An endorser, if the lender is pursuing collection activities against the endorser.

The lender may request that the borrower's, comaker's, or endorser's representative 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 certification must include the date the borrower, comaker, or endorser became unable to work and earn money because of an injury or illness that is expected to continue indefinitely or result in death.

[§682.402(c)(2)]

### Suspending Collection

If a lender receives reliable information indicating that a borrower or one of two comakers on a PLUS or Consolidation loan has become totally and permanently disabled, the lender may apply an administrative forbearance to the loan, not to exceed 60 days, until the lender receives certification of the total and permanent disability. If the lender does not grant the administrative forbearance, the lender must continue collection activities until it receives the 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 pending receipt of the required forms.

[§682.211(f)(10); §682.402(c)(3)]

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 11.20.P. [§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, deferment, 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.<sup>1</sup>

<sup>1</sup> Policy 995 (Batch 146), approved January 17, 2008

**BBAY:** See [Borrower-Based Academic Year](#)

**Blanket Endorsement:** A separate form indicating the transfer of contract rights and ownership of a group of loans. If a blanket endorsement is used to indicate ownership change, a copy of the endorsement must be placed in the borrower file of each loan purchased by the lender or secondary market.

**Borrower:** An individual to whom a FFELP loan is made. See [chapters 5 and 15](#) for more information about borrower eligibility requirements and types and amounts of FFELP loans.

**Borrower-Based Academic Year: (BBAY)** An academic year that is individualized per borrower and generally “floats” with the borrower’s attendance and progress. For borrowers enrolled in clock-hour and non-term-based credit-hour programs of study, the academic year is always a BBAY. A student’s BBAY must begin with a term the student actually attends. The BBAY must meet the statutory requirements of an academic year as defined by the Department. For additional information, see [section 6.1](#) and the [2006-2007 Federal Student Aid Handbook, Volume 3, Chapter 4, pp. 3-66 to 3-67](#).

**Borrower-Specific Deferment:** Refers to the federal requirement that eligibility for a deferment be applied to all of a borrower’s loans, rather than to each separate loan. For example, a borrower who has used the maximum 24 months of internship deferment is not entitled to an additional internship deferment.

**Branch Campus:** A permanent location of a school that is geographically apart and independent of the main campus; that offers courses leading to a degree, certificate, or other recognized educational credential; that has its own faculty and administration or supervision; and that has its own budgetary and hiring authority. A branch campus is one type of “additional location” at which schools may offer instruction to students. A school must establish eligibility for each of its locations. See [subsections 4.1.A and 4.1.C](#).

## C

**Campus-Based Programs:** The Federal Perkins Loan, Federal Work-Study, and Federal Supplemental Educational Opportunity Grant programs. These programs are administered by a school’s financial aid office. A student’s financial aid package may contain aid from one or more of these programs.

**Cancellation (of a Guarantee):** The revocation of a loan guarantee, which occurs if any of the following conditions exist:

- No loan proceeds were disbursed or delivered to the borrower.
- The lender check(s) was never cashed.
- None of the loan proceeds were negotiated within 120 days of the date on which they were disbursed.
- EFT and master check loan proceeds in the school’s account are not delivered to the borrower within 120 days after being transferred to the account.
- The loan is repaid in full within 120 days of final disbursement.

The guarantee is not lost on the remainder of the loan if one disbursement is canceled.

**Capitalization:** An increase in the principal balance of a Stafford, SLS, PLUS, or Federal Consolidation loan that occurs when a lender adds the interest accrued on the loan to the outstanding principal balance.

**Capitalized Interest:** Accrued interest added to the borrower’s outstanding principal. Subsequent interest accrues on the new total principal balance, which includes any capitalized interest.

**Certification:** The act of attesting that something is true or meets a certain standard. For example, the school certifies the borrower’s eligibility for a loan and, if applicable, interest benefits. The borrower completes an application, promissory note, or deferment form, thereby certifying that certain eligibility criteria have been met.

**CFR:** See [Code of Federal Regulations](#)

**Change of Control:** An occurrence that signifies that a different person, partnership, or corporation has obtained authority to control the actions of a school, or that the school has changed from a for-profit entity to a nonprofit entity, or vice versa. For example, a change of control can occur when stock is transferred to the parent corporation; when schools merge or divide; when a company is retained to manage a school; or when a school transfers assets or liabilities to the parent corporation. [\[§600.31; FSA Handbook, Volume 2, Chapter 5, pp. 2-50 and 2-51\]](#)<sup>1</sup>

<sup>1</sup> Policy 1001 (Batch 146), approved January 17, 2008