

## Summary of Changes Approved August 2008 through February 2009

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 February 19, 2009.

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  | #        |
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| <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 |
| 2.3.C Common Forms  | Removes references throughout the Manual to the Child Care Providers Loan Forgiveness program.   | August 14, 2008.   | 1080/156 |
| <b>Chapter 3: Lender Participation</b>                                  |  |  |          |
| 3.1 Eligible Lenders  | Adds a third exemption for the criterion that FFELP loans may not represent more than 50% of a lender's consumer credit loan portfolio in order for the lender to be considered eligible to participate in the FFELP. This exemption is for a National or State chartered bank or credit union with assets of less than \$1 billion.   | August 14, 2008.   | 1072/155 |
| 3.2 Schools Acting as Lenders and Eligible Lender Trustee Relationships | Adds the requirement that a school-as-lender (SAL), a lender serving as a trustee for a school, or a school-affiliated organization participating as a lender in the FFELP must have an annual audit of its lending function that focuses on ensuring that the income (special allowance, interest received from students and the Department, proceeds of any loan sale, etc.) is used to provide need-based grants and that the school applies only a reasonable portion of those proceeds to administrative expenses. The audit must confirm that the proceeds of the loan portfolio are used to supplement and not to supplant federal and non-federal funds that would otherwise be directed to need-based grant programs. | First auditable period of the school lender or ELT that begins on or after August 14, 2008.                                    | 1073/155 |
| 3.4.B Loan Assignment, Sale, or Transfer                                | Amends the Manual to require that the notification that the lender or holder sends to the borrower when the loan is assigned, sold, or transferred to another lender or holder also include the effective date of the transaction and the date on which the current holder will stop accepting payments, and the date on which the new loan holder will begin accepting payments.  | Loans assigned, sold, or transferred by the lender or holder on or after August 14, 2008.                                      | 1081/156 |

| Common Manual Section                                     | Description of Change  | Effective Date/Triggering Event  | #        |
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| 3.4.C Permitted and Prohibited Activities                 | <p>Specifies that the assistance a lender may provide to a school is limited to technical assistance comparable to the kinds of technical assistance provided to a school by the Department under the Federal Direct Loan Program (FDLP).</p> <p>Amends the activities a lender is prohibited from providing to a school based on the provisions of Higher Education Opportunity Act (HEOA).</p>   | Lender activities that occur on or after August 14, 2008.  | 1082/156 |
| 3.5.C Reporting to Consumer Reporting Agencies            | Changes credit bureaus to "consumer reporting agencies" to align with new statutory terminology. The policy also requires the lender to report to all national consumer reporting agencies, and adds to the list of data that the lender is required to report that the lender must report that the loan is an education loan.   | Loans on which the lender reports credit transactions on or after August 14, 2008.                       | 1074/155 |
| 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 |
| 3.7.A Eligible Lenders<br>3.7.C How the LLR Program Works | Includes new and amended provisions for lender of last resort (LLR) loans outlined in the Ensuring Continued Access to Student Loans Act (ECASLA) and subsequent federal guidance.   | May 7, 2008.   | 1075/155 |
| <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   | #        |
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| 4.4.B Consumer Information                   | <p>Adds the requirement that a school must provide a written notice to a student who has been convicted of a state or federal offense involving drug possession or sale while the student is enrolled in school and receiving Title IV aid.</p> <p>Adds the requirement that a school must provide a written notice to a student who loses Title IV eligibility due to a drug-related conviction that advises the student of his or her loss of Title IV eligibility and the ways in which the student may regain eligibility for Title IV aid.</p> | <p>For the notice upon enrollment: Students who enroll at the school on or after August 14, 2008.</p> <p>For the notice upon loss of Title IV eligibility due to a drug conviction: School determinations of a student's loss of Title IV eligibility on or after August 14, 2008.</p> <p><i>If the Department publishes guidance with a different triggering event, the Common Manual will immediately notify the FFELP community of the change.</i></p> | 1076/155 |
| 4.4.B Consumer Information                   | <p>Adds to the Manual consumer information that a school must disclose to a student based on the provisions of the HEOA.</p> <p>Deletes from the Manual consumer information-related requirements that a school is no longer required to disclose to student borrowers.</p> <p>Clarifies that foreign schools are exempt from the requirement to publish an annual security report.</p> <p>Incorporates clarifications that are intended to be non-substantive in nature and align the Manual's text with existing regulatory language.</p>         | <p>August 14, 2008.</p> <p><i>If the Department publishes guidance with a different triggering event, the Common Manual will immediately notify the FFELP community of the change.</i></p> <p>The deletion of the requirement to retain a signed consumer information disclosure in the student's file is retroactive to the implementation of the <i>Common Manual</i>.</p>  | 1083/156 |
| <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 |
| 5.8 Effect of Drug Conviction on Eligibility | <p>Adds the requirement that a school must provide a written notice to a student who has been convicted of a state or federal offense involving drug possession or sale while the student is enrolled in school and receiving Title IV aid.</p> <p>Adds the requirement that a school must provide a written notice to a student who loses Title IV eligibility due to a drug-related conviction that advises the student of his or her loss of Title IV eligibility and the ways in which the student may regain eligibility for Title IV aid.</p> | <p>For the notice upon enrollment: Students who enroll at the school on or after August 14, 2008.</p> <p>For the notice upon loss of Title IV eligibility due to a drug conviction: School determinations of a student's loss of Title IV eligibility on or after August 14, 2008.</p> <p><i>If the Department publishes guidance with a different triggering event, the Common Manual will immediately notify the FFELP community of the change.</i></p> | 1076/155 |

| Common Manual Section  | Description of Change  | Effective Date/Triggering Event   | #        |
|--|--|---|----------|
| 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 |
| 5.15 Multiple School Enrollment  | Adds that for a student enrolled simultaneously at multiple schools, any Stafford or PLUS loan certified by one school is not included as estimated financial assistance (EFA) by any other school when determining a student or parent borrower's loan eligibility for the same payment period or period of enrollment.   | Publication date of the 05-06 FSA Handbook.   | 1077/155 |
| 5.16 Ineligible Borrowers<br>5.16.A Ineligibility Based on Borrower Error<br>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>   |  |   |          |
| 6.6 Determining the Expected Family Contribution (EFC)<br>6.7 Determining the Amount of Estimated Financial Assistance (EFA) | Adds information on certain TEACH grant provisions and their implications for FFELP borrowers and loan eligibility. These provisions relate to: estimated financial assistance (EFA); Stafford annual and aggregate loan limits; return of Title IV funds calculation; total and permanent disability; and a school's cohort default rate.<br><br>Adds a glossary definition to the Manual for TEACH grants.   | For provisions regarding estimated financial assistance (EFA), annual, and aggregate Stafford loan limits: Loan eligibility determinations made by a school on or after July 1, 2008.<br><br>For provisions regarding the return of Title IV funds: TEACH Grant recipients who withdraw on or after July 1, 2008.<br><br>For total and permanent disability discharge determinations: total and permanent disability discharge applications received by the lender on or after July 1, 2008.<br><br>For all other provisions: July 1, 2008. | 1078/155 |
| 6.7 Determining the Amount of Estimated Financial Assistance (EFA)   | Adds that for a student enrolled simultaneously at multiple schools, any Stafford or PLUS loan certified by one school is not included as estimated financial assistance (EFA) by any other school when determining a student or parent borrower's loan eligibility for the same payment period or period of enrollment.   | Publication date of the 05-06 FSA Handbook.   | 1077/155 |

| Common Manual Section  | Description of Change  | Effective Date/Triggering Event   | #        |
|--|--|---|----------|
| 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 Loan Limits   | Adds that for a student enrolled simultaneously at multiple schools, any Stafford or PLUS loan certified by one school is not included as estimated financial assistance (EFA) by any other school when determining a student or parent borrower's loan eligibility for the same payment period or period of enrollment.   | Publication date of the 05-06 FSA Handbook.   | 1077/155 |
| 6.11.A Stafford Annual Loan Limits<br>Figure 6-4 Stafford Annual and Aggregate Loan Limits for Undergraduate Students<br>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.A Stafford Annual Loan Limits<br>6.11.B Stafford Aggregate Loan Limits  | Adds information on certain TEACH grant provisions and their implications for FFELP borrowers and loan eligibility. These provisions relate to: estimated financial assistance (EFA); Stafford annual and aggregate loan limits; return of Title IV funds calculation; total and permanent disability; and a school's cohort default rate.<br><br>Adds a glossary definition to the Manual for TEACH grants.   | For provisions regarding estimated financial assistance (EFA), annual, and aggregate Stafford loan limits: Loan eligibility determinations made by a school on or after July 1, 2008.<br><br>For provisions regarding the return of Title IV funds: TEACH Grant recipients who withdraw on or after July 1, 2008.<br><br>For total and permanent disability discharge determinations: total and permanent disability discharge applications received by the lender on or after July 1, 2008.<br><br>For all other provisions: July 1, 2008. | 1078/155 |
| 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 |
| 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 |

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| 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 7: Loan Origination</b>  |  |  |          |
| 7.1.B Creditworthiness  | Provides that in addition to the four examples of extenuating circumstances, a lender may approve a PLUS loan for an applicant with adverse credit if he or she is or has been 180 days or less delinquent, during the period beginning on January 1, 2007, and ending on December 31, 2009, on mortgage loan payments or on medical bill payments for the applicant or the applicant's family.  | Effective for loans first disbursed on or after July 1, 2008, for extenuating circumstances existing between January 1, 2007, and December 31, 2009.           | 1084/156 |
| 7.7.C Disbursement by Individual Check<br>7.7.D Disbursement by Electronic Funds Transfer (EFT) or Master Check | Removes the requirement that the lender provide any SSN(s) on an individual check and affords the lender alternative methods by which sufficient information is provided with or on the check to ensure that the school can efficiently match the check with the correct student or borrower to facilitate timely delivery.<br><br>Removes the requirement that the master check roster always include the SSN for the dependent student for a parent PLUS loan by affording the lender the option to include <i>either</i> the student's SSN or other reliable identifying information. | Loan disbursement checks issued by the lender on or after July 1, 2009, unless implemented earlier by the lender or the guarantor.                             | 1079/156 |
| <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 |

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| <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 |
| 9.5.A Return Amounts for Title IV Grant and Loan Programs<br>9.5.B Processing Returned Funds | <p>Adds information on certain TEACH grant provisions and their implications for FFELP borrowers and loan eligibility. These provisions relate to: estimated financial assistance (EFA); Stafford annual and aggregate loan limits; return of Title IV funds calculation; total and permanent disability; and a school’s cohort default rate.</p> <p>Adds a glossary definition to the Manual for TEACH grants.</p>  | <p>For provisions regarding estimated financial assistance (EFA), annual, and aggregate Stafford loan limits: Loan eligibility determinations made by a school on or after July 1, 2008.</p> <p>For provisions regarding the return of Title IV funds: TEACH Grant recipients who withdraw on or after July 1, 2008.</p> <p>For total and permanent disability discharge determinations: total and permanent disability discharge applications received by the lender on or after July 1, 2008.</p> <p>For all other provisions: July 1, 2008.</p> | 1078/155 |
| <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  |

| Common Manual Section  | Description of Change   | Effective Date/Triggering Event   | #        |
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| 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<br>11.5.D Simplified Deferment Processing<br>11.8.D Simplified Deferment Processing<br>11.9.D Simplified Deferment Processing<br>11.14.D Simplified Deferment Processing<br>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 |
| 11.6 In-School Deferment, Summer Bridge Extension, and Post-Enrollment Deferment<br>11.6.A Eligibility Criteria—In-School<br>11.6.E Post-Enrollment Deferment  | States that a PLUS loan borrower who meets the conditions required for an in-school deferment may defer all of his or her PLUS, Stafford, or Consolidation loans, as applicable. In addition, a parent PLUS borrower may request an in-school deferment of his or her PLUS loans, first disbursed on or after July 1, 2008, based on the in-school status of the student for which the loan was made.   | PLUS loans first disbursed on or after July 1, 2008.  | 1086/156 |
| 11.6.B Deferment Documentation—In-School   | Requires the lender, at the request of a school, to use data on the NSLDS to process a borrower's in-school deferment.  | In-school deferments granted by the lender on or after August 14, 2008.   | 1087/156 |
| 11.20 Forbearance  | 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.<br><br>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. | Consolidation loan applications received by the lender on or after November 13, 1997.   | 991/153  |
| Figure 11-2 Forbearance Eligibility Chart<br>11.24.C National Service, Loan Forgiveness, or Department of Defense Repayment  | Removes references throughout the Manual to the Child Care Providers Loan Forgiveness program.  | August 14, 2008.  | 1080/156 |



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|--|--|---|----------|
| <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<br>12.4.B Due Diligence Requirements for Loans with Repayment Obligations Less Frequent Than Monthly<br>12.4.D Contact by Telephone<br>12.4.E Endorser Due Diligence<br>12.7.C Required Address Skip Tracing Activities<br>12.8.A Telephone Skip Tracing Activities | 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 |
| <b>Chapter 13: Claim Filing, Discharge, and Forgiveness</b>  |  |   |          |
| Introduction   | Removes references throughout the Manual to the Child Care Providers Loan Forgiveness program.   | August 14, 2008.  | 1080/156 |
| 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  |

| Common Manual Section   | Description of Change   | Effective Date/Triggering Event   | #        |
|---|---|---|----------|
| 13.8 Discharge  | Changes credit bureaus to “consumer reporting agencies” to align with new statutory terminology. The policy also requires the lender to report to all national consumer reporting agencies, and adds to the list of data that the lender is required to report that the lender must report that the loan is an education loan.  | Loans on which the lender reports credit transactions on or after August 14, 2008.  | 1074/155 |
| 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 |
| 13.8.G Total and Permanent Disability                                 | Adds information on certain TEACH grant provisions and their implications for FFELP borrowers and loan eligibility. These provisions relate to: estimated financial assistance (EFA); Stafford annual and aggregate loan limits; return of Title IV funds calculation; total and permanent disability; and a school’s cohort default rate.<br><br>Adds a glossary definition to the Manual for TEACH grants.  | For provisions regarding estimated financial assistance (EFA), annual, and aggregate Stafford loan limits: Loan eligibility determinations made by a school on or after July 1, 2008.<br><br>For provisions regarding the return of Title IV funds: TEACH Grant recipients who withdraw on or after July 1, 2008.<br><br>For total and permanent disability discharge determinations: total and permanent disability discharge applications received by the lender on or after July 1, 2008.<br><br>For all other provisions: July 1, 2008. | 1078/155 |
| 13.9 Forgiveness  | Removes references throughout the Manual to the Child Care Providers Loan Forgiveness program, and renumbers the Teacher Loan Forgiveness Program as Subsection 13.9.A.   | August 14, 2008.  | 1080/156 |
| 13.9.A 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 |
| 13.9.B Loan Forgiveness Program for Service in Areas of National Need | Adds information regarding Loan Forgiveness for Service in Areas of National Need that was added as a result the HEOA.  | School, academic, or calendar year of full-time employment completed after August 14, 2008.   | 1088/156 |
| 13.9.C Loan Repayment Program for Civil Legal Assistance Attorneys    | Adds information regarding Loan Repayment for Civil Legal Assistance Attorneys that was added as a result of the HEOA.  | August 14, 2008.  | 1089/156 |

| Common Manual Section  | Description of Change   | Effective Date/Triggering Event   | #        |
|--|---|---|----------|
| <b>Chapter 14: Violations, Penalties, and Cures</b>  |   |   |          |
| 14.1.E Violations and Cures<br>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  |
| <b>Chapter 15: Federal Consolidation Loans</b>   |   |   |          |
| 15.1.A Agreement to Guarantee Federal Consolidation Loans<br>15.2 Borrower Eligibility and Underlying Loan Holder Requirements<br>15.4 Disbursement<br>15.5.A Establishing the First Payment Due Date<br>15.5.B Disclosing Repayment Terms | 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.<br><br>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. | Consolidation loan applications received by the lender on or after November 13, 1997.   | 991/153  |
| <b>Chapter 16: Cohort Default Rates and Appeals</b>  |   |   |          |
| 16.2 Calculation of School Cohort Default Rates  | Adds information on certain TEACH grant provisions and their implications for FFELP borrowers and loan eligibility. These provisions relate to: estimated financial assistance (EFA); Stafford annual and aggregate loan limits; return of Title IV funds calculation; total and permanent disability; and a school's cohort default rate.<br><br>Adds a glossary definition to the Manual for TEACH grants.  | For provisions regarding estimated financial assistance (EFA), annual, and aggregate Stafford loan limits: Loan eligibility determinations made by a school on or after July 1, 2008.<br><br>For provisions regarding the return of Title IV funds: TEACH Grant recipients who withdraw on or after July 1, 2008.<br><br>For total and permanent disability discharge determinations: total and permanent disability discharge applications received by the lender on or after July 1, 2008.<br><br>For all other provisions: July 1, 2008. | 1078/155 |
| <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 |

| Common Manual Section  | Description of Change  | Effective Date/Triggering Event  | #        |
|--|--|--|----------|
| <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 D: U.S. Department of Education Contact Information</b>                              |  |  |          |
| D.9 Other Department Contact Information   | Removes references throughout the Manual to the Child Care Providers Loan Forgiveness program.   | August 14, 2008.   | 1080/156 |
| <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 |
| Federal Perkins Loan<br>Federal Supplemental Educational Opportunity Grant<br>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 |
| Forgiveness  | Removes references throughout the Manual to the Child Care Providers Loan Forgiveness program.   | August 14, 2008.   | 1080/156 |
| 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 |
| Lender of Last Resort  | Includes new and amended provisions for lender of last resort (LLR) loans outlined in the Ensuring Continued Access to Student Loans Act (ECASLA) and subsequent federal guidance.   | May 7, 2008.   | 1075/155 |

| Common Manual Section  | Description of Change  | Effective Date/Triggering Event   | #        |
|--|--|---|----------|
| 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 |
| TEACH Grant<br>Teacher Education Assistance for College and Higher Education (TEACH) Grant | Adds information on certain TEACH grant provisions and their implications for FFELP borrowers and loan eligibility. These provisions relate to: estimated financial assistance (EFA); Stafford annual and aggregate loan limits; return of Title IV funds calculation; total and permanent disability; and a school's cohort default rate.<br><br>Adds a glossary definition to the Manual for TEACH grants. | For provisions regarding estimated financial assistance (EFA), annual, and aggregate Stafford loan limits: Loan eligibility determinations made by a school on or after July 1, 2008.<br><br>For provisions regarding the return of Title IV funds: TEACH Grant recipients who withdraw on or after July 1, 2008.<br><br>For total and permanent disability discharge determinations: total and permanent disability discharge applications received by the lender on or after July 1, 2008.<br><br>For all other provisions: July 1, 2008. | 1078/155 |
| <b>Appendix H: History of the FFELP and the <i>Common Manual</i></b>                       |  |   |          |
| H.4.C Higher Education Hurricane Relief Act Waivers<br>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 |
| H.4.E Waiver of Borrower-by-Borrower LLR Designation                                       | Includes new and amended provisions for lender of last resort (LLR) loans outlined in the Ensuring Continued Access to Student Loans Act (ECASLA) and subsequent federal guidance.   | May 7, 2008.  | 1075/155 |

**Deferment Forms**

- SCH In-School Deferment Request
- EDU Education Related Deferment Request
- PUB Public Service Deferment Request
- TDIS Temporary Total Disability Deferment Request
- UNEM Unemployment Deferment Request
- PLWM Parental Leave/Working Mother Deferment Request
- HRD Economic Hardship Deferment Request and Worksheets
- PLUS PLUS Borrower with Dependent Student Deferment Request
- MIL Military Deferment Request

**Default Aversion Forms**

- Default Aversion Assistance Request Form

**Claim Forms**

- Claim Form
- Supplemental Claim Form
- Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan

**Loan Discharge/Forgiveness Forms**

- Loan Discharge Application: School Closure
- Loan Discharge Application: False Certification of Ability to Benefit
- Loan Discharge Application: False Certification (Disqualifying Status)
- Loan Discharge Application: Unauthorized Signature/Unauthorized Payment
- Loan Discharge Application: Total and Permanent Disability
- Loan Discharge Application: Unpaid Refund
- Loan Discharge Application: Spouses and Parents of September 11, 2001 Victims
  
- Teacher Loan Forgiveness Application
- Teacher Loan Forgiveness Forbearance Form
- ~~Child Care Provider Loan Forgiveness Application for Renewal Benefits~~
- ~~Child Care Provider Loan Forgiveness Forbearance Form<sup>1</sup>~~

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<sup>1</sup> Policy 1080 (Batch 156), approved February 19, 2009

## Loan Assignment and Sale

A loan assignment or sale may occur only between holders that are eligible to participate in the loan and guarantor programs applicable to the type of loan being assigned or sold. For example, a PLUS loan may be assigned only if the current holder and the new holder are both eligible to make or hold PLUS loans and both have participation agreements with the guarantor of the loan.

[§682.401(b)(17)(i)]

If the assignment or sale of the loan changes the identity of the party to whom payments must be made, the loan may be assigned or sold only if it is fully disbursed. If the loan assignment or sale does not change the identity of the party to whom payments are made, the lender may assign or sell the loan any time after making the first **disbursement**.

[§682.401(b)(17)(i) and (iii)]

When a loan made under a **Master Promissory Note (MPN)** is sold, the terms of the **loan sale** determine whether the origination rights (i.e., the right to make subsequent loans to the borrower under the same MPN) are assigned to the new **holder** of the loan or retained by the original holder. Origination rights may not be assigned without a loan sale. Each loan made under an MPN may be enforced separately based on the original MPN or a true and exact copy of the MPN. See **Section 7.2** for additional information.

Both the buying and selling holders must notify the borrower—either jointly or separately—of a loan’s assignment, ~~or sale,~~ or transfer. This notification must include the following information:

[§682.208(e)(1)(i)]

- The identity of the buying lender and/or the new **servicer**.  
[§682.208(e)(1)(ii)]
- The address to which the borrower’s subsequent payments and communications should be sent.  
[§682.208(e)(1)(iii)]
- The telephone numbers of both the buying and selling lenders—or, if either lender utilizes a ~~loan~~-servicer, the telephone number of each servicer.  
[§682.208(e)(1)(iv)]
- The effective date of the loan’s assignment, sale, or transfer.  
[HEA §428(b)(2)(F)(i)(V)]

- The date on which the current holder or servicer will stop accepting payments and the date on which the new holder or servicer will begin accepting payments.  
[HEA §428(b)(2)(F)(i)(VI) and (VII)]<sup>1</sup>

Both holders must send the preceding information to the borrower within 45 days after the assignment or sale is legally completed. If each holder provides separate notification to a borrower, each must include in its notice a statement that the other **holder** will be sending a similar notice under separate cover.

[§682.208(e)(1) and (2)]

## Loan Transfer

In some cases—such as a **servicer** transfer or branch transfer—a **FFELP** loan that is in grace or in repayment is not assigned or sold, but there is a change in the identity of the party to whom the borrower must send subsequent payments or communications. If this occurs, the loan **holder** must notify the borrower that the loan has been transferred and must provide the following information:

- The name of the new servicer, if applicable.
- The telephone number and address of the servicer or branch to which the borrower’s subsequent payments or communications should be sent.

The lender must send the preceding information to the borrower within 45 days after the transfer is completed.

[§682.208(h)]

## Documentation Requirements

Although **guarantors** do not require that a copy of the notice of **loan sale** or **transfer** be included in a **claim** file, the lender must be able to provide evidence that the notice was provided to the borrower. For this reason, the lender must retain a **record** of the notice for at least 3 years after the date the loan is paid in full by the borrower or 5 years after the date the lender receives payment in full from any other source. This record may be stored on microform, optical disk, or other machine-readable format, and must be available for program compliance reviews.

[§682.414(a)(4)(ii)(H) and (iii); §682.414(a)(5)(i)]

<sup>1</sup> Policy 1081 (Batch 156), approved February 19, 2009

### 3.4.C Permitted and Prohibited Activities

#### Permitted Activities

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

- Technical Assistance to a school that is comparable to the kinds of technical assistance provided to a school by the Department under the Federal Direct Lending Loan Program, as identified by the Department in public announcements, such as a notice in the *Federal Register*.  
[HEA §435(d)(5); §682.200(b) definition of lender (5)(ii)(A)]
- Exit counseling services, as long as the school’s staff is in control of the counseling, whether in person or via electronic capabilities, and such counseling does not promote the products and services of any specific lender.  
[HEA §435(d)(5)(G)]<sup>1</sup>
- Support of, and participation in, a school’s or guarantor’s student aid or financial literacy-related outreach activities, as long as the name of the entity that developed and paid for any materials is provided to the participants and the lender does not promote its student loan or other products.
- Meals, refreshments, and receptions that are reasonable in cost and scheduled in conjunction with training, meeting or conference events, if those meals, refreshments, or receptions are open to all training, meeting, or conference attendees.
- Toll-free numbers for use by a school or others to obtain information about FFELP loans.
- Free data transmission service for a school to use in electronically submitting applicant loan information or student status information or confirmation data.
- A reduced origination fee (when permitted by statute; see Subsection 3.5.A).
- A reduced interest rate.

- Payment of the federal default fee on behalf of the FFELP borrower.
- A premium payment to another lender for the purchase of a loan.
- Other benefits to a borrower under a repayment incentive program that requires, at a minimum, one or more scheduled payments in order to receive or retain the benefit.
- Benefits under a loan forgiveness program for public service or other targeted purposes approved by the Department, provided these benefits are not marketed to secure loan applications or loan guarantees.
- Items of nominal value to schools, school-affiliated organizations, and to borrowers that are offered as a form of generalized marketing or advertising, or to create good will.
- Other services identified by the Department through a public announcement, such as a notice in the *Federal Register*.  
[§682.200(b)]

The references to “applications” above includes the Free Application for Federal Student Aid (FAFSA), and FFELP Master Promissory Notes and application and promissory notes.  
[§682.200(b) definition of lender (5)(iii)(B)]

#### Prohibited Activities

The following activities are prohibited by federal regulations and may result in a loss of the lender’s FFELP eligibility:

- Receiving points, premiums, payments, additional interest, or any other form of compensation from another entity to obtain funds with which to make loans or to induce the lender to make loans either to a student or a parent borrower from a particular school or to any particular category of student or parent. Examples of such prohibited incentive payments include:  
[§682.212(a)]
  - Cash payments made to a lender by or on behalf of a school.  
[§682.212(b)(1)]

<sup>1</sup> Policy 1082 (Batch 156), approved February 19, 2009



- The maintenance of a compensating balance with a lender by or on behalf of a school.  
[§682.212(b)(2)]
- Payments to a lender by or on behalf of a school for servicing costs on loans that the school does not own.  
[§682.212(b)(3)]
- Payments to a lender by or on behalf of a school for unreasonably high servicing costs on loans owned by the school.  
[§682.212(b)(4)]
- Purchase of a lender’s stock by or on behalf of a school.  
[§682.212(b)(5)]
- Payments ostensibly made for other purposes.  
[§682.212(b)(6)]
- Refusing to make, purchase, consolidate, or refinance a loan because of the borrower’s race, national origin, religion, sex, marital status, age, or disability.
- Offering—directly or indirectly—points, premiums, payments (including payments for referrals and for processing or finder fees), prizes, stock or other securities, travel, entertainment expenses, tuition payment or reimbursement, the provision of information technology equipment at below-market value, additional financial aid funds, or other inducements to any school or other party ~~any employee of the school~~ to secure applications for FFELP loans or to secure FFELP loan volume. This includes but is not limited to:
  - Payments or offerings of other benefits, including prizes or additional financial aid funds, to a prospective borrower in exchange for applying for or accepting a FFELP loan from the lender.
  - Payments or other benefits to a school, any school-affiliated organization or to any individual in exchange for FFELP loan applications, application referrals, or a specified volume or dollar amount of loans made, or placement on the school’s list of recommended or suggested lenders.
  - Payments or other benefits provided to a student at a postsecondary school who acts as the lender’s representative to secure FFELP loan applications from individual prospective borrowers, unless the student is also employed by the lender for other purposes and the student has made all appropriate disclosures regarding employment with the lender. [HEA §435(d)(5)(G); §682.200(b) definition of lender (5)(i)(A)(3)]
  - Payments or other benefits to a loan solicitor or sales representative of a lender who visits schools to solicit individual prospective borrowers to apply for FFELP loans from the lender.
  - Payment to another lender or any other party of referral fees or processing fees, except those processing fees necessary to comply with federal or state law.
  - ~~Solicitation of an employee of a school or school-affiliated organization to serve on the lender’s advisory board or committee and/or payment of costs incurred on behalf of an employee of the school or a school-affiliated organization to serve on a lender’s advisory board or committee.~~ Compensating a school financial aid office employee or a school employee who has responsibilities with respect to the school’s student loans or other financial aid for service on an advisory board, commission, or group established by a lender or group of lenders, except that a lender may reimburse such an employee for reasonable expenses incurred in that service. [HEA §435(d)(5)(D)]<sup>1</sup>
  - Payment of conference or training registration, transportation, and lodging costs for an employee of a school or school-affiliated organization.
  - Payment of entertainment expenses, including expenses for private hospitality suites, tickets to shows or sporting events, meals, alcoholic beverages, and any lodging, rental, transportation, and other gratuities related to lender-sponsored activities for employees of a school or a school-affiliated organization.
  - Philanthropic activities, including providing scholarships, grants, restricted gifts, or financial contributions in exchange for FFELP loan applications or application referrals, or for a specified volume or dollar amount of FFELP loans made, or for placement on a school’s list of recommended or suggested lenders.

<sup>1</sup> Policy 1082 (Batch 156), approved February 19, 2009

- Staffing services to a school, except for services provided to participating [foreign schools](#) at the direction of the Department, as a [third-party servicer](#) or otherwise on more than a short-term, emergency, non-recurring basis to assist a school with financial aid-related functions. The term “emergency basis” for the purpose of providing staffing support means only in the instance of a state- or federally-declared natural disaster, a federally-declared national disaster, and other localized disasters and emergencies identified by the Department.  
[HEA §435(d)(5)(A); §682.200(b)]
- Performing for a school or paying, on behalf of a school, another person to perform any function that the school is required to perform under any Title IV program. A lender may participate ~~Participating in~~ person in a school’s required ~~entrance and exit~~ [counseling](#) as long as the school’s staff is in control of the counseling, whether in person or via electronic capabilities, and such counseling does not promote the products or services of any specific lender.  
[HEA §435(d)(5)(E) and (F); HEA §487(e)(2)(B)(ii)(IV); §682.200(b) definition of [lender \(5\)\(ii\)\(B\)](#)]
- Conducting unsolicited mailings, by mail or electronically, of student loan [application](#) forms to potential [borrowers](#) (i.e., students enrolled in secondary or postsecondary schools and their family members), unless the lender has previously made a FFELP loan to the student or the student’s parent ~~who had not previously borrowed student loans from that lender.~~  
[HEA §435(d)(5)(B); §682.200(b) definition of [lender \(5\)\(i\)\(B\)](#)]
- Entering into any type of consulting arrangement or other contract, with an employee in the financial aid office of a school or an employee who has responsibilities with respect to student loans or other financial aid at the school, to provide services to the lender.  
[HEA §435(d)(5)(C)]
- Offering [FFELP](#) loans—directly or indirectly—as an inducement to a prospective borrower to purchase an insurance policy or other product or service by the borrower or other person.  
[HEA §435(d)(5)(~~C~~H); §682.200(b) definition of [lender \(5\)\(i\)\(C\)](#)]
- Engaging in fraudulent or misleading advertising with respect to its [FFELP](#) activities.  
[HEA §435(d)(5)(~~D~~I); §682.200(b) definition of [lender \(5\)\(i\)\(D\)](#)]<sup>1</sup>
- Discounting the [sale](#) or [transfer](#) of notes, or any [interest](#) in notes, if the underlying FFELP loans were made by a school or lender having common ownership with a school—except when purchased by a [state](#) agency functioning as a [secondary market](#), or in other circumstances approved by the [Department](#).  
[§682.212(c)]
- Using a FFELP loan as collateral for any loan bearing aggregate interest and other charges in excess of the sum of the [applicable interest rate](#) and the current [special allowance rate](#)—except to secure a loan from a state agency functioning as a secondary market, or in other circumstances approved by the Department.  
[§682.212(d)]

The references to “applications” above includes the [Free Application for Federal Student Aid \(FAFSA\)](#) and FFELP Master Promissory Notes, and application and promissory notes.  
[§682.200(b) definition of [lender \(5\)\(iii\)\(B\)](#)]

For purposes of clarifying prohibited lender activities, “other benefits” includes but is not limited to preferential rates for, or access to the lender’s other financial products, computer hardware or non-loan processing or non-financial aid-related software at below-market rental or purchase cost, or printing and distribution of college catalogs and other materials at reduced or no cost.  
[§682.200(b) definition of [lender \(5\)\(iii\)\(C\)](#)]

These prohibitions do not preclude a lender—when buying loans that were originally made by a school—from obtaining a warranty from the seller to cover future reductions by the Department or a [guarantor](#) in computing the amount of loss payable on [default claims](#) caused by a seller’s or previous [holder’s](#) act or failure to act.

If warranted, the [Department](#) or a guarantor will notify a lender that an action is pending to suspend or terminate its eligibility to participate in the FFELP. The lender will be given an opportunity to appeal such an action or to present evidence that the activities in which the lender was engaged were provided for a reason unrelated to securing applications for FFELP loans or securing loan volume. For more information on [termination](#) actions, see [Chapter 18](#).  
[§682.705(c); §682.706(a) and (d); §682.707]

<sup>1</sup> Policy 1082 (Batch 156), approved February 19, 2009

When providing either type of lender this information to the FFELP student or parent borrowers, the school must not provide any additional information about any lender on the list it offers, must make clear that it is not endorsing any lender, and must clearly state that the student and/or parent FFELP borrower may choose any FFELP lender that will make loans for attendance at that school.<sup>1</sup>

## 4.4.B Consumer Information

A school participating in any Title IV program must provide annually to all enrolled students—and to prospective students, upon request—consumer information concerning the school and any financial assistance available to students attending the school, along with the school’s completion or graduation rate and its transfer-out rate. A school must also provide consumer information to employees and prospective employees and provide certain related reports (e.g., crime statistics reports).

The school’s written student consumer information and related reports must adhere to statutory and regulatory requirements, as outlined in the HEA §485 and Subpart D (Institutional and Financial Assistance Information for Students) of the Student Assistance General Provisions. (The Schools should refer to §668.41 through §668.48.) The Schools also may wish to consult other Department of Education publications, such as the 07-08 FSA Handbook, Volume 2, Chapter 6 08-09 FSA Handbook, Volume 2, Chapter 6 for more information on student consumer information requirements. The school’s student consumer information plays an essential role in ensuring that prospective students receive enough information about the school and its programs to make an informed decision about where the student will pursue his or her postsecondary education. Auditors and program reviewers will examine the school’s written student consumer information for accuracy, completeness, and adherence to the requirements outlined in federal regulations.

Student consumer information must be made available to all currently enrolled students and prospective students. Regulations define a prospective student as is an individual who has contacted an eligible school to request information about admission to the school. The school must make information must be made available to a prospective student prior to the student’s enrolling or entering into any financial obligation with the school. The school may use an Internet Website may be used to provide information to prospective students; however, the school may not use an Intranet Website may not be used. For enrolled students, the school may use information may be made available

through an Internet Website or an Intranet Website that is reasonably accessible to the individuals to whom the information must be disclosed to provide information to enrolled students.

[§668.41]

### Information for Student Athletes Who Are Offered Financial Aid

When a school participating in any Title IV program offers a potential student athlete athletically related student financial aid, the school must provide the potential student athlete—and his or her parents, high school coach, and guidance counselor— information on completion or graduation rates and transfer-out rates for student athletes, following the requirements of HEA §485(e), §668.41(b) and (f), and 34 CFR §668.48. The school also must submit the report produced to provide information to these students to the Department by July 1 of each year. Schools should refer to 34 CFR 668.41(b) and (f) and 668.48 for information on disclosure requirements for student athletes. A school’s responsibilities may be satisfied if all of the following criteria are met:<sup>2</sup>

- The school is a member of a national collegiate athletic association.  
[§668.41(f)(1)(ii)(A)]
- The association compiles data on behalf of its member schools, which the Department determines is comparable to those required in §668.48.  
[§668.41(f)(1)(ii)(B)]
- The association distributes the data to all secondary schools in the United States.  
[§668.41(f)(1)(ii)(C)]

A school must prepare or revise information for each award year in which it participates in any Title IV program. In developing student consumer information, schools new to Title IV programs may find it helpful to review other schools’ catalogs. However, each school remains ultimately responsible for the accuracy and completeness of its student consumer information.

<sup>1</sup> Policy 1063 (Batch 153), approved November 20, 2008

<sup>2</sup> Policy 1083 (Batch 156), approved February 19, 2009

### Financial Assistance-Aid Information

A school must provide financial ~~assistance-aid~~ information regarding its programs, including a description of all federal, state, local, private, and institutional aid programs to enrolled and prospective students. For each listed financial aid program, the school's student consumer information must include, but is not limited to, descriptions of:

[[HEA §485\(a\)\(1\)\(A\)](#); §668.42(a)]

- The procedures (including deadlines) and forms a student must use to apply for assistance.  
[§668.42(b)(1)]
- The requirements used in determining whether a student is eligible for aid.  
[§668.42(b)(2)]
- The criteria used by the school to select financial aid recipients from the group of eligible applicants.  
[§668.42(b)(3)]
- The criteria used in determining the amount of a student's award.  
[§668.42(b)(4)]

~~The Student Guide, *Funding Education Beyond High School: The Guide to Federal Student Aid*~~, a free booklet published by the Department, provides schools with an excellent source of material for developing descriptions of Title IV programs. A school may obtain copies by calling (800) 4-FED-AID or by mailing a request to:

Federal Student Financial Aid Information Center  
Federal Student Aid  
P.O. Box 84  
Washington, DC 20044

### Student Rights and Responsibilities

A school's student consumer information must include a description of student rights and responsibilities specifically addressing financial ~~assistance-aid~~ under the Title IV programs. This description ~~must contain~~ include, but is not limited to, the following:

- The criteria for continued student eligibility under each program.  
[§668.42(c)(1)]
- The standards by which the school determines, for the purpose of awarding financial assistance, whether a student is making *satisfactory academic progress*

(SAP), and the criteria that must be met by a student who has failed to maintain SAP to reestablish eligibility for assistance.

[§668.42(c)(2)(i) and (ii)]

- Information on how and when a student will receive financial ~~assistance-aid~~ payments.  
[§668.42(c)(3)]
- The terms and conditions of any FFELP, FDLP, or Federal Perkins loan ~~received by a student~~ receives as part of a financial ~~assistance-aid~~ package and a sample loan repayment schedule. Loan terms that should be disclosed include the interest rate, the total amount that must be repaid, the requirements on when repayment must begin, and the length of time allotted for repayment. The necessity of repaying the loan should be emphasized. Additional information must be provided during entrance and exit counseling sessions.  
[[HEA §485\(a\)\(1\)\(M\)](#); §668.42(c)(4) and (6)]
- ~~Provisions for cancellation, deferment, or forgiveness of FFELP loans, including deferment for service in the Peace Corps, under the Domestic Volunteer Service Act of 1973, or comparable volunteer service for a tax-exempt organization.~~  
[§668.42(c)(7)]
- The general conditions and terms applicable to any employment provided to a student as part of the student's financial ~~assistance-aid~~ package (for students receiving aid under the Federal Work-Study Program).  
[§668.42(c)(5)]<sup>1</sup>

To assist schools in meeting the student consumer information requirements, each MPN includes detailed information on the terms of the borrower's loan. By signing the Federal PLUS Loan Application and Master Promissory Note (PLUS MPN) or the Federal Stafford Loan Master Promissory Note (Stafford MPN), the borrower certifies that he or she has read the information and understands the terms of the loan, including the rights and responsibilities related to that loan. To ensure that this information is adequately communicated to the prospective student or borrower, the guarantor recommends that the information be summarized in the school's student consumer information.

<sup>1</sup> Policy 1083 (Batch 156), approved February 19, 2009

### Additional Student Consumer Information

Upon request, a school must make readily available to [enrolled](#) and prospective students information regarding the school and its administration and academic standards. ~~Such information must address the following characteristics of the school.~~ Information about the school must include, but is not limited, to the following:

- The cost of attending the school, including:
  - Tuition and fees charged to full-time and part-time students. [[§668.43\(a\)\(1\)\(i\)](#)]
  - Estimated costs for necessary books and supplies. [[§668.43\(a\)\(1\)\(ii\)](#)]
  - Estimates of typical costs for room and board. [[§668.43\(a\)\(1\)\(iii\)](#)]
  - Estimates of transportation costs for students. [[§668.43\(a\)\(1\)\(iv\)](#)]
  - Any additional costs for a particular program in which a student is enrolled or expresses an interest. [[§668.43\(a\)\(1\)\(v\)](#)]
- Any [refund](#) policy with which the school is required to comply for the return of unearned tuition and fees or other refundable charges paid to the school. [[§668.43\(a\)\(2\)](#)]
- The requirements and procedures for officially withdrawing from the school. [[§668.43\(a\)\(3\)](#)]
- A summary of the requirements under [§668.22](#) for the [return of Title IV loan or grant assistance](#). For more information on school requirements for returning Stafford or PLUS loan funds, see [Section 9.5](#). [[§668.43\(a\)\(4\)](#)]
- The school's current degree programs and other educational and training programs, and any plans the school has to improve its academic programs. [[HEA §485\(a\)\(1\)\(G\)](#); [§668.43\(a\)\(5\)\(i\)](#)]
- The school's instructional, laboratory, and other physical facilities that relate to its academic programs. [[§668.43\(a\)\(5\)\(ii\)](#)]
- The school's faculty and other instructional personnel, ~~including the names and qualifications of members.~~ [[§668.43\(a\)\(5\)\(iii\)](#)]
- The names of the school's accrediting or licensing organizations and the procedures under which any current or prospective student may review—upon request—a copy of the documents describing the school's accreditation, approval, or licensing. [[§668.43\(a\)\(6\) and \(9\)](#)]
- Special facilities and services available to students who are physically challenged. This information may include detailed descriptions of all facilities (such as ramps and special parking arrangements) and services (such as special tutors, library books in Braille, and audio-visual materials available). If the school has chosen not to provide special facilities or services, the school may report that no facilities exist to accommodate students with special needs. [[§668.43\(a\)\(7\)](#)]
- The titles of designated school personnel that are available on a full-time basis to assist students and prospective students in obtaining consumer information about the school—with information on how and where those persons may be contacted. [[§668.43\(a\)\(8\)](#); [§668.44](#)]
- For schools with study-abroad programs, a statement to the effect that enrollment in the [foreign school](#) is equivalent to enrollment in the home school for purposes of establishing Title IV eligibility. [[§668.43\(a\)\(9\)](#)]
- ~~The licensing or certification requirements of the state in which the school is located.~~ [~~§668.43(b)~~]
- For schools that use job placement statistics in recruiting students, the most recent available data concerning job placement rate for students scheduled for program completion in the most recent calendar-year statistics, graduation statistics, and any other information necessary to substantiate the truthfulness of the advertisements. ~~For these purposes, any graduate for whom the school does not possess documented evidence of employment in the occupation for which the program was offered may not be considered as having obtained employment.~~ [~~§668.45~~][[§668.14\(b\)\(10\)\(i\)](#)]<sup>1</sup>

<sup>1</sup> Policy 1083 (Batch 156), approved February 19, 2009

- The school’s annual security report containing the school’s security policies and crime statistics. A foreign school is not required to collect and distribute a report on campus crime statistics, but must keep a daily crime log and make timely warnings of crimes to the campus community.  
[HEA §485(f)(1); §668.46; DCL GEN-08-12]
- The school’s current campus policies regarding immediate emergency response and evacuation, including the use of electronic and cellular communication (if appropriate).  
[HEA §485(f)(1)(J)]
- Any other information necessary to substantiate the truth of any claims made by the school relating to job placement or salary.  
[§668.45]
- The school’s policies on unauthorized peer-to-peer file sharing, including disciplinary actions that are taken against students who use the school’s information technology system to engage in unauthorized distribution of copyrighted materials. Annually, a school must explicitly inform students that a student may be subject to civil and criminal penalties for unauthorized distribution of copyrighted material, including unauthorized peer-to-peer file sharing.  
[HEA §485(a)(1)(P)]
- Student body diversity at the school, including information on the percentage of enrolled, full-time students who are male, female, receive a Federal Pell grant, and are a self-identified member of a major racial or ethnic group.  
[HEA §485(a)(1)(Q)]
- From data gathered through alumni surveys, student satisfaction surveys, the National Survey of Student Engagement, the Community College Survey of Student Engagement (as applicable), state data systems, or other relevant sources:
  - = Information about employment placement and the types of employment obtained by graduates of the school’s degree or certificate programs.  
[HEA §485(a)(1)(R)]
  - = The types of graduate and professional education in which graduates of the school’s four-year degree programs enrolled.  
[HEA §485(a)(1)(S)]
- The school’s annual fire safety report and its campus fire safety practices and standards. A school must publish such a report if it maintains on-campus student housing facilities.  
[HEA §485(a)(1)(T) and §485(i)]
- The retention rate of certificate- or degree-seeking, first-time, full-time undergraduate students entering the school.  
[HEA §485(a)(1)(U)]
- The school’s policies regarding vaccinations.  
[HEA §485(a)(1)(V)]<sup>1</sup>

#### Drug Conviction Penalty Information

Upon a student’s enrollment, a school must provide the student with a separate, clear, and conspicuous written notice of the penalty (i.e., the loss of Title IV eligibility) if the student is convicted of a state or federal offense involving the possession or sale of an illegal drug that occurred while the student was enrolled in school and receiving Title IV aid. See Section 5.8 for detailed information about the time frame for which a student loses Title IV eligibility based on whether the student is convicted of a first, second, or third offense for drug possession, or a first or second offense for drug sale.  
[HEA §485(k)(1)]

A school must provide a student who loses Title IV eligibility due to a drug-related conviction with a timely, separate, clear, and conspicuous written notice. The notice must advise the student of his or her loss of Title IV eligibility and the ways in which the student may regain that eligibility (see Section 5.8).  
[HEA §485(k)(2)]<sup>2</sup>

#### Format and Documentation Requirements

The school’s student consumer information must be disclosed to a student in a format that enables the student to read and sign the disclosure. A copy of the completed disclosure must be kept by the school in the student’s file.

A school’s student consumer information plays an essential role in ensuring that prospective students receive enough information about the school and its programs to make an informed decision about where the student will pursue postsecondary education. The guarantor, during any program review, will examine the school’s written student

<sup>1</sup> Policy 1083 (Batch 156), approved February 19, 2009

<sup>2</sup> Policy 1076 (Batch 155), approved January 15, 2009

~~consumer information for accuracy, completeness, and adherence to the requirements outlined in federal regulations.~~

### Transfer-of-Credit Policy

A school must publicly disclose its transfer-of-credit policies including, at a minimum, the criteria the school uses regarding the transfer of credit earned at another school and a list of other schools with whom the school has established an articulation agreement. An articulation agreement is an agreement among schools that specifies the acceptability of transfer courses toward meeting specific degree or program requirements. The Department may not require a school to establish a particular policy, procedure, or practice regarding transfer of credit.

[\[HEA §485\(h\); HEA §486A\(a\)\]](#)

### Missing Person Policy

A school that provides on-campus housing must establish a missing student notification policy for students who reside in on-campus housing. The policy must, at minimum, inform each such student of all of the following:

- A student may confidentially register contact information for an individual the school will contact no later than 24 hours after the school determines that the student is missing.
- The school must notify a custodial parent or guardian no later than 24 hours after the school determines that a student who is under 18 years of age, and not an emancipated minor, is missing.
- The school will notify the appropriate law enforcement agency no later than 24 hours after the school determines that the student is missing.

See [HEA §485\(j\)](#) for additional information about the requirements for a school's response to a report that a student residing in on-campus housing is missing.<sup>1</sup>

## 4.4.C Entrance Counseling

A school must ensure that [entrance counseling](#) is conducted with each student borrower who is obtaining his or her first Stafford loan for attendance at that school—unless the student previously received a Stafford or Federal Direct Stafford loan for attendance at another school. A school also must ensure that entrance counseling is conducted with each [graduate or professional student](#) borrower who is obtaining his or her first [Grad PLUS loan](#), unless he or she has previously received a PLUS loan, or a Direct PLUS loan. Entrance counseling must be provided before the first [disbursement](#) of a loan is released, and may be conducted by any of the following methods:

- In-person presentation.
- Audiovisual presentation.
- Interactive electronic means.

If entrance counseling is conducted through interactive electronic means, the school must take reasonable steps to ensure that each student borrower receives the counseling materials and participates in and completes the counseling. The school must ensure that an individual with expertise in [Title IV](#) programs is reasonably available shortly after the counseling has been conducted to answer questions regarding these programs. As an alternative, the school may provide the required counseling through written materials for students [enrolled](#) in a correspondence program or a study-abroad program that the home institution approves for credit.

[\[§682.604\(f\)\(1\) and \(2\)\]](#)

When counseling is conducted by another party or by interactive electronic means, the school remains responsible for ensuring that each student borrower receives the counseling materials and participates in and completes entrance counseling.

[\[§682.604\(f\)\(3\)\]](#)

A school must ensure that information on the following subjects is provided to a first-time Stafford borrower or a first-time Grad PLUS borrower who has not received a prior Stafford or Federal Direct Stafford loan:

- The use of the [Master Promissory Note \(MPN\)](#). This may include the multi-year feature and borrower loan control points (e.g., affirmative or passive [confirmation](#), cancellation or reduction of the loan

<sup>1</sup> Policy 1083 (Batch 156), approved February 19, 2009

A PLUS loan applicant is considered to have adverse credit if any of the following conditions apply:

- The applicant is 90 days or more delinquent on the repayment of any debt.  
[§682.201(c)(2)(ii)(A)]
- The applicant has had any debt discharged in **bankruptcy** during the 5-year period before the date of the credit report (see **Subsection 7.1.C**).  
[§682.201(c)(2)(ii)(B)]
- The applicant has been the subject of a **default** determination on any debt, a foreclosure, a tax lien, a repossession, a wage garnishment, or a **write-off** of a Title IV debt during the 5-year period before the date of the credit report.  
[§682.201(c)(2)(ii)(B)]

A loan that has been discharged as the result of a closed school or false certification **claim** may not be considered to represent adverse credit.

A lender may use credit standards that are more restrictive than those listed in this subsection—such as an assessment of the applicant’s or **endorser’s** ability to repay—provided the standards are applied consistently to all applicants for PLUS loans.

[§682.201(c)]

#### Loan Approval after Identifying Adverse Credit

If adverse credit is identified in the applicant’s credit history, the lender may approve the loan only if it determines that extenuating circumstances exist. The lender must retain a **record** supporting its decision. (For more information on recordkeeping requirements, see **Subsection 3.4.A**.) Examples of acceptable records include, but are not limited to:

- Documentation that during the period beginning on January 1, 2007, and ending on December 31, 2009, an applicant is or has been 180 days or less delinquent on mortgage loan payments on the applicant’s primary residence or on medical bill payments for the applicant or the applicant’s family.  
[HEA §428B(a)(3)(B)(i) and (ii); DCL GEN-08-08/FP-08-07]<sup>1</sup>
- An updated credit report indicating that the applicant is no longer 90 days or more delinquent.

- An updated credit report correcting the information found on the original credit history that resulted in an adverse credit determination.
- A statement from the creditor that the applicant has made satisfactory arrangements to repay each debt that resulted in the adverse credit determination.
- For each debt of less than \$500 that is 90 days or more delinquent, a satisfactory written explanation from the applicant of the reason for the **delinquency**.

See **Subsection 7.1.C** for additional information regarding PLUS borrower creditworthiness when the borrower has filed a bankruptcy action.

### 7.1.C Effect of Bankruptcy on Creditworthiness

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

In the PLUS loan process, the **lender** must consider any debt discharged in bankruptcy to be adverse credit. However, if the lender has information on a previous or pending bankruptcy filing by a PLUS loan applicant, the lender may not deny the loan solely based on that filing. See **Subsection 7.1.B** for more information regarding creditworthiness.

[§682.201(c)(2)(ii)(B); DCL GEN-95-40]

If the lender permits a PLUS loan applicant with adverse credit to obtain an **endorser**, the lender may consider an endorser’s bankruptcy filing to be adverse credit and may deny the loan on that basis.

### 7.2 Reviewing the Promissory Note

The lender must ensure that each loan is supported by a valid **promissory note**. The following subsections outline the lender’s responsibilities pertaining to promissory notes prior to loan **disbursement**.

<sup>1</sup> Policy 1084 (Batch 156), approved February 19, 2009



that the [disbursement](#) is delivered no earlier than the calendar midpoint between the first and last scheduled days of class of the [loan period](#).

If the loan period for a Stafford or PLUS loan consists of more than one [payment period](#), the earliest date on which a second or subsequent disbursement may be made is:

- 13 days before the first day of any subsequent payment period for a loan disbursed by EFT or [master check](#).
- 30 days before the first day of any subsequent payment period for a loan disbursed by individual check. [[§668.167\(a\)](#); [§682.207\(b\)\(1\)\(iii\)](#); [§682.603\(i\)](#); [§682.604\(c\)\(6\)\(ii\)](#)]

For more information on scheduling disbursements and payment periods, see [Sections 6.4](#) and [6.3](#).

### 7.7.B Multiple Disbursement

Federal regulations require that a [lender](#) disburse each Stafford and PLUS loan according to the [disbursement](#) schedule provided by the [school](#) (see [Section 6.4](#)). If the school is required to schedule loan disbursement in two or more installments, no installment may exceed one half of the loan amount. If the date on which a disbursement would be made is on or after the earliest date that the subsequent disbursements could be made, the disbursement amount may be the sum of all disbursements scheduled by the school through that date.

[[§682.207\(c\)](#); [DCL GEN-90-33](#)]

#### Exceptions to Multiple Disbursement Requirements

A Stafford or PLUS loan may be made in a single disbursement in the following cases:

- The loan is made for a [period of enrollment](#) that is not more than one semester, trimester, or quarter, or, for a school without standard terms, not more than 4 months, if the school's [cohort default rate](#) for each of the three most recent fiscal years for which information is available is less than 10%. [[HEA §428G\(a\)\(3\)](#); [§682.604\(c\)\(8\)\(i\)](#)]
- The loan is made to a student [enrolled](#) in a study-abroad program, if the eligible school at which the student will receive course credit for the study-abroad program has a [cohort default rate](#) of less than 5% for

the most recent fiscal year for which information is available.

[[§682.604\(c\)\(8\)\(ii\)](#)]

A school must cease to certify loans based upon these exceptions no later than 30 days after the date it receives notice from the Department of a cohort default rate that causes the school to no longer meet the necessary qualifications.

[[§682.603\(h\)\(1\)\(i\)](#)]

### 7.7.C Disbursement by Individual Check

A Stafford loan disbursed by an individual [check](#) must be made payable to the student or made copayable to the student and the [school](#). A PLUS loan disbursed by an individual check must be made copayable to the borrower and the school. The lender must provide both the borrower's ~~name and Social Security number on the loan check,~~ and student's ~~names and Social Security number for parent PLUS loans.~~ The lender also must provide sufficient identifying information on the individual check to ensure that the school may efficiently match the check to the appropriate student. Such information may include the borrower's and/or student's Social Security number; a student identifier assigned by the school or lender, and communicated to the other party, or other reliable identifying information. The lender must send ~~an individual checks for a Stafford or and PLUS loan borrowers~~ directly to the school, except in the case of a student enrolled at an eligible [foreign school](#) (see [Subsection 7.7.E](#)).

[[§682.207\(b\)\(1\)\(ii\)\(A\)](#); [§682.207\(b\)\(1\)\(v\)\(B\)\(2\)](#) and (3)]<sup>1</sup>

Some guarantors have additional or alternate requirements. These requirements are noted in [Appendix C](#).

The personal endorsement of or other written [certification](#) by the borrower is required for Stafford and PLUS loan disbursement checks to be cashed or deposited in a borrower's account at a financial institution. A check made copayable to the borrower and school must be endorsed by both the borrower and the school. See [Subsection 7.7.E](#) for acceptable uses of power of attorney applicable to students enrolled in study-abroad programs.

In lieu of a personal endorsement, the school may present the loan check to a financial institution for deposit in a borrower's account pursuant to the borrower's written authorization. This practice constitutes endorsement and does not violate the prohibition against the school or any person associated with the school having the borrower's

<sup>1</sup> Policy 1079 (Batch 156), approved February 19, 2009

power of attorney. When a Stafford or PLUS loan borrower provides the school with written authorization to deposit [loan proceeds](#) into the borrower's personal bank account, the school must retain [documentation](#) in the student's file that the authorization was obtained.

[§682.207(b)]

### 7.7.D Disbursement by Electronic Funds Transfer (EFT) or Master Check

If the school and lender agree, the lender may disburse Stafford and PLUS [loan proceeds](#) by EFT or [master check](#). Such a [disbursement](#) must be made to an account maintained by the school as trustee for the lender, the [guarantor](#), the [Department](#), and the borrower. The school must obtain the borrower's written authorization before the proceeds are released from the school's account to the student's account with the school. This authorization is included on the [Master Promissory Note \(MPN\)](#). See [Section 8.3](#) for more information on required authorizations.

[§682.207(b)(1)(ii)(B) and (C); §682.610(b)(5)]

If the school and lender agree, the lender may disburse loan proceeds by master check from the lender to an account maintained by the school as trustee for the lender.

[§682.207(b)(1)(ii)(C)]

For proceeds disbursed by EFT or master check, the lender must provide the school with a roster (transmittal) listing each borrower's name, ~~and~~ [Social Security number \(SSN\)](#), the gross amount of the disbursement, and the net amount of the disbursement after the ~~guarantee~~ [federal default](#) and [origination fees](#) are deducted, ~~as applicable~~. For a [parent PLUS loans](#), the roster also must include the name and [SSN](#) ~~or other reliable identifying information~~ [Social Security number](#) of the student for whom the parent is borrowing. This information may be provided to the school electronically or by fax, overnight mail, or courier.

[§682.207(b)(1)(v)]<sup>1</sup>

Proceeds to be disbursed by EFT or master check may not be transferred to the school's account earlier than the [disbursement date](#) provided by the school.

Participation in EFT or master check may require an agreement between the school, lender, or guarantor.

[§682.207(b)(1)(ii)(B) and (C); §682.207(b)(1)(v)(B)(1)]

- ▲ Lenders may contact individual guarantors for more information on disbursement by EFT or master check. See [Section 1.5](#) for contact information.

### 7.7.E Disbursement for Students in Study-Abroad Programs or Foreign Schools

If a student is [enrolled](#) in a study-abroad program or a [foreign school](#), special disbursement rules apply. Stafford loan funds may be disbursed directly to the student under some circumstances; however, under no circumstances may PLUS loan funds be disbursed directly to the borrower or [dependent student](#). The lender must disburse PLUS loan funds for a student attending a study-abroad program or a foreign school in the same manner as it disburses PLUS loan funds for a student attending a domestic school (see [Section 7.7](#)).

[§682.207(b)(1)(v)(B)]

Some guarantors have additional or alternate requirements. These requirements are noted in [Appendix C](#).

#### Student Enrolled in a Study-Abroad Program

A student [enrolled](#) in a study-abroad program that is approved for credit by the home [institution](#) at which the student is enrolled may request [disbursement](#) of a Stafford loan by either of the following alternatives to the normal disbursement process:

- Disbursement directly to the student. The lender may mail an individual check to the student or deposit the funds into the student's personal bank account. In either case, prior to each disbursement, the lender or guarantor must verify the student's enrollment in the study-abroad program by contacting the home institution by telephone, e-mail, or facsimile. For a new student, the lender or guarantor must confirm the student's admission to the program. For a continuing student, the lender or guarantor must confirm that the student continues to be enrolled at least half time. [HEA §428(b)(1)(N)(ii); §682.207(b)(1)(v)(C)(1); §682.207(b)(2)(i)(B); DCL GEN-06-02]
- Disbursement to the student's home institution, if the [borrower](#) provides power of attorney to a person not affiliated with the [school](#) to endorse the [check](#) or complete an [electronic funds transfer \(EFT\)](#) authorization. [§668.165(b)(1); §682.207(b)(1)(v)(C)(2)]

<sup>1</sup> Policy 1079 (Batch 156), approved February 19, 2009

- 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 Extension, and Post-Enrollment Deferment

An in-school [deferment](#) is available to a borrower for the borrower's and, in the case of a parent PLUS loan, the student's both full-time at least and half-time study at an eligible school. For a parent PLUS loan first disbursed on or after July 1, 2008, the parent borrower may request deferment of any PLUS loan borrowed on behalf of a student who meets the conditions required for an in-school deferment. In all other cases, 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:<sup>2</sup>

- 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

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

<sup>2</sup> Policy 1086 (Batch 156), approved February 19, 2009

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.

Medical interns and residents (except dental interns) cannot be certified as **enrolled** students for the purposes of in-school deferment eligibility. These borrowers are prohibited from receiving or continuing an in-school deferment on the basis of at least half-time study at a **participating school**. However, a medical intern or resident who is also concurrently **enrolled** in a Ph.D. program may receive an in-school **deferment** based on his or her half-time or full-time enrollment in a Ph.D. program.

To obtain an in-school deferment, the student must be attending a school that either is eligible to participate in any **Title IV** Program or that is operated by an agency of the federal government (such as a service academy). An in-school deferment may be permissible for a student enrolled in a school that has lost eligibility due to its **cohort default rate**, or that has withdrawn from or never participated in the **FFELP**, if the school has received a determination from the **Department** that it qualifies as an eligible school.

▲ Schools may contact individual guarantors or reference **DCL 93-L-157** for more information on eligibility for in-school deferments. See **Section 1.5** for contact information.

A borrower who is not a **national of the United States** is not eligible for an in-school deferment based on attendance at a **foreign school** located outside the United States.

If a PLUS loan borrower meets the conditions required for an in-school, ~~graduate fellowship, or rehabilitation training~~ deferment, the borrower may defer all of his or her PLUS, **Stafford, and Consolidation** loans, as applicable, based on those that conditions.

For a parent PLUS loan first disbursed on or after July 1, 2008, a parent borrower also may request deferment of any PLUS loan borrowed on behalf of a student who meets the conditions required for an in-school deferment. An in-school deferment on a parent PLUS loan first disbursed on or after July 1, 2008, and based on the enrollment of the dependent student is loan-specific as opposed to borrower-specific.

[HEA §428B(d)(1)(A)]

~~If a dependent student for whom a parent borrower obtained one or more PLUS loans first disbursed prior to July 1, 2008, if the dependent student for whom a parent borrower obtained the PLUS loans meets the conditions required for an in-school deferment, the parent borrower may defer all of his or her PLUS loans based on the status of that one student—provided the parent borrower’s loan was made on or after July 1, 1987, and before July 1, 1993, or the parent borrower had an outstanding balance on a FFELP loan made before July 1, 1993, when the parent obtained a loan disbursed on or after July 1, 1993.~~

A PLUS loan borrower who is classified under the category “*New borrower*” *July 1, 1993* defined in **Subsection 11.1.A** must be enrolled on at least a half-time basis to be eligible for an in-school deferment. A deferment for such a “**new borrower**” who obtains a PLUS loan may not ~~longer~~ be granted on the basis of the dependent student’s enrollment status if the PLUS loan was first disbursed on or after July 1, 1993, and prior to July 1, 2008.<sup>1</sup>

## 11.6.B Deferment Documentation—In-School

If a borrower requests an in-school deferment form, the lender should forward to the borrower the following common deferment form:

### SCH

#### In-School Deferment Request

If a PLUS borrower requests an in-school deferment based on the enrollment of a 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

The lender must determine the eligibility of a borrower—or, as applicable, the dependent student—for an in-school deferment based upon the receipt of any one of the following:

- A written or **verbal request** for deferment from the borrower and documentation of the borrower’s eligibility for the deferment.

<sup>1</sup> Policy 1086 (Batch 156), approved February 19, 2009

- A new loan certification [record](#) that documents the borrower’s eligibility for a deferment. By signing the [Master Promissory Note \(MPN\)](#), the borrower authorizes a lender to defer all of his or her FFELP loans upon the lender’s receipt of information indicating that the borrower or, as applicable, the student, is enrolled at least half time.
- Student status information received by the lender indicating that the borrower is enrolled at least half time.
- Student status information contained on the [National Student Loan Data System \(NSLDS\)](#) if the school has requested that the lender use that information. [[HEA §428\(b\)\(1\)\(Y\)](#)]<sup>1</sup>
- Other information certified by the school indicating that the borrower is enrolled at least half time.

The deferment must be granted through the [eligible student’s anticipated graduation date](#) for each eligible [period of enrollment](#). If an in-school deferment is granted by the lender based upon a new loan certification record, the receipt of student status information, or other information certified by the school, and the borrower has not requested the deferment, the lender must notify the borrower of the in-school deferment. The notification must advise the borrower of the option to pay the interest that accrues on an [unsubsidized loan](#), the option to cancel the deferment and continue paying on the loan, and the consequences of these options.

[[HEA §428\(b\)\(1\)\(Y\)](#); [§682.210\(c\)\(2\)](#) and [\(3\)](#)]

If a borrower verbally requests a [deferment](#), the lender must retain a [record](#) of that request in the loan file or servicing history. The record should include the date of the request. Copies of written deferment requests, school certifications, and other documentation supporting the borrower’s deferment eligibility should be retained in the borrower’s file.

[[§682.210\(a\)\(6\)](#); [§682.210\(c\)](#)]

### 11.6.C Length of Deferment—In-School

An in-school deferment should end no later than the [anticipated graduation date](#). If the information used to certify the borrower’s deferment eligibility does not include an anticipated graduation date (AGD), the lender may process the deferment through the [academic period](#) end

date certified by the school or the AGD of record, whichever is later. The deferment will remain in effect until the student ceases to be [enrolled](#) at least half time or full time for pre 7/1/87 borrowers, as applicable. In the event that the lender receives new information that indicates the borrower has been or will be continuously enrolled, a new deferment request is not required to extend the period of deferment. When new information is received, the lender may approve the deferment through the AGD most recently certified by the school or the new academic period end date, whichever is later.

In some cases, a student may temporarily cease attendance on at least a half-time basis due to a [leave of absence](#) without having the in-school deferment period interrupted. For a student to be considered “continuously enrolled,” the school must include in the student’s file (*a*) a request for a [leave of absence](#) and (*b*) information proving that the student’s cumulative leaves of absence did not exceed 180 days in any 12-month period.

[[§668.22\(d\)\(1\)\(vii\)](#)]

A student enrolled in a program of [correspondence study](#) is eligible for an in-school deferment when the borrower is considered to be in the [in-school period](#) for half-time study (see [Section 10.2](#)). Also, a borrower maintains continuous enrollment status if he or she temporarily ceases to be enrolled, but subsequently reenrolls, at least half time. The school must document that—allowing for any adjustment to the student’s [cost of attendance \(COA\)](#) for the period of less-than-half-time enrollment—the student remains qualified for the entire amount of any loan received, including any [disbursements](#) made before the cessation of half-time enrollment. Otherwise, the school must have made appropriate [refunds](#), and payments to comply with the requirements for the [return of Title IV funds](#) (see [Section 9.5](#)).

[[§682.210\(c\)](#)]

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

### 11.6.D Summer Bridge Extension

In some cases, a borrower may be eligible to extend the period of in-school deferment based on anticipated reenrollment for the fall term. If a student attends school and is deferred through the end of the spring [academic period](#) and is planning to reenroll for the academic period in the fall, the deferment may be extended through the summer months.

<sup>1</sup> Policy 1087 (Batch 156), approved February 19, 2009

A PLUS loan borrower is eligible to extend an in-school deferment through the summer if the PLUS borrower intends to enroll on at least a half-time basis in the fall. If a PLUS loan borrower is eligible for deferment based upon a dependent student's status, the summer bridge extension may also be applied if any [dependent student](#) for whom a PLUS loan was obtained intends to enroll in the fall (see [Subsection 11.1.A](#)).

[§682.210(b)(4) and (6); §682.210(s)(2)]

When the lender receives notice of a student's intent to reenroll, it may maintain the in-school deferment on the loan for up to 30 days following the date the borrower has provided as the beginning of the fall academic period. If the lender does not receive verification of reenrollment by the end of the extension, the lender must convert the loan to repayment on the day following the last date of certified enrollment and capitalize [interest](#) accrued during the extension period. A payment due date must be established that is no later than 60 days—plus the 30-day extension in the case of a Stafford or SLS loan, *if applicable*, as outlined in [Subsections 10.5.A](#) and [10.5.C](#)—after the end of the summer bridge extension.

A lender may accept the borrower's verbal statement of the student's intent to reenroll if that request is documented or may use a guarantor's form or its own form to document a borrower's request for a summer bridge extension. Guarantors recommend that the lender send the borrower a form and a letter explaining the extension approximately 45 to 60 days before the expiration date of an in-school deferment that was granted for the spring academic period.

If the lender does not receive a notice from the borrower regarding the student's intent to reenroll for the fall [academic period](#), but subsequently receives documentation of the borrower's [deferment](#) eligibility for the fall period, the lender may retroactively process the summer bridge extension.

- ▲ Lenders may contact individual guarantors for more information on obtaining summer bridge extension forms. See [Section 1.5](#) for contact information.

## **11.6.E** **Post-Enrollment Deferment**

For a [parent PLUS loan](#) first disbursed on or after July 1, 2008, the borrower may request deferment of his or her PLUS loan during any 6-month period beginning on the day after the parent PLUS borrower ceases to be enrolled at least half time at an eligible school. For a [Grad PLUS loan](#) first disbursed on or after July 1, 2008, the borrower may defer his or her Grad PLUS loan during any 6-month period

beginning on the day after the Grad PLUS borrower ceases to be enrolled at least half time at an eligible school, as determined by the [out-of-school date](#) provided by the school.

For a parent PLUS loan first disbursed on or after July 1, 2008, the borrower may request deferment of his or her PLUS loan during any 6-month period beginning on the day after the student on whose behalf the PLUS loan(s) was borrowed ceases to be enrolled at least half time, as determined by the [out-of-school date](#) provided by the school. If both the parent PLUS borrower and the student for whom the PLUS loan was borrowed meet the conditions for an in-school deferment, the parent PLUS borrower may request a deferment during any 6-month period beginning on the later of the following:

- The day after the student on whose behalf the loan was borrowed ceases to be enrolled at least half time at an eligible school as determined by the out-of-school date provided by the school.
- The day after the parent borrower ceases to be enrolled at least half time at an eligible school.  
[\[HEA §428B\(d\)\(1\)\(B\)\]<sup>1</sup>](#)

## **11.7** **Internship/Residency Deferment**

An internship/residency deferment is available to a borrower for either of the following:

- Service in an internship program that is required of the borrower to receive professional recognition in order to begin professional practice or service.
- Service in a medical internship or residency training program that leads to a degree or certificate awarded by an [institution of higher education](#), hospital, or a health care facility that offers postgraduate training.  
[\[§682.210\(n\)\]](#)

### **11.7.A** **Eligibility Criteria—Internship/Residency**

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

<sup>1</sup> Policy 1086 (Batch 156), approved February 19, 2009

## Forbearance Eligibility Chart

## Figure 11-2

| TYPE  | LENGTH  |
|---|---|
| <b>Discretionary</b>  |   |
| Financial difficulties due to personal problems when the borrower is unable to make regularly scheduled payments <sup>1</sup> | The period established in the terms of the forbearance agreement (not to exceed 12-month increments); no maximum  |
| Reduced-Payment Forbearance <sup>1</sup>  |   |
| <b>Mandatory</b>  |   |
| Medical or Dental Internship/Residency <sup>2, 3</sup>  | 12-month increments (or a lesser period equal to actual period during which the borrower is eligible); no maximum   |
| Department of Defense Student Loan Repayment Programs <sup>3</sup>  |   |
| National Service <sup>2, 3</sup>  |   |
| Child Care Provider Loan Forgiveness <sup>2, 9</sup> <i>Note: Contingent upon funding by Congress.</i>                        | Period while borrower maintains forgiveness eligibility. 12-month increments  |
| Debt Exceeds Monthly Income <sup>4, 5</sup>   | 12-month increments; 3 years maximum  |
| Teacher Loan Forgiveness <sup>2, 3</sup>  | Period while borrower maintains forgiveness eligibility. 12-month increments  |
| <b>Mandatory Administrative</b>   |   |
| Local or National Emergency <sup>7</sup>  | Period specified by the Department or guarantor plus 30 days following the period   |
| Military Mobilization <sup>8</sup>  |   |
| Designated Disaster Area <sup>7</sup>   |   |
| Repayment Accommodation   | 3-year maximum for variable interest rate; 5-year maximum for income-sensitive repayment  |
| Death   | Date lender receives reliable notification of death to date lender receives death certificate or other acceptable documentation, not to exceed 60 days  |
| Teacher Loan Forgiveness <sup>2, 6</sup>  | The period while the lender is awaiting a completed loan forgiveness application, not to exceed 60 days<br>Date lender receives a completed loan forgiveness application to date lender receives either a denial or the loan forgiveness amount from the guarantor  |
| <b>Administrative</b>   |   |
| Borrower Ineligible for Deferment <sup>6</sup>  | Beginning date to ending date of the ineligible deferment   |
| Delinquency before a Deferment or Certain Forbearances <sup>6</sup>   | First date of overdue payment to the day before the beginning date of deferment or other forbearance type   |
| Late Notification of Out-of-School Dates <sup>6</sup>   | Date borrower should have entered repayment to date first or next payment was established   |
| Bankruptcy Filing <sup>6</sup>  | The earlier of the first date of overdue payment or receipt of reliable information that the borrower has filed bankruptcy to date of discharge determination or repurchase   |
| Total and Permanent Disability <sup>6</sup>   | Date lender receives physician's written request for additional time to date lender receives a complete, certified loan discharge application or other form(s) approved by the Department, if the borrower submits the certification to the lender within 90 days of the date the physician certified the application, not to exceed 60 days<br><br>For a non-disabled comaker, the earlier of the date that the lender receives the loan discharge application or the date the lender receives notice from the guarantor that one comaker is totally and permanently disabled, to the date that the lender receives notice of the final discharge determination. |

| TYPE   | LENGTH   |
|--|--|
| Spouses and Parents of September 11, 2001, Victims <sup>6</sup>                    | 60 days from date application sent to borrower if application is not received by lender, and from date guarantor receives documentation to date of determination   |
| Repurchase of a Non-Bankruptcy Claim <sup>6</sup>                                  | The period that the loan was held by the guarantor due to a claim purchase   |
| Death  | Date after mandatory administrative forbearance due to reliable notification of death ends to date lender receives death certificate or other acceptable documentation, not to exceed 60 days  |
| Closed School  | Period of unofficial closure notice as specified by guarantor  |
| Closed School or False Certification <sup>6</sup>                                  | 60 days from date application sent to borrower if application is not received by lender, and from date guarantor receives documentation to date of determination   |
| False Certification—Identity Theft <sup>6</sup>                                    | Date eligibility requirements sent to individual to date request and documentation returned, not to exceed 60 days; and from date guarantor receives documentation to date of determination  |
| Delinquency after Deferment or Mandatory Forbearance <sup>6</sup>                  | Deferment or mandatory forbearance end date to establishment of next payment due date  |
| Documentation Collection and Processing <sup>6</sup>                               | Date borrower requests deferment, forbearance, change in repayment plan, or loan consolidation to date supporting documentation is processed by lender, not to exceed 60 days  |
| Unpaid Refund Discharge  | 60 days from date application sent to borrower if application is not received by lender, and from date guarantor receives documentation to date of determination<br><br>The period during guarantor review and ending on the date lender receives the guarantor's determination for a borrower who requests a review of a denial determination |
| Unpaid Refund <sup>6</sup>   | End date of initial 60-day mandatory administrative forbearance to receipt of completed discharge request, and during period of determination of discharge eligibility   |
| New Out-of-School Dates after Conversion <sup>6</sup>                              | Original repayment start date to adjusted start date   |
| Loan Sale or Transfer <sup>6</sup>   | First date of delinquency to date loan is sold or transferred, if the loan is less than 60 days delinquent   |
| Ineligible Summer Bridge Extension <sup>6</sup>                                    | Day after expiration of borrower's last in-school deferment to the 30th day after fall classes begin   |
| Cure <sup>6</sup>  | Date of earliest unexcused violation to date lender receives a full payment or new signed repayment agreement  |
| Natural Disasters, Local or National Emergency, Military Mobilization <sup>6</sup> | From date borrower affected, not to exceed 3 months for each occurrence  |
| Repayment Alignment-SLS/Stafford <sup>4</sup>                                      | First payment due date to last day of the longest applicable Stafford loan grace period  |

Note: For detailed information about each forbearance situation, refer to the applicable subsection.

<sup>1</sup> Lender must document the borrower's request, the reason for the forbearance, and the terms of the forbearance agreement.

<sup>2</sup> For borrowers only.

<sup>3</sup> A request and supporting documentation from the authorized official(s) indicating the beginning and ending dates, and a verbal or written agreement are required.

<sup>4</sup> A request is required.

<sup>5</sup> A request and supporting documentation of monthly income and monthly payments on Title IV education loan obligations, and a verbal or written agreement are required.

<sup>6</sup> Lender must notify the borrower (or individual or endorser, if applicable) and document the beginning and ending dates and reason for the forbearance in borrower history record.

<sup>7</sup> Notice from the Department or guarantor is required.

<sup>8</sup> Documentation showing borrower is subject to a military mobilization is required.

<sup>9</sup> A request and a completed FFELP Child Care Provider Loan Forgiveness Forbearance Form are required.<sup>1</sup>

<sup>1</sup> Policy 1080 (Batch 156), approved February 19, 2009



## 11.24.B Internship or Residency

A lender must grant [forbearance](#) to a qualified borrower who meets either of the following criteria:

- The borrower has exhausted his or her eligibility for internship/residency [deferment](#).
- The borrower's [promissory note](#) does not provide for an internship/residency deferment.

Eligibility and documentation requirements are the same as for a borrower who has requested an internship/residency deferment (see [Section 11.7](#)). A lender must grant forbearance in 12-month increments unless the actual period during which a borrower is eligible is less than 12 months.

For a medical or dental internship or residency, the forbearance must cover one of the following:

- The length of time remaining in the borrower's medical or dental internship or residency that must be successfully completed before the borrower may begin professional practice or service.
- The length of time the [borrower](#) is serving in a medical or dental internship or residency program leading to a degree or certificate awarded by an [institution of higher education](#), a hospital, or a health care facility offering postgraduate training.

For any other internship or residency, the [forbearance](#) must cover one of the following:

- The length of time remaining in the borrower's internship or residency that must be successfully completed before the borrower may begin professional practice or service.
- The length of time the borrower is serving in an internship or residency program leading to a degree or certificate awarded by an institution of higher education.  
[HEA §428(c)(3)(A)(i)(I); §682.211(h)]

## 11.24.C National Service, Loan Forgiveness, or Department of Defense Repayment

The lender must grant forbearance in yearly increments—or a lesser period equal to the actual period during which the borrower is eligible—for any period during which the borrower meets one of the following criteria:

- Serves in a national service position for which the borrower receives a national service educational award under the [National and Community Service Trust Act of 1993 \(AmeriCorps\)](#). Before granting a forbearance to a borrower or [endorser](#) under this program, the lender must require the borrower or endorser to submit documentation of the beginning and ending dates for the period the borrower is serving in a national service position.

- ~~Performs service that would qualify the borrower for forgiveness under the Child Care Provider Loan Forgiveness Program (see Subsection 13.9.A), unless the borrower has been granted a deferment for that period of service. Before granting a forbearance to a borrower, the lender must receive a completed FFELP Child Care Provider Loan Forgiveness Forbearance Form.~~

~~For additional information, refer to pages 39263–39265 of the *Federal Register* dated July 27, 2001, and pages 55385–55387 of the *Federal Register* dated August 29, 2002.<sup>1</sup>~~

- Performs service that would qualify the borrower for partial loan repayment under the Student Loan Repayment Programs administered by the U.S. Department of Defense under [10 U.S.C. 2171](#). Before granting a [forbearance](#) to a borrower or [endorser](#) under this program, the lender must require the borrower or endorser to submit documentation of the beginning and ending dates for which the U.S. Department of Defense considers the borrower to be eligible for a partial repayment of the borrower's loan under the Student Loan Repayment Programs.  
[§682.211(h)(4)(ii)]

<sup>1</sup> Policy 1080 (Batch 156), approved February 19, 2009

Chapter 13 describes the policies governing filing a [claim](#) with a [guarantor](#) and requesting loan [discharge](#) or loan [forgiveness](#). This chapter discusses the policies related to and the documentation required for [default](#) claims, as well as for the various loan discharge types—closed school, death of a borrower or a student for whom a PLUS loan was obtained, false certification, total and permanent disability, and unpaid [refund](#). [Bankruptcy](#) claim filing procedures are also covered, as well as a description of the procedures for the Teacher Loan Forgiveness Program and the Loan Demonstration Program for Child Care Providers.<sup>1</sup>

## 13.1 Claim Filing

Lenders must adhere to the following requirements for all claim types. Compliance with these requirements is crucial; failure to comply may result in the [cancellation](#) of the loan's [guarantee](#).

[§682.401(b)(19)]

### 13.1.A Claim Filing Requirements

A lender must file each claim according to the policies and deadlines pertaining specifically to the type of claim being filed (for more information on these policies and deadlines, see each specific claim type in [Sections 13.6](#) and [13.8](#)). The lender's claim files must be accurate and must include all documentation specified in [Subsection 13.1.D](#).

If a lender submits a claim with any required [documentation](#) that is missing, incomplete, or inaccurate, the guarantor may attempt to obtain the necessary information from its own system or request the information from the lender. The lender must provide the requested information and, if applicable, refile the claim by the refile deadline (refer to [Subsection 13.2.A](#)).

For claim filing purposes, including loan discharges, all loan records related to a single Consolidation loan promissory note must be filed as one claim package or at the same time with the guarantor based on a single payment due date and amount. Although the subsidized, unsubsidized, and HEAL portions of a single Consolidation loan may appear as separate loan servicing records on the lender's system, the lender must ensure that the Consolidation loan is administered as a single Consolidation loan. A guarantor may return a claim and impose a penalty up to and including the loss of the loan's guarantee if it identifies that the loan has been serviced with different interest rates, except for the underlying portion of

a Consolidation loan attributable to a HEAL loan, or payment due dates. The lender may correct the loan, as appropriate, and resubmit the claim. (See [Subsection 14.1.E "Violations and Cures Associated with Unsynchronized Servicing of a Consolidation Loan with Multiple Loan Records."](#))

▲ Lenders may contact individual guarantors for more information on claim filing requirements for Consolidation loans with multiple loan servicing records.<sup>2</sup>

▲ Some guarantors offer services that enable lenders to file claims electronically. Lenders may contact individual guarantors for more information on such services. See [Section 1.5](#) for contact information.

#### Claim Form

The Claim Form is designed to be used by a lender to request [claim](#) reimbursement. All loans included on the Claim Form must have the same loan type (i.e., Stafford, PLUS, SLS, or Consolidation), due date, interest-paid-through date, lender ID, and, if available, claim review status.

The Claim Form and instructions include three separate claim-filing statuses: [exceptional performer](#) status, standard review status, and [program review](#) status. The claim-filing status the guarantor or Department assigns determines both the method by which the lender's claims will be reviewed and paid and the documentation and information the lender will be required to provide in the claim file.

The claim review statuses are defined as follows:

- The *Exceptional Performer Status* is defined in regulation and assigned by the Department. Lenders designated as exceptional performers may file claims using documentation requirements outlined in [Subsection 13.1.D](#). Such claims are not subject to additional review for [due diligence](#), conversion to repayment, or timely filing requirements—except as determined to be necessary by the guarantor or the Department as part of the general program oversight responsibility. Bankruptcy claims filed by a lender designated as an exceptional performer are subject to review for the lender's compliance with standard bankruptcy policies and requirements. The lender's failure to comply with those requirements may result in the guarantor's return of the bankruptcy claim to the lender, or, if the claim has been purchased, the lender's

<sup>1</sup> Policy 1080 (Batch 156), approved February 19, 2009

<sup>2</sup> Policy 991 (Batch 153), approved November 20, 2008

## 13.9 Forgiveness

Loan **forgiveness** is the release of a borrower's or any comaker's, as applicable, obligation to repay his or her loan, either in whole or in part, as a result of public service provided by the borrower or **comaker**. Congress has authorized two programs that provide loan forgiveness to qualified FFELP borrowers. Both of these programs and their corresponding borrower eligibility criteria are outlined in this section.

### 13.9.A Loan Forgiveness Demonstration Program for Child Care Providers

The Loan Forgiveness Demonstration Program for Child Care Providers is intended to bring more highly trained individuals into the early child care profession and to retain those providers for longer periods of time. Loan forgiveness under this demonstration program is contingent upon the availability of annual appropriations. Under this program, the Department repays up to 100% of a borrower's eligible Stafford loan obligations. For the purpose of this program, the term "child care services" is defined as activities and services provided for the education and care of children from birth through age 5.

A borrower must meet the following criteria to qualify for this forgiveness program:

- The borrower must be a "new borrower" on or after October 8, 1998. [HEA §428K(e)]
- The borrower's eligible loan(s) must have been made before the beginning of the borrower's qualifying child care service.
- The borrower must have received an associate's or bachelor's degree in early childhood education after October 7, 1998. This field is defined as education in the areas of early child education, child care, or any other educational area related to child care that the Department determines to be appropriate. [HEA §428K(e)(1)]
- The borrower must obtain employment in a child care facility, defined as a facility, including a home, that provides child care services and meets the applicable state or local government licensing, certification, approval, or registration requirements, if any.

- The borrower must work full time as a child care provider in a low income community for at least 2 consecutive years immediately preceding the year during which forgiveness is requested. A low income community is defined as one in which at least 70% of households within the community earn less than 85% of the state's median household income. [HEA §428K(e)(1) and (2)]

If the borrower qualifies, the Department will pay—on a first come, first served basis, subject to the availability of funds—a percentage of the total amount of all eligible loans (excluding PLUS and Consolidation Loans) at the rate of:

- 20% after completion of the 2nd year
- 20% after completion of the 3rd year
- 30% after completion of the 4th year
- 30% after completion of the 5th year

The Department will also pay a proportionate amount of the interest that accrues each year. [HEA §428K(d)(1) and (3)]

If an individual not participating in this program returns to school, after initially graduating from school, to obtain an associate or baccalaureate degree in early childhood education, the student may apply to the Department for repayment under this forgiveness program of qualified loans received for a maximum of two academic years when the student returned to school. Repayment by the Department will be made in accordance with the preceding rate schedule.

[HEA §428K(d)(4)]

The Department will give loan repayment priority to borrowers who received forgiveness in the prior year. No borrower may, for the same service, receive a benefit under both this Loan Forgiveness Program for Child Care Providers and subtitle D of Title I of the National and Community Service Act of 1990. [HEA §428K(e)(3)(B)]

Qualified borrowers may request loan forgiveness at the end of the second and each subsequent year of eligible child care employment by submitting a completed Child Care Provider Loan Forgiveness Application to the Department and providing any supporting documentation the Department requires. The Department will determine the borrower's eligibility and notify the borrower of the amount that is being forgiven (see Appendix D for Department of Education contact information specific to this program).<sup>1</sup>

<sup>1</sup> Policy 1080 (Batch 156), approved February 19, 2009

~~During the period of eligible employment, a borrower may request a forbearance by submitting a completed Child Care Provider Loan Forgiveness Forbearance Form to the lender (see Subsection 11.24.C). The lender must grant the borrower a forbearance unless the borrower qualifies for a deferment.~~

~~[HEA §428K(d)(1) and (f)]~~

~~Receipt of a benefit under this program does not entitle the borrower to a refund of payments made on the loan.~~

~~[HEA §428K(d)(2); Federal Register dated August 29, 2002]~~

## **13.9.A** **Teacher Loan Forgiveness Program**

### **13.9.B** **Teacher Loan Forgiveness Program<sup>1</sup>**

The Teacher Loan Forgiveness Program is intended to encourage individuals to enter and continue in the teaching profession in certain eligible elementary and secondary schools that serve low-income families. The amount of loan forgiveness for which a borrower is eligible depends on all of the following criteria:

- When the borrower begins his or her qualifying teaching service.
- The borrower's qualifications.
- The subject area in which the borrower teaches.

Under this program, the Department repays a maximum of \$5,000 or \$17,500, as applicable, (combined total for loans obtained under both the FFELP and FDLP) of a qualified borrower's Stafford loan obligations, and Consolidation loan obligations to the extent that a Consolidation loan repaid a borrower's qualifying Stafford loan(s). No borrower may receive benefit for the same teaching service under both the Teacher Loan Forgiveness Program and subtitle D of Title I of the National and Community Service Act of 1990 (AmeriCorps).

[§682.215(a) and (c)(9); GEN-05-02/FP-05-02]

A borrower who completes the qualifying teaching service may request loan forgiveness by completing a Teacher Loan Forgiveness Application and forwarding it to the lender or guarantor. The lender must forward the borrower's completed loan forgiveness application, including any supporting documentation, to the guarantor no later than

60 days after its receipt. The guarantor determines the borrower's eligibility for loan forgiveness and advises the lender of its determination. The lender must notify the borrower of the guarantor's determination within 30 days of receiving that determination. If loan forgiveness is granted and the borrower has an outstanding loan balance, the lender also must provide the borrower with information regarding any new repayment terms.

[§682.215(f)(2) and (4)]

Unless instructed otherwise by the borrower, the lender must apply a teacher loan forgiveness payment received on the borrower's behalf first to any outstanding unsubsidized Federal Stafford loan balances, next to any outstanding subsidized Federal Stafford loan balances, and then to any eligible outstanding Federal Consolidation loan balances.

[§682.215(f)(5)]

Receipt of a benefit under this program does not entitle the borrower to a refund of any payments made on the loan(s).

[§682.215(d)(3)]

#### **Eligibility Criteria**

To be eligible for loan forgiveness under this program, a borrower must meet all of the following criteria:

- The borrower must have had no outstanding balance on a FFELP or FDLP loan on October 1, 1998, or had no outstanding balance on a FFELP or a FDLP loan on the date he or she obtained a loan after October 1, 1998.
- The borrower must have been employed as a full-time teacher for 5 consecutive, complete academic years at a qualifying school (see definition of *qualifying school* below) or a combination of qualifying schools, as certified by the chief administrative officer(s) at the school(s).

= Any consecutive 5-year period of qualifying service may be counted for teacher loan forgiveness purposes.<sup>2</sup>

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

- If the school where the borrower is employed meets the eligibility criteria of a *qualifying school* for any year of the borrower's employment, all subsequent years continue to qualify the borrower even if the school does not meet the criteria. However, if the borrower is

<sup>1</sup> Policy 1080 (Batch 156), approved February 19, 2009

<sup>2</sup> Policy 1065 (Batch 153), approved November 20, 2008

### Requirements Pertaining to Request for Payment

The lender must forward the borrower's completed loan forgiveness application, including any supporting [documentation](#), to the guarantor no later than 60 days after its receipt of the documentation. If the lender files a request for payment later than 60 days after it receives the completed Teacher Loan Forgiveness Application and the guarantor approves the loan for forgiveness in whole or in part, the lender must repay all interest and [special allowance](#) received on the forgiven loan amount for periods after the expiration of the 60-day filing period. The lender is prohibited from collecting this interest from the borrower.

[§682.215(f)(2)]

### **13.9.B** **Loan Forgiveness Program for Service in Areas of National Need**

The Loan Forgiveness Program for Service in Areas of National Need is intended to encourage a qualified [individual to enter and continue employment in a defined "area of national need."](#) [The Department will grant loan forgiveness on eligible loans under this program on a first-come, first-served basis, and that loan forgiveness is contingent on the availability of annual federal appropriations. This program is currently not funded. If the borrower qualifies, not more than \\$2,000 of the outstanding balance of the borrower's student loan obligation is forgiven after the completion of each applicable school, academic, or calendar year of employment. The maximum amount of forgiveness benefits that a borrower may receive under this forgiveness program is \\$10,000 and no borrower may receive forgiveness under this program for more than 5 years of service.](#)

[To qualify under this forgiveness program, a borrower must not be in default on the loan for which forgiveness is sought, and must be employed full time in an area of national need. A parent PLUS loan or a Consolidation loan that repaid a parent PLUS loan is not eligible for this type of forgiveness.](#)

[A borrower is considered to be employed in an area of national need if the borrower meets one of the following requirements:](#)

- [The borrower is employed full time as an early childhood educator.](#)

- [The borrower has obtained a baccalaureate or advanced degree in a critical foreign language and is employed full time in one of the following positions:](#)
  - [As an elementary or secondary school teacher of a critical foreign language.](#)
  - [In an agency of the United States government in a position that regularly requires the use of such critical foreign language.](#)
  - [In an institution of higher education as a faculty member or instructor teaching a critical foreign language.](#)
- [The borrower is highly qualified, as defined in Section 9101 of the Elementary and Secondary Education Act of 1965, and is employed full time as any one of the following:](#)
  - [A teacher educating students who have limited English proficiency.](#)
  - [A teacher in a school that qualifies under Section 465\(a\)\(2\)\(A\) for loan cancellation for Perkins loan recipients who teach in such a school.](#)
  - [A teacher who is an individual from an underrepresented population in the teaching profession, as determined by the Department.](#)
  - [A teacher in an educational service agency, as defined in Section 9101 of the Elementary and Secondary Education Act of 1965.](#)
- [The borrower is employed full time as a school superintendent, principal, or other administrator in a local educational agency, including an educational service agency, in which 30% or more of the schools are schools that qualify under Section 465\(a\)\(2\)\(A\) for loan cancellations for Perkins loan recipients who teach in such a school.](#)
- [The borrower is employed full time as a school counselor \(as defined in Section 5421\(e\) of the Elementary and Secondary Education Act of 1965\), in a school that qualifies under Section 465\(a\)\(2\)\(A\) for loan cancellation for Perkins loan recipients who teach in such a school.<sup>1</sup>](#)

<sup>1</sup> Policy 1088 (Batch 156), approved February 19, 2009

- The borrower is employed full time as a librarian in either of the following:
  - A public library that serves a geographic area within which the public schools have a combined average of 30% or more of the schools' total student enrollments composed of children meeting a measure of poverty under [Section 1113\(a\)\(5\) of the Elementary and Secondary Education Act of 1965](#).
  - A school that qualifies under [Section 465\(a\)\(2\)\(A\)](#) for loan cancellation for [Perkins loan](#) recipients who teach in such a school.
- The borrower has, at a minimum, a graduate degree in speech-language pathology, audiology, or communication sciences and disorders, and is employed full-time as a speech-language pathologist or audiologist in an eligible preschool program or a school that qualifies under [Section 465\(a\)\(2\)\(A\)](#) for loan cancellation for Perkins loan recipients who teach in such a school.
- The borrower has received a degree from a medical school at an [institution of higher education](#) and has been accepted to, or currently participates in, a full-time graduate medical education training program or fellowship (or both) to provide health care services (as recognized by the [Accreditation Council for Graduate Medical Education](#)) that satisfies both of the following criteria:
  - Requires more than 5 years of total graduate medical training.
  - Has fewer United States medical school graduate applicants than the total number of positions available in such program or fellowship.
- The borrower is employed full time as a nurse in a clinical setting or as a member of the nursing faculty at an accredited school of nursing as defined in [Section 801 of the Public Health Service Act](#).
- The borrower is a licensed, certified, or registered dietician who has completed a degree in a relevant field and who is employed full time as a dietician with an agency of the special supplemental nutrition program for women, infants, and children under [Section 17 of the Child Nutrition Act of 1966](#).
- The borrower is a physical therapist and is employed full time providing physical therapy services to children, adolescents, or veterans.
- The borrower is an occupational therapist and is employed full time providing occupational therapy services to children, adolescents, or veterans.
- The borrower has at least a master's degree in social work, psychology, or psychiatry, and is employed full time providing mental health services to children, adolescents, or veterans.
- The borrower has obtained a degree in social work or a related field with a focus on serving children and families and is employed full time in public or private child welfare services.
- The borrower has received a degree from an accredited dental school (as accredited by the [Commission on Dental Accreditation](#)) and satisfies one of the following criteria:
  - Has completed residency training in pediatric dentistry, general dentistry, or dental public health.
  - Is employed full time as a member of the faculty at a program or school accredited by the [Commission on Dental Accreditation](#).
- The borrower is employed full time in applied sciences, technology, engineering, or mathematics.
- The borrower is employed full time in any of the following positions:
  - Public safety (including a first responder, firefighter, police officer, or other law enforcement or public safety officer).
  - Emergency management (including an emergency medical technician).
  - Public health (including full-time professionals engaged in health care practitioner occupations and health care support occupations, as defined by the [Bureau of Labor Statistics](#)).
  - Public interest legal services (including prosecution, public defense, or legal advocacy in low-income communities at a nonprofit organization).<sup>1</sup>

<sup>1</sup> Policy 1088 (Batch 156), approved February 19, 2009

Receipt of a benefit under this program does not entitle the borrower to a [refund](#) of payments made on the loan. In addition, no borrower may, for the same service, receive a reduction of his or her loan amount under both this loan [forgiveness](#) program and the Teacher Loan Forgiveness Program, the Loan Repayment Program for Civil Legal Assistance Attorneys, the Public Service Loan Forgiveness Program under the [Federal Direct Loan Program](#), or the Teacher Loan Forgiveness Program under the [Federal Direct Loan Program](#). [\[HEA §428K\]](#)<sup>1</sup>

### **13.9.C** **Loan Repayment Program for Civil Legal Assistance Attorneys**

The Loan Repayment Program for Civil Legal Assistance Attorneys is intended to encourage a qualified individual to enter and continue employment as a civil legal assistance attorney. [The Department](#) will repay portions of a qualifying student loan on behalf of the borrower. To qualify for loan repayment, a borrower must be employed full time as a civil legal assistance attorney and must not be in [default](#) on the loan for which repayment is sought. Upon completion of the period of service under the initial written agreement, a borrower may enter into an additional agreement with the Department that may require the borrower to remain employed as a civil legal assistance attorney for less than three years. The Department will grant loan repayment under this program on a first-come, first-served basis and repayment is contingent on the availability of annual federal appropriations. This program is currently not funded.

A qualifying loan for the Loan Repayment Program for Civil Legal Assistance Attorneys is a loan made, insured, or guaranteed under the [FFELP](#), [Federal Direct Loan Program](#), or [Federal Perkins Loan Program](#), and includes a Federal Consolidation loan or Federal Direct Consolidation loan to the extent that such a loan was used to repay any of the following:

- A subsidized Federal Direct Stafford loan, an unsubsidized Federal Direct Stafford loan, or a Federal Direct Grad PLUS loan.
- A subsidized Stafford loan, an unsubsidized Stafford loan, or a [Grad PLUS loan](#).
- A Federal Perkins loan.

A qualifying loan does not include any of the following:

- A PLUS loan made to the parent of a [dependent student](#).
- A Federal Direct PLUS loan made to the parent of a dependent student.
- Any loan other than a FFELP, Federal Direct, or Federal Perkins loan (e.g., a HEAL, HPSL, etc.).

If the borrower qualifies, the Department will repay up to \$6,000 of the outstanding balance of the borrower's student loan obligation in any calendar year. The maximum amount of repayment benefits that a borrower may receive under this program is \$40,000. The Department will give priority in each fiscal year to a borrower who meets each of the following qualifications:

- The borrower has practiced law for 5 years or less and, for not less than 90% of the time in that legal practice, has served as a civil legal assistance attorney.
- The borrower has received repayment benefits under this program during the previous fiscal year.
- The borrower has completed less than 3 years of the first required period of service specified for the borrower in the written agreement with the Department.

When implemented, a borrower will be eligible to receive repayment benefits under this program by entering into a written agreement with the Department. The agreement will include, at a minimum, each of the following requirements:

- The borrower will remain employed full time as a civil legal assistance attorney for at least 3 years, unless involuntarily separated from that employment.
- If the borrower is involuntarily separated from employment because of misconduct, or voluntarily separates from employment before the end of the required 3-year service period, the borrower will repay the Department the amount of any benefits the borrower has received under the agreement.<sup>2</sup>

<sup>1</sup> Policy 1088 (Batch 156), approved February 19, 2009

<sup>2</sup> Policy 1089 (Batch 156), approved February 19, 2009

- If the borrower is required to repay an amount to the Department and fails to repay the amount, the Department or another agency may recover the sum according to methods that are provided by law for the recovery of amounts owed to the federal government.
- The Department may waive portions of the required recoverable amount if it is shown that the recovery of the amount would be contrary to the public interest.
- The Department will make student loan payments on the qualifying loan(s) for the period of the written agreement, subject to the availability of appropriations.

Receipt of a benefit under this program does not entitle the borrower to a refund of payments made on the loan. In addition, no borrower may, for the same service, receive a reduction of the loan amount under both this loan repayment program and the Loan Forgiveness Program for Service in Areas of National Need Program or the Public Service Loan Forgiveness Program under the Federal Direct Loan Program.  
[HEA §428L]<sup>1</sup>

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<sup>1</sup> Policy 1089 (Batch 156), approved February 19, 2009



## D.8 FSA Ombudsman

Borrowers of FFELP, FDLP, and Perkins loans may call the Federal Student Aid (FSA) Ombudsman to informally resolve loan disputes and problems. The Ombudsman Customer Service Line is (877) 557-2575; the Ombudsman e-mail address is [fsaombudsmanoffice@ed.gov](mailto:fsaombudsmanoffice@ed.gov).

*U.S. Postal Service Delivery & All Other Deliveries  
(express mail, courier, etc.)*

U.S. Department of Education  
Attn: FSA Ombudsman  
830 First Street, N.E.  
Fourth Floor  
Washington, DC 20202-5144

The FSA Ombudsman Website is located at [www.ombudsman.ed.gov](http://www.ombudsman.ed.gov).

## D.9 Other Department Contact Information

### Conditional Disability Discharge Unit

Borrowers who have applied for a total and permanent disability [discharge](#) and whose loans have been assigned to the Department of Education during the 3-year conditional period may need to check on the status of their loans. These borrowers may call the Conditional Disability Discharge Unit at (888) 869-4169 or (888) 636-6401 (TDD line for the hearing impaired).

The address for assignments to the Conditional Disability Discharge Unit is:

U.S. Department of Education  
Conditional Disability Discharge  
6201 Interstate 30  
Greenville, TX 75402

### Child Care Provider Loan Forgiveness Program

~~Borrowers apply for child care provider loan forgiveness directly with the Department of Education. The program is contingent upon the availability of annual appropriations. For more information, see Subsection 13.9.A.~~

~~The Department has set up a support desk to answer borrower questions about the program at (888) 562-7002. Borrowers send their completed forgiveness applications to:~~

~~Child Care Provider Loan Forgiveness Program  
P.O. Box 4639  
Utica, NY 13504-4639<sup>1</sup>~~

### eZ Audit (for Schools)

The Department's eZ-Audit provides schools with a paperless single point of submission for financial statements and compliance audits through the Internet (for more information about eZ-Audit, see [Subsection 4.3.A](#)).

Telephone number: (877) 263-0780  
E-mail address to eZ-Audit Help Desk: [fsaezaudit@ed.gov](mailto:fsaezaudit@ed.gov)  
Website: [www.ezaudit.ed.gov](http://www.ezaudit.ed.gov)

### Submission of FFELP Compliance Audits (for Lenders and Servicers)

The Department provides lenders and [servicers](#) with the following addresses for the submission of financial statements and compliance audits (for more information about compliance audits, see [Subsection 3.8.A](#)).

#### *Express Mail US*

U.S. Department of Education  
FSA/Program Compliance  
830 First St., N.E.  
Attn: FPEO  
Room 73-A-5  
Washington, DC 20002-5402

#### *Postal Service*

U.S. Department of Education  
FSA/Program Compliance  
830 First St., N.E.  
Attn: FPEO  
Room 71-I-1  
Washington, DC 20002-5402

<sup>1</sup> Policy 1080 (Batch 156), approved February 19, 2009

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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~~ as a result of public service provided by the borrower or comaker, 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](#).<sup>2</sup>

**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

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

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

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<sup>2</sup> Policy 1080 (Batch 156), approved February 19, 2009