

Summary of Changes Approved September through November 2009

This summary lists changes made since the 2009 Annual Update of the *Common Manual* was printed.

Change bars denote the latest policy changes, which were approved November 19, 2009.

Changes made before the 2009 Annual Update was printed are shown in Appendix H of the Manual.

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
Chapter 2: About the FFELP			
<p>2.1.B Types of Loans Available</p> <p>2.2.A Origination</p>	<p>Removes the terms “creditworthy” and “creditworthiness” and replaces them with terminology related to not having adverse credit in the context of an applicant’s or endorser’s eligibility for a PLUS loan. Also removes the term “creditworthiness” and replaces it with “credit standards” in the context of a lender’s independent credit criteria for a Stafford or PLUS applicant. In addition, the text describing existing policy that any debt discharged in bankruptcy during the 5-year period before the date of the credit report must be considered in determining a PLUS applicant’s adverse credit was added to Subsection 7.1.C.</p>	<p>Retroactive to the implementation of the <i>Common Manual</i>.</p>	<p>1144/161</p>
<p>2.3.C Common Forms</p>	<p>States that a lender must submit a completed FFELP Ineligible Borrower and Identity Theft Supplemental form to accompany the FFELP Claim Form to support and provide additional information and documentation necessary to request claim reimbursement for an ineligible borrower discharge or a discharge due to false certification as a result of a crime of identity theft.</p>	<p>Claims filed by the lender on or after January 1, 2010, unless implemented earlier by the lender.</p>	<p>1136/160</p>
<p>2.3.C Common Forms</p>	<p>States that a lender must provide certain electronic signature and disbursement information when filing a total and permanent disability claim that is not based on a determination by the Department of Veterans Affairs (VA). The required information must be submitted via the FFELP Assignment Support Supplemental Form (TPD-Specific worksheet).</p>	<p>Total and permanent disability claims that are not based on a determination by the Department of Veterans Affairs and that are filed by the lender on or after January 1, 2010, unless implemented earlier by the guarantor.</p>	<p>1142/161</p>
Chapter 3: Lender Participation			
<p>3.4.C Permitted and Prohibited Activities</p>	<p>Permits a lender to provide entrance counseling services. The school’s staff must be in control of the counseling, whether in person or via electronic capabilities. The counseling must not promote the products and services of any specific lender.</p>	<p>Entrance counseling provided by a lender on behalf of a school on or after August 14, 2008.</p>	<p>1137/160</p>
<p>3.5.F Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections</p>	<p>Permits a U.S. passport card as an acceptable document to confirm a student’s or borrower’s citizenship, or to correct a date of birth or first name.</p>	<p>Publication of the 09-10 FSA Handbook, Volume 1, for citizenship verification. June 1, 2009, for correction of a first name change or date of birth.</p>	<p>1148/162</p>

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
Chapter 5: Borrower Eligibility			
5.2.A Citizenship Data Match	Permits a U.S. passport card as an acceptable document to confirm a student's or borrower's citizenship, or to correct a date of birth or first name.	Publication of the 09-10 FSA Handbook, Volume 1, for citizenship verification. June 1, 2009, for correction of a first name change or date of birth.	1148/162
5.4.A Conditional Discharge of a Prior Loan Due to Total and Permanent Disability Figure 5-1 Effect of Title IV Loan Status on Student Aid Eligibility	<p>States that in addition to current requirements, a borrower whose prior Title IV loan(s) is in a conditional discharge status due to an initial determination that the borrower is totally and permanently disabled must do the following before a school may certify a new Stafford or PLUS loan for the borrower: Submit a request to the Department's Conditional Discharge Disability Unit indicating that the loan(s) that is currently in a conditional discharge status be returned to repayment status and advise the school that the process of returning the conditionally discharged debt to repayment status has been initiated.</p> <p>Revised policy also states that before a school may certify a new loan for a borrower whose prior Title IV loan(s) is in a conditional discharge status due to total and permanent disability, the school must confirm that the borrower has initiated the process to return the conditionally discharged debt to repayment status. The school also must determine whether the status of the loan (default or non-default) will trigger additional requirements before it certifies a new loan for the borrower.</p> <p>Revised policy also states that a school must not deliver any new loan funds until it confirms that the conditionally discharged loan(s) has been returned to repayment status.</p>	New loan requests received by a school on or after August 28, 2009.	1149/162
Chapter 6: School Certification			
6.7 Determining the Amount of Estimated Financial Assistance (EFA)	Excludes all federal veterans' education benefits from estimated financial assistance (EFA) for determining eligibility for a Stafford or PLUS loan. Revised policy provides an updated list of federal veterans' education benefits that are excluded.	July 1, 2009	1138/160
6.11.A Stafford Annual Loan Limits 6.11.D Increased Unsubsidized Stafford Loan Limits for Health Profession Students	Deletes reference to the bachelor of pharmacology and graduate of allied health programs as those for which an enrolled student may receive increased unsubsidized Stafford loan limits available to health profession students.	<p>For deletion of the bachelor of pharmacology program, publication date of the 07-08 FSA Handbook.</p> <p>For deletion of the graduate of allied health program, publication date of the 00-01 FSA Handbook.</p>	1145/161
Figure 6-4 Stafford Annual and Aggregate Loan Limits for Undergraduate Students	Corrects Figure 6-4 to indicate that proration is "not applicable" to the base Stafford annual loan limit for a student enrolled in a period of teacher certification coursework or graduate preparatory coursework that is less than an academic year in length.	Publication date of Volume 8 of the 02-03 FSA Handbook.	1152/162
6.11.D Increased Unsubsidized Stafford Loan Limits for Health Profession Students	Deletes the reference to a student receiving a Health Education Assistance Loan Program (HEAL) loan for any portion of the same loan period as the increased unsubsidized Stafford annual loan limit available to a health profession student.	October 1, 1998	1139/160

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
6.11.E Exceeding Loan Limits	Clarifies that even after a school documents that a Stafford borrower who inadvertently exceeded an annual or aggregate loan limit has taken one of the necessary actions to regain Title IV eligibility, the borrower may not be eligible to receive additional Stafford loan funds, depending on the circumstances, and provides examples.	Retroactive to the implementation of the <i>Common Manual</i> .	1153/162
6.11.F Prorated Loan Limits	Provides an illustrative chart outlining the process for when and how a school must calculate prorated undergraduate Stafford annual loan limits.	Not Applicable.	1155/162
6.15 School Certification of the Loan	<p>States that in addition to current requirements, a borrower whose prior Title IV loan(s) is in a conditional discharge status due to an initial determination that the borrower is totally and permanently disabled must do the following before a school may certify a new Stafford or PLUS loan for the borrower: Submit a request to the Department's Conditional Discharge Disability Unit indicating that the loan(s) that is currently in a conditional discharge status be returned to repayment status and advise the school that the process of returning the conditionally discharged debt to repayment status has been initiated.</p> <p>Revised policy also states that before a school may certify a new loan for a borrower whose prior Title IV loan(s) is in a conditional discharge status due to total and permanent disability, the school must confirm that the borrower has initiated the process to return the conditionally discharged debt to repayment status. The school also must determine whether the status of the loan (default or non-default) will trigger additional requirements before it certifies a new loan for the borrower.</p> <p>Revised policy also states that a school must not deliver any new loan funds until it confirms that the conditionally discharged loan(s) has been returned to repayment status.</p>	New loan requests received by a school on or after August 28, 2009.	1149/162
6.15.D Additional Unsubsidized Stafford Loan Certification for a Dependent Student	Clarifies that if a parent is approved for a PLUS loan, the student is not eligible for the additional unsubsidized Stafford loan funds available to an independent student.	Publication date of Volume 3 of the 06-07 FSA Handbook, unless implemented earlier by the guarantor.	1150/162
6.16 Applying for Federal Stafford and PLUS Loans	Removes the terms "creditworthy" and "creditworthiness" and replaces them with terminology related to not having adverse credit in the context of an applicant's or endorser's eligibility for a PLUS loan. Also removes the term "creditworthiness" and replaces it with "credit standards" in the context of a lender's independent credit criteria for a Stafford or PLUS applicant. In addition, the text describing existing policy that any debt discharged in bankruptcy during the 5-year period before the date of the credit report must be considered in determining a PLUS applicant's adverse credit was added to Subsection 7.1.C.	Retroactive to the implementation of the <i>Common Manual</i> .	1144/161

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
Chapter 7: Loan Origination			
7.1.A General Determinations 7.1.B Creditworthiness 7.1.C Effect of Bankruptcy on Creditworthiness 7.2.A Lender Responsibilities under a Master Promissory Note	Removes the terms "creditworthy" and "creditworthiness" and replaces them with terminology related to not having adverse credit in the context of an applicant's or endorser's eligibility for a PLUS loan. Also removes the term "creditworthiness" and replaces it with "credit standards" in the context of a lender's independent credit criteria for a Stafford or PLUS applicant. In addition, the text describing existing policy that any debt discharged in bankruptcy during the 5-year period before the date of the credit report must be considered in determining a PLUS applicant's adverse credit was added to Subsection 7.1.C.	Retroactive to the implementation of the <i>Common Manual</i> .	1144/161
Chapter 8: Loan Delivery			
8.2.C School's Notice of Credit to Student's Account 8.2.D School's Notice of Borrower's Right to Cancel Loan Disbursed by EFT or Master Check	Clarifies that a school must honor a borrower's cancellation request when that request is received within certain time frames after the school sends a notice advising the borrower of the right to cancel the loan. Notice of the right to cancel the loan is part of the notice of credit to the student's account.	Loans disbursed on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.	1154/162
8.7 Delivering Loan Funds at Eligible Schools	States that in addition to current requirements, a borrower whose prior Title IV loan(s) is in a conditional discharge status due to an initial determination that the borrower is totally and permanently disabled must do the following before a school may certify a new Stafford or PLUS loan for the borrower: Submit a request to the Department's Conditional Discharge Disability Unit indicating that the loan(s) that is currently in a conditional discharge status be returned to repayment status and advise the school that the process of returning the conditionally discharged debt to repayment status has been initiated. Revised policy also states that before a school may certify a new loan for a borrower whose prior Title IV loan(s) is in a conditional discharge status due to total and permanent disability, the school must confirm that the borrower has initiated the process to return the conditionally discharged debt to repayment status. The school also must determine whether the status of the loan (default or non-default) will trigger additional requirements before it certifies a new loan for the borrower. Revised policy also states that a school must not deliver any new loan funds until it confirms that the conditionally discharged loan(s) has been returned to repayment status.	New loan requests received by a school on or after August 28, 2009.	1149/162

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
Chapter 9: School Reporting Responsibilities and the Return of Title IV Funds			
9.1 Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections	States that when the school becomes aware of a discrepancy with a student's or parent borrower's Social Security Number (SSN), date of birth, or first name, the school must attempt to obtain documentation of the correct SSN, date of birth, or first name. The school must notify the guarantor of any change made to the SSN, date of birth, or first name as a result of obtaining documentation, and must notify the lender of any change to the SSN. Revised policy also states that if the school is unable to obtain a copy of an acceptable source document to resolve the discrepancy of an SSN, it must notify both the lender and guarantor. The school must also instruct the lender to cease disbursement, and the school may not deliver FFELP funds to the student until the school determines the correct SSN.	July 1, 1996	1140/160
9.1 Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections	Permits a U.S. passport card as an acceptable document to confirm a student's or borrower's citizenship, or to correct a date of birth or first name.	Publication of the 09-10 FSA Handbook, Volume 1, for citizenship verification. June 1, 2009, for correction of a first name change or date of birth.	1148/162
Chapter 10: Loan Servicing			
10.8.D Income-Based Repayment Schedule	States that for purposes of determining whether a borrower has a partial financial hardship (PFH) under IBR, the borrower may provide the lender with either a signed copy of the page(s) of the borrower's most recent federal income tax return that contains the borrower's adjusted gross income (AGI), or the tax transcript information from the Internal Revenue Service (IRS) that contains the AGI and other tax return information. The policy further explains that to obtain a tax transcript from the IRS, the borrower may either submit a signed consent form (IRS Form 4506-T) directly to the lender (which will then forward it to the IRS), or the borrower may submit the 4506-T form directly to the IRS and request that the information be sent directly to either the lender or the borrower.	Income-based repayment (IBR) plan requests received by the lender on or after July 1, 2009.	1143/161
Chapter 11: Deferment and Forbearance			
Figure 11-1 Deferment Eligibility Chart	Incorporates into the Deferment Eligibility Chart, Figure 11-1, the new in-school and post-enrollment deferment options for parent PLUS and Grad PLUS borrowers whose loans were first disbursed on or after July 1, 2008.	PLUS loans first disbursed on or after July 1, 2008.	1151/162
Chapter 13: Claim Filing, Discharge, and Forgiveness			
13.1.D Claim File Documentation	Requires a lender to provide to the guarantor documentation supporting the granting of a reduced interest rate under the Servicemembers Civil Relief Act if, at the time the lender files a claim with the guarantor, the borrower, comaker, or endorser is receiving this benefit. This documentation includes the borrower's written request for the reduced interest rate and the applicable military orders.	Claims filed by the lender on or after January 1, 2010, unless implemented earlier by the lender.	1135/160

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
13.1.D Claim File Documentation	States that a lender must submit a completed FFELP Ineligible Borrower and Identity Theft Supplemental form to accompany the FFELP Claim Form to support and provide additional information and documentation necessary to request claim reimbursement for an ineligible borrower discharge or a discharge due to false certification as a result of a crime of identity theft.	Claims filed by the lender on or after January 1, 2010, unless implemented earlier by the lender.	1136/160
13.1.D Claim File Documentation	States that a lender must provide certain electronic signature and disbursement information when filing a total and permanent disability claim that is not based on a determination by the Department of Veterans Affairs (VA). The required information must be submitted via the FFELP Assignment Support Supplemental Form (TPD-Specific worksheet).	Total and permanent disability claims that are not based on a determination by the Department of Veterans Affairs and that are filed by the lender on or after January 1, 2010, unless implemented earlier by the guarantor.	1142/161
13.8.G Total and Permanent Disability	<p>States that in addition to current requirements, a borrower whose prior Title IV loan(s) is in a conditional discharge status due to an initial determination that the borrower is totally and permanently disabled must do the following before a school may certify a new Stafford or PLUS loan for the borrower: Submit a request to the Department's Conditional Discharge Disability Unit indicating that the loan(s) that is currently in a conditional discharge status be returned to repayment status and advise the school that the process of returning the conditionally discharged debt to repayment status has been initiated.</p> <p>Revised policy also states that before a school may certify a new loan for a borrower whose prior Title IV loan(s) is in a conditional discharge status due to total and permanent disability, the school must confirm that the borrower has initiated the process to return the conditionally discharged debt to repayment status. The school also must determine whether the status of the loan (default or non-default) will trigger additional requirements before it certifies a new loan for the borrower.</p> <p>Revised policy also states that a school must not deliver any new loan funds until it confirms that the conditionally discharged loan(s) has been returned to repayment status.</p>	New loan requests received by a school on or after August 28, 2009.	1149/162
Chapter 15: Federal Consolidation Loans			
15.3.C Reviewing the Loan Verification Certificate	States that a joint Consolidation loan cannot be reconsolidated under either the the FFELP or the Direct Loan Program. Revised policy also specifies that an existing single Federal Consolidation loan may be reconsolidated under the Direct Loan Program without adding other eligible loans under certain situations listed in Section 15.2.	Loan verification certificates received by the lender on or after August 14, 2008.	1141/160
Appendix G: Glossary			
Additional Unsubsidized Stafford Loan	Aligns the definition of "Additional Unsubsidized Stafford Loan" with the loan limits in Subsection 6.11.A and Figure 6-4.	Stafford loans first disbursed on or after July 1, 2008, for loan periods that include or begin on or after July 1, 2008.	1147/161

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
Endorser	Removes the terms “creditworthy” and “creditworthiness” and replaces them with terminology related to not having adverse credit in the context of an applicant’s or endorser’s eligibility for a PLUS loan. Also removes the term “creditworthiness” and replaces it with “credit standards” in the context of a lender’s independent credit criteria for a Stafford or PLUS applicant. In addition, the text describing existing policy that any debt discharged in bankruptcy during the 5-year period before the date of the credit report must be considered in determining a PLUS applicant’s adverse credit was added to Subsection 7.1.C.	Retroactive to the implementation of the <i>Common Manual</i> .	1144/161
Estimated Financial Assistance (EFA)	Excludes all federal veterans’ education benefits from estimated financial assistance (EFA) for determining eligibility for a Stafford or PLUS loan. Revised policy provides an updated list of federal veterans’ education benefits that are excluded.	July 1, 2009	1138/160
Appendix H: History of the FFELP and the <i>Common Manual</i>			
H.1 History of the FFELP and the <i>Common Manual</i>	Removes the terms “creditworthy” and “creditworthiness” and replaces them with terminology related to not having adverse credit in the context of an applicant’s or endorser’s eligibility for a PLUS loan. Also removes the term “creditworthiness” and replaces it with “credit standards” in the context of a lender’s independent credit criteria for a Stafford or PLUS applicant. In addition, the text describing existing policy that any debt discharged in bankruptcy during the 5-year period before the date of the credit report must be considered in determining a PLUS applicant’s adverse credit was added to Subsection 7.1.C.	Retroactive to the implementation of the <i>Common Manual</i> .	1144/161

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

At any time during the life of the loan, if a lender becomes aware of a discrepancy in a [borrower's Social Security number \(SSN\)](#), date of birth, or first name, or it discovers that it had previously reported an incorrect SSN, date of birth, or first name, the lender must report the correct information to the guarantor and appropriate credit reporting agencies.

The lender must retain a copy of the document substantiating the SSN, date of birth, or first name change or correction. This documentation may be requested in a [program review](#) or may be required in a [claim](#) submission. The guarantor reserves the right to request this or other supporting documentation or information before changing a Social Security number, date of birth, or first name on its system.

If a lender identifies an SSN, date of birth, or first name discrepancy, exhausts its efforts to verify the correct information, and fails to obtain a copy of an acceptable source document, the lender should notify the guarantor of the discrepancy. The guarantor may be able to offer assistance.

If a lender learns that the SSN, date of birth, or first name is incorrect due to a data entry error, the lender may change the incorrect information using the original documentation submitted. The lender must document the reason it made the change.

Acceptable Source Documents for Reporting Social Security Number (SSN) Changes

A guarantor considers any of the following documents a valid source for reporting an SSN change:

- Social Security card or other Social Security Administration document.
- W-2 form.
- Unexpired U.S. military ID.
- If the discrepancy resulted from a data input error, the loan [application](#), the [Master Promissory Note \(MPN\)](#), or the loan certification.

- [State](#) driver's license or state-issued identification card on which the SSN is listed.

Some guarantors have alternative requirements regarding acceptable source documents. These requirements are noted in [Appendix C](#).

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

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

- Birth certificate.
- Current driver's license (if it contains a birth date).
- State ID (if it contains a birth date).
- [U.S. Passport or passport card \(current or expired\)](#).¹
- Unexpired U.S. military ID.

Acceptable Source Documents for Reporting a First Name Change

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

- Court order.
- Marriage certificate.
- Certificate of Naturalization.

Acceptable Source Documents for Reporting the Correction of a First Name

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

- Social Security card.
- Current driver's license.
- Birth certificate.
- State ID.
- U.S. Certificate of Naturalization (Form N-550 or N-570).

¹ Policy 1148 (Batch 162), approved November 19, 2009

- Court order.
- Marriage certificate.
- W-2 Form.
- U.S. Passport or passport card (current or expired).¹
- Unexpired U.S. military ID.
- U.S. military discharge papers (Form DD214).
- U.S. Certificate of Citizenship (Form N-560 or N-561).
- Alien Registration Card (Form I-551 or I-151).

3.5.G NSLDS Reporting

The **National Student Loan Data System (NSLDS)** is a national database of information on **Title IV** aid, including **FFELP** loans. The NSLDS was developed to provide loan-level information on Title IV loans and to provide an integrated view of other Title IV programs. The overall goals of the NSLDS are to improve the quality and accessibility of student aid data, reduce the burden of administering Title IV aid, and minimize abuse within the aid programs through accurate tracking of funds awarded to assist the postsecondary students for whom the programs were designed.

A lender must report NSLDS data on each FFELP loan it holds to the appropriate **guarantor**. A lender is strongly encouraged to report this data on a monthly basis, but must report it at least quarterly. A lender may arrange for a designated **servicer** to report on its behalf.

A lender may report NSLDS data to the guarantor using the NSLDS Lender Manifest, a common report format developed by the **National Council of Higher Education Loan Programs (NCHELP)**. The lender reporting requirement may also be met through the Common Account Maintenance (CAM) process if the guarantor agrees and the lender provides all the required data, including any resubmission that may be necessary as the result of an error. The lender and guarantor may agree to another format, in which case the guarantor may opt to discontinue the NSLDS Lender Manifest reporting requirement. Although the NSLDS Lender Manifest record layout will be used throughout the program, specific data requirements may vary slightly among guarantors.

¹ Policy 1148 (Batch 162), approved November 19, 2009

Instructions for the NSLDS Lender Manifest provide complete details on lender reporting requirements. A lender will receive reporting instructions from each guarantor represented in its portfolio of FFELP loans. It is critical that the lender review each guarantor's instructions carefully; the required frequency of reporting and requirements for reporting certain fields may vary among guarantors. [[§682.201\(i\)](#); [DCL 95-L-177](#); [NSLDS Technical Update for Lenders and Lender Servicers 2000-01](#)]

3.5.H Reporting Loans Paid in Full

A **lender** must report promptly to the **guarantor** each loan that is paid in full, including the date that the loan was paid in full. The transaction must be reported on the appropriate guarantor form or by an equivalent tape or electronic exchange. If the lender wants to report a loan that has been paid in full using its own form or listing, the format must contain all data elements required by the guarantor.

If a loan is paid in full as a result of the **borrower** obtaining a Consolidation loan, the lender must note this in its reporting and provide the date on which the loan was paid in full by consolidation. A guarantor must differentiate between loans paid in full by consolidation and those paid in full by another source (such as borrower payments) in its **National Student Loan Data System (NSLDS)** reporting. The guarantor relies on the lender's report to ensure the accuracy of this distinction.

When a loan is paid in full by the borrower or another source, the lender must notify the borrower that the loan is paid in full. The lender must report the paid-in-full status to at least one credit bureau, as required in **Subsection 3.5.C**.

3.6 Third-Party Servicers

A **third-party servicer** is any organization or individual that enters into a contract with a lender to administer any aspect of the lender's **FFELP** activities as required under any of the following:

- A statutory provision of, or applicable to, **Title IV** of the **Act**.
- A regulatory provision prescribed under Title IV of the **Act**.
- An arrangement, agreement, or **limitation** with the **Department** or guarantor entered into under the authority of statutes applicable to Title IV of the **Act**.

5.2.A Citizenship Data Match

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

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

Information on citizenship status and documentation may be found in the [08-09 FSA Handbook, Volume 1, Chapter 2, pp. 1-17 to 1-40](#). Schools are cautioned against attempting to establish citizenship status without reviewing this source. [[HEA §484\(g\) and \(h\)](#); [§668.130](#) through [133](#); [DCL GEN-92-21](#) (section XXIX, subsection k)]

U.S. Citizens and Nationals

If a student indicates on the [FAFSA](#) that he or she is a U.S. citizen, the Department will verify the student's citizenship through a data match with the Social Security Administration (SSA). If the SSA confirms the student's citizenship, the Department will report that confirmation to the school and to the student. If the Department is unable to verify a student's citizenship with the SSA, the student must verify U.S. citizenship by submitting documentation to the school. The school must give the student at least 30 days' notice to produce evidence of U.S. citizenship before denying Title IV assistance to a student for failure to establish citizenship. [[§668.33\(d\)\(2\)](#)]

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

- A copy of the birth certificate showing that the student or parent borrower was born in the United States.
- A Certificate of Citizenship (N-560 or N-561) from the U.S. Department of Homeland Security, United States Citizenship and Immigration Service (USCIS).

- A Certificate of Naturalization (N-550 or N-570) issued by the USCIS through a federal or state court, or through administrative naturalization after December 1990 to those who are individually naturalized.
- A Consular Report of Birth Abroad (FS-240), a Certification of Birth (DS-1350), or a Certificate of Birth (FS-545) issued prior to November 1990. These forms are generated by the State Department and include an embossed seal with the words "United States of America" and "State Department."
- A U.S. passport or [passport card](#) (current or expired).¹

If the student or parent [borrower](#) submits a citizenship or naturalization certificate as [documentation](#) of his or her citizenship status, the [school](#) must place a copy of the form in the student's file, demonstrating that proof of citizenship was obtained (see the [08-09 FSA Handbook, Volume 1, Chapter 2, p. 1-19](#)).

Eligible Noncitizens

A noncitizen is considered eligible for Stafford and PLUS loans if he or she meets all other applicable eligibility criteria and is one of the following:

- A U.S. permanent resident alien with a Permanent Resident Card (Form I-551 since 1977) or a Resident Alien Card (Form I-151 issued prior to June 1978).
- A refugee with an Arrival/Departure Record (CBP Form I-94) or the new Departure Record (Form I-94A, which is used at land border ports of entry) with the endorsement "Processed for I-1551. Temporary Evidence of Lawful Admission for Permanent Residence. Valid until _____. Employment authorized." The form will have an A-number annotated on it and is acceptable if the expiration date has not passed. These records are issued by the USCIS showing one of the following designations (indicating that the refugee is in the U.S. for other than a temporary purpose):
 - Refugee.
 - Asylum Granted.
 - Alien paroled into the U.S. for at least one year.

¹ Policy 1148 (Batch 162), approved November 19, 2009

- Alien granted a stay of deportation [pursuant to [8 U.S.C. §1253\(h\)](#)] due to fear of persecution on account of race, religion, or political opinion.
- Conditional Entrant (valid if I-94 was issued before April 1, 1980).
- A victim of human trafficking, or one of certain relatives of such a victim, as certified by the U.S. Department of Health and Human Services (HHS) [pursuant to [22 U.S.C. §7101 Victims of Trafficking and Violence Protection Act](#)]. [DCL GEN-06-09]

A school must verify the eligibility of a noncitizen. This may be done by performing a data match with another agency, such as the USCIS. If the student reports on the ~~FAFSA~~ ~~FASFA~~ that he or she is an eligible noncitizen (and, therefore, could be eligible for federal student aid) and reports an Alien Registration number, that information is checked against the database maintained by the USCIS.¹ This process is known as primary confirmation. If a student or [parent](#) borrower's eligible noncitizen status is not verified by this procedure, the school must transmit copies of the student's or parent borrower's documentation of immigration status to the USCIS. This process constitutes secondary confirmation. For purposes of secondary confirmation, a school may *not* require a student or parent borrower to produce evidence from the USCIS that he or she is a permanent resident of the U.S. or is in the U.S. for other than a temporary purpose with the intention of becoming a citizen or permanent resident if both of the following conditions are applicable:

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

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

¹ Policy 1148 (Batch 162), approved November 19, 2009

A school may not deny eligibility to an applicant based on immigration status while awaiting primary confirmation from the USCIS. However, if a loan is [guaranteed](#), the school must delay the delivery of the loan and any other [Title IV](#) assistance to the applicant until primary confirmation is received.

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

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

5.2.B Social Security Number Data Match

When a student submits a [Free Application for Federal Student Aid \(FAFSA\)](#), the U.S. Department of Education will conduct a data match with the Social Security Administration to verify the student's [Social Security number \(SSN\)](#). If the Social Security Administration confirms that SSN, the Department will notify the [school](#) and the student. If the data match fails to confirm the student's SSN, or if the school has reason to believe that the verified SSN is inaccurate, the school must give the student at least 30 days from the date the school is notified of the results of the data match, or until the end of the [award year](#), whichever is later, to submit evidence to the school that verifies the accuracy of the SSN. [§668.36(a)(1) and (3)]

A school may neither deny, reduce, delay, nor terminate a determination of a student's eligibility for assistance under the [Title IV](#) programs if [verification](#) of the student's SSN is pending. The school may not deliver any Title IV program [funds](#) to a student until the school is satisfied that the

5.2.F Department of Veterans Affairs Data Match

If a student has indicated on the [Free Application for Federal Student Aid \(FAFSA\)](#) that he or she is an eligible veteran of the U.S. Armed Forces, the student is considered to be independent and does not have to provide parental income and asset information to apply for Title IV aid. The Central Processing System (CPS) matches data with the Department of Veterans Affairs (VA) to confirm that an applicant who states that he or she is a veteran on the FAFSA has engaged in active duty in the U.S. Armed Forces for purposes other than training, or was a cadet or midshipman at a service academy; and was released under a condition other than dishonorable. For more information on the VA data match, see the [08-09 FSA Handbook, Application and Verification Guide, Chapter 2, p. AVG-27](#).

5.3 Prior Loan Written Off

A [borrower](#) is ineligible for a [FFELP](#) loan if he or she has had a prior FFELP loan partially or totally written off by a [guarantor](#) (i.e., the [guarantor](#) has stopped all collection activity on the written-off portion). To become eligible to receive a new FFELP loan, a borrower must reaffirm the written-off loan, provide confirmation of that [reaffirmation](#) to the school, and meet the requirements of [Subsection 5.2.D](#). Reaffirmation is the borrower's legally binding acknowledgment of a loan repayment obligation that has been partially or totally written off and agreement to the [reinstatement](#) of the borrower's repayment obligation. A borrower whose prior FFELP loan has been partially or totally written off by a lender is not required to reaffirm the written-off loan as a condition of eligibility for a new FFELP loan.

The reaffirmation may include, but is not limited to, the following:

- Making a payment on the loan.
[§682.201(a)(4)(ii)(B)]
- Signing a new repayment agreement or [promissory note](#) that includes the original terms and conditions applicable to the loan being reaffirmed.
[§682.201(a)(4)(ii)(A)]

The reaffirmed amount must include all principal and interest accrued on the written-off portion of the loan through the date on which the borrower reaffirms his or her commitment to repay the loan. It may also include [collection costs](#), [late charges](#), and legal costs. Any outstanding charges, such as interest, collection costs, late

charges, or legal costs, may be [capitalized](#) as of the date the loan is reaffirmed.

[§682.201(a)(4)(i) and (b)(2); DCL 96-L-186/96-G-287, Q&A #4, #7, #8, #9, and #11]

5.4 Prior Loan Discharge Due to Total and Permanent Disability

In some cases, loans that have been discharged due to the borrower's total and permanent disability may affect the borrower's eligibility for new loans. Eligibility may be based on the disposition of the borrower's [discharge](#) request or the date on which that request was processed.

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

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

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

Before a school may certify a new loan for a borrower whose prior Title IV loan(s) is conditionally discharged due to an initial determination that the borrower is totally and permanently disabled, the school must confirm that the borrower has initiated the process to return the conditionally discharged loan(s) to repayment. The school also must determine whether the status of the loan (default or non-default) will trigger additional requirements before it certifies a new loan for the borrower. If the loan(s) was in default prior to being conditionally discharged, the school may be required to document that the borrower has either made [satisfactory repayment arrangements](#) with the loan holder in order to reinstate Title IV eligibility or rehabilitated the defaulted loan(s) (see [Subsection 5.2.D](#)).¹

¹ Policy 1149 (Batch 162), approved November 19, 2009

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

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

The school must not deliver any new loan funds until it confirms that the conditionally discharged loan(s) has been returned to repayment.
[§682.201(a)(5)]¹

If the borrower receives a new loan under the Perkins, FFELP, or Direct Loan Program (with the exception of a Consolidation loan that does not include any loans that are in a conditional **discharge** status) within 3 years from the date the physician completes and certifies the discharge application, the borrower’s conditional discharge is terminated and the loan(s) is reinstated to the status it held prior to the initial determination. If a FFELP loan was certified prior to the date the physician certified the discharge application, any proceeds of such loan that are disbursed after the date of the physician’s certification must be returned to the **holder** within 120 days of the **disbursement date(s)** to preserve the borrower’s discharge eligibility. If the borrower’s conditional discharge is terminated, the Department reinstates collection activities on any loan on which collection activity had been previously suspended based on an initial determination of total and permanent disability. (See **Subsection 13.8.G** for more information regarding the total and permanent disability discharge and **Appendix G** for the definition of “**totally and permanently disabled.**”) [§682.402(c)(4)(i)(B) and (C)]

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

5.4.B Final Discharge of a Prior Loan Due to Total and Permanent Disability

A borrower who has received a **discharge** of a prior loan due to final determination that the borrower is totally and permanently disabled must do *all of the following* to be eligible to receive a new Stafford or PLUS loan:

- Obtain a physician’s statement certifying that the borrower may now engage in “substantial gainful activity.” For these purposes, “substantial gainful activity” is defined as the ability to work and earn money.
[§682.201(a)(6)(i)]
- Sign a statement acknowledging that any new loan the borrower receives may not be discharged due to the same or any disability existing at the time the new loan is made, unless the disabling condition substantially deteriorates to the extent that the definition of total and permanent disability is met.
[§682.201(a)(6)(ii)]
- Reaffirm any loan that had been discharged due to total and permanent disability on or after July 1, 2001, but before July 1, 2002, if the borrower applies for a new loan within 3 years from the date the borrower became totally and permanently disabled, as certified by a physician. The borrower must reaffirm the previously discharged loan before receiving a new loan.
[§682.201(a)(6)(iii)]

A borrower who has had a prior loan discharged due to total and permanent disability before July 1, 2001, is not required to reaffirm the discharged obligation. (See **Subsection 13.8.G** for more information regarding total and permanent disability discharge and **Appendix G** for the definition of “**totally and permanently disabled.**”)

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

¹ Policy 1149 (Batch 162), approved November 19, 2009

Effect of Title IV Loan Status on Student Aid Eligibility

Figure 5-1

Loan Status	Eligible for FFELP and Federal Perkins loans	Eligible for Federal Pell, SEOG, FWS, and LEAP
Defaulted	No	No
Written off after default	Yes ¹	Yes ¹
Conditional discharge due to total and permanent disability	Yes ³	Yes
Final discharge due to total and permanent disability	Yes ²	Yes
Paid in full after default	Yes	Yes
Satisfactory repayment arrangements made after default	Yes	Yes
Compromised after default	Yes	Yes
Discharged by bankruptcy or determined to be dischargeable in bankruptcy	Yes	Yes

¹ To be eligible, the applicant must (a) repay each written-off loan in full or (b) reaffirm each Title IV loan obligation with the holder of the note that was written off and make satisfactory repayment arrangements as part of the reaffirmation (for any loan in default before the write-off).

² To be eligible, the applicant must (a) obtain a physician's statement certifying that the borrower may now engage in substantial gainful activity, and (b) sign a statement acknowledging that any new loan the borrower receives may not be discharged due to the same or any disability existing at the time the loan is made, unless the disabling condition substantially deteriorates to the extent that the definition of total and permanent disability is met, and (c) reaffirm any loan that had been discharged due to total and permanent disability on or after July 1, 2001, but before July 1, 2002, if the borrower applies for a new loan within three years from the date the borrower became totally and permanently disabled, as certified by a physician. The borrower must reaffirm the previously discharged loan before receiving a new loan.
[§682.201(a)(6)(i) through (iii); §682.402(c)]

³ To be eligible, the applicant must (a) submit a request to the Department's Conditional Discharge Disability Unit indicating that the conditionally discharged loan(s) be returned to repayment and advise the school that the process of returning the conditionally discharged loan(s) to repayment has been initiated; (b) obtain a physician's statement certifying that the borrower may now engage in substantial gainful activity; ~~and (c)~~ sign a statement acknowledging that any loan that has been conditionally discharged may not be discharged due to the same or any disability existing at the time the borrower applied for a total and permanent disability discharge or when the new loan is made, unless the disabling condition substantially deteriorates to the extent that the definition of total and permanent disability is met; ~~and (d)~~ sign a statement acknowledging that collection activity will resume on any conditionally discharged loans in a conditional discharge period.
[§682.201(a)(5); §682.201(a)(6)(i); §682.201(a)(7)(ii)(A) and (B)]¹

¹ Policy 1149 (Batch 162), approved November 19, 2009

Stafford Annual and Aggregate Loan Limits for Undergraduate Students

Figure 6-4

	Length of Program or Final Period of Enrollment		
	Program of study of at least a full academic year in length	One-year program of study with less than a full academic year remaining	Program of study of less than one academic year
Preparatory Coursework for Undergraduate Program			
Base Stafford eligibility (subsidized and unsubsidized)	\$2,625	N/A	N/A
Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to obtain a PLUS loan)	N/A	N/A	N/A
Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan)	\$6,000	N/A	N/A
First-Year Undergraduates			
Base Stafford eligibility (subsidized and unsubsidized)	\$3,500	Proportional Proration Calculation #1	Proportional Proration Calculation #2
Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to obtain a PLUS loan)	\$2,000	Proportional Proration Calculation #1	Proportional Proration Calculation #2
Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan)	\$6,000	Proportional Proration Calculation #1	Proportional Proration Calculation #2
Length of Program or Final Period of Enrollment			
	Program of study of at least a full academic year in length	Program of study with less than a full academic year remaining	
Second-Year Undergraduates			
Base Stafford eligibility (subsidized and unsubsidized)	\$4,500	Proportional Proration Calculation #1	
Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to obtain a PLUS loan)	\$2,000	Proportional Proration Calculation #1	
Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan)	\$6,000	Proportional Proration Calculation #1	
Third-Year and Beyond Undergraduates			
Base Stafford eligibility (subsidized and unsubsidized)	\$5,500	Proportional Proration Calculation #1	
Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to obtain a PLUS loan)	\$2,000	Proportional Proration Calculation #1	
Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan)	\$7,000	Proportional Proration Calculation #1	
Teacher Certification Coursework or Preparatory Coursework for Graduate or Professional Program			
Base Stafford eligibility (subsidized and unsubsidized)	\$5,500	Proportional Proration Calculation #1 N/A*	
Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to obtain a PLUS loan)	N/A	N/A	
Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan)	\$7,000	N/A	

* Policy 1152 (Batch 162), approved November 19, 2009

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

- The borrower authorizes the school to adjust the excess loan amount or reallocate funds between a subsidized Stafford loan and an unsubsidized Stafford loan for which the borrower is eligible. For more information on adjusting or reallocating loan amounts, see [Section 6.20](#).
- The borrower repays in full the excess [Stafford loan](#) amount. [[§668.35\(d\)\(1\)](#)]
- The borrower makes arrangements satisfactory to the [holder](#) of the loan to repay the excess [Stafford loan](#) amount. These arrangements may include having the borrower sign an agreement acknowledging the debt and affirming his or her intention to repay the excess amount as part of the normal repayment process. Consolidation of the loan(s) that exceeded the annual or aggregate loan limit (provided that the loan(s) is otherwise eligible for consolidation) is also considered to be a [satisfactory repayment arrangement](#). [[§668.35\(d\)\(2\)](#); [09-10 FSA Handbook, Volume 5, Chapter 1, pp. 5-15 and 5-16](#); [08-09 FSA Handbook, Volume 3, Chapter 5, pp. 3-107 and 3-108](#) ~~07-08 FSA Handbook, Volume 1, Chapter 3, p. 1-41~~]

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

Example: A dependent undergraduate student who inadvertently exceeded the \$23,000 subsidized Stafford aggregate loan limit arranges to have a portion of his debt reallocated to unsubsidized Stafford funds, reducing his or her outstanding subsidized Stafford loan debt to the \$23,000 limit. The school must not

certify any additional subsidized Stafford loan funds for the student; however, if the dependent student has not exceeded the combined Stafford aggregate loan limit of \$31,000, the school may certify unsubsidized Stafford loan funds, up to the \$31,000 limit. For an independent undergraduate student in this same situation who did not exceed the combined Stafford aggregate loan limit of \$57,500, the school may certify unsubsidized Stafford loan funds, up to the \$57,500 limit. [09-10 FSA Handbook, Volume 3, Chapter 6, p. 3-127]

During the academic year in which a student exceeds an annual loan limit, the school must not certify additional Stafford loan funds unless the student reduces his or her outstanding Stafford loan debt to an amount less than the applicable annual loan limit.¹

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

A school may not certify a new loan for any amount that will cause the borrower to again exceed the annual or aggregate loan limit.

6.11.F Prorated Loan Limits

A school must calculate prorated, i.e., reduced, Stafford [annual loan limits](#) when the school knows in advance that an undergraduate Stafford loan borrower will be [enrolled](#) in a [program of study](#) that meets either of the following criteria:

- The program's duration is shorter than the statutory minimum for an [academic year](#) (see [Section 6.1](#) for information about defining an academic year). See [Figure 6-4](#) for information about the proration calculation for a program of study of less than a full academic year.
- The program's duration is equal to or longer than the statutory minimum for an academic year, but the borrower is completing a final period of study in a [period of enrollment](#) that is shorter than an academic year. See [Figure 6-4](#) for information about the proration calculation for a final period of study that is

¹ Policy 1153 (Batch 162), approved November 19, 2009

Prorated Stafford Annual Loan Limits

Figure 6-5

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

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

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

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

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

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

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

See [Subsection 6.11.F](#) for additional information. [\[§682.204\(a\) and \(d\)\]¹](#)

¹ Policy 1155 (Batch 162), approved November 19, 2009

6.14.C Nonsubsidized Stafford Loans

Before the 1992 [Reauthorization](#) of the Higher Education Act, a lender was permitted to make a nonsubsidized Stafford loan to a borrower who did not qualify for [federal interest benefits](#) and whose loan amount would not exceed the COA minus other financial assistance. Lenders did not pay [origination fees](#) on these [nonsubsidized loans](#), and the loans were not eligible for [interest benefits](#). Nonsubsidized Stafford loans remain eligible for all [deferments](#) and repayment options applicable to other Stafford loans.

6.15 School Certification of the Loan

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

A school must certify the borrower's loan eligibility by the end of the [loan period](#) or the date on which the student ceases to be [enrolled](#) at least half time, whichever is earlier. If the school does not certify the loan by the earlier of these two dates, the loan cannot be disbursed. See [Subsection 7.7.G](#) for complete information regarding [late disbursement](#). [[§668.164\(g\)\(2\)\(ii\)\(A\)](#); [§682.207\(f\)](#)]

Before a school may certify a new loan for a borrower whose prior Title IV loan(s) is conditionally discharged due to an initial determination that the borrower is [totally and permanently disabled](#), the school must confirm that the borrower has initiated the process to return the conditionally discharged loan(s) to repayment. The school also must determine whether the status of the loan (default or non-default) will trigger additional requirements before it certifies a new loan for the borrower. If the loan(s) was in default prior to being conditionally discharged, the school may be required to document that the borrower has either made [satisfactory repayment arrangements](#) with the loan holder in order to reinstate Title IV eligibility or [rehabilitated the defaulted loan\(s\)](#) (see [Subsection 5.2.D](#)). See [Subsection 5.4.A](#) for more information regarding borrower eligibility for a new loan when the borrower's prior loan(s) is conditionally discharged. [[§682.201\(a\)\(5\)](#)]¹

A school may not refuse to certify or delay the certification of a Stafford or PLUS loan based on the borrower's selection of a particular lender or [guarantor](#). Also, a school may not assign a first-time borrower's loan to a particular lender through the award packaging process or other methods. See [Subsection 6.15.E](#) for information regarding when the school is permitted to refuse to certify a FFELP loan or to reduce the loan amount. [[§682.603\(f\)\(2\) and \(4\)](#)]

A school may not assess a Stafford or PLUS loan borrower, or the [dependent student](#) in the case of a parent PLUS loan, a fee for the completion or [certification](#) of any FFELP form or for providing any information necessary to receive a FFELP loan or any benefits associated with a FFELP loan. Examples include loan certifications, promissory notes, enrollment verification requests, or deferment forms. [[§682.603\(i\)](#)]

Schools on the Reimbursement Payment Method or the Cash Monitoring Payment Method

A school that the [Department](#) has placed on the reimbursement payment method or the cash monitoring payment method for the Federal Pell Grant Program, the FDLF, or the [campus-based programs](#) must comply with any additional requirements established by the Department regarding the certification and delivery of Stafford or PLUS funds to its borrowers. [[§668.167\(d\)](#)]

A school participating solely in the FFELP may be required to seek the [Department's](#) approval to certify loan eligibility and deliver Stafford or PLUS loan funds if the Department determines a need to monitor the school's participation. [[§668.167\(d\)\(1\)\(i\) and \(ii\)](#)]

A school needing additional information from the Department on its individual requirements under the reimbursement payment method or the cash monitoring payment method should refer to [Appendix D](#) for contact information.

6.15.A Preventing Overawards

A school must develop procedures to ensure that it does not certify and each Stafford borrower does not receive a loan exceeding the applicable annual and [aggregate loan limits](#) (see [Section 6.11](#)). In addition, the school must ensure that the total aid received for a [loan period](#) does not exceed the student's [cost of attendance \(COA\)](#). After a school certifies a Stafford or PLUS loan, any changes in the type or amount

¹ Policy 1149 (Batch 162), approved November 19, 2009

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

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

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

Exceptional circumstances may include, but are not limited to:

- The dependent student's parent has an adverse credit history.
[\[§682.201\(a\)\(3\)\]](#)
- The dependent student's parent is [incarcerated](#).
[\[§682.201\(a\)\(3\)\]](#)
- The whereabouts of the dependent student's parent are unknown.
[\[§682.201\(a\)\(3\)\]](#)
- The dependent student's family income is limited to public assistance or [disability](#) benefits.
[\[§682.201\(a\)\(3\)\]](#)
- The dependent student's parent is prohibited from borrowing a PLUS loan because he or she is not a [U.S. citizen](#) or eligible noncitizen. See [Subsection 5.2.A](#) for citizenship and eligible noncitizenship criteria.
[\[DCL GEN-05-16, Q&A 5\]](#)
- The dependent student's parent files a [bankruptcy](#) petition and provides the school with an official letter from the bankruptcy court confirming that the parent

has filed for bankruptcy and is prohibited from incurring additional debt.

[\[DCL GEN-05-16, Q&A 6\]](#)

- The dependent student's parent is prohibited from borrowing a PLUS loan because he or she is in [default](#) on a Title IV loan.
[\[§682.201\(c\)\(1\)\(iv\)\]](#)
- The dependent student's school has evidence that the student's parent has been denied a PLUS loan by a lender due to the parent's existing debt burden, income-to-debt ratio, likely inability to repay, or other credit standards or factors the lender has adopted.
[\[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-95\]](#)

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

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

A parent's unwillingness or refusal to take out a PLUS loan is not considered an exceptional circumstance. ~~The certification of additional unsubsidized Stafford loan funds, when combined with the student's estimated financial assistance (EFA), must not exceed the student's cost of attendance (COA) for the loan period. Only one parent needs to be unable to obtain a PLUS loan in order for the dependent student to be eligible for the additional unsubsidized Stafford loan funds. However, if a parent is approved for a PLUS loan, the student is not eligible for the additional unsubsidized Stafford loan funds, even if another parent has been unable to obtain a PLUS loan. A school may not certify additional unsubsidized Stafford loan funds for a dependent student based on the school's decision not to participate in the Federal PLUS Loan Program.~~
[\[§682.201\(a\)\(3\); §682.204\(k\); 09-10 FSA Handbook, Volume 3, Chapter 6, p. 3-103\]](#)¹

¹ Policy 1150 (Batch 162), approved November 19, 2009

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

[DCL 96-L-186/96-G-287, Q&A #3]¹

If a parent of a dependent student is initially determined to be eligible for a PLUS loan but subsequently is denied additional PLUS loan funds for the same loan period, the school may choose to certify additional unsubsidized Stafford loan funding for the student, not to exceed the maximum additional [unsubsidized loan](#) amounts (see [Subsection 6.11.A](#)). Any eligible PLUS [loan proceeds](#) delivered or scheduled for future delivery during the loan period must be included in the EFA used in determining eligibility for the additional unsubsidized Stafford loan. The school need not recover or return PLUS loan funds for which the parent was previously determined eligible and that have been released to the parent or student before the parent was determined ineligible for additional funding.

[DCL 96-L-186/96-G-287, Q&A #3]

If a school certifies a PLUS loan for an eligible parent and the parent dies during the loan period, the parent's death creates sufficient "exceptional circumstances" to permit the school to certify additional unsubsidized Stafford loan funds for the student for the current [academic year](#), not to exceed the student's additional unsubsidized Stafford loan limit (see [Figure 6-4](#)). Any eligible PLUS loan proceeds delivered prior to the date of the parent borrower's death must be included in the EFA used in determining the student's eligibility for the additional unsubsidized Stafford loan. The school must return to the lender any PLUS loan [disbursement](#) that was delivered after the date of the parent borrower's death.

6.15.E Refusing to Certify a Loan or Reducing Borrower Eligibility

A school may refuse to certify a loan or may reduce the borrower's eligibility for a loan (on a borrower-by-borrower basis) if it provides the reason for its action to the borrower in writing and retains [documentation](#) of the reason in the student's file. Reasons for refusing to certify a loan or reducing the borrower's eligibility for the loan might include:

- The school determines that the student's expenses to be covered by the loan ([cost of attendance](#)) can be met more appropriately by the school or directly by the student and/or borrower from other sources.
- The borrower indicates an unwillingness to repay the loan.

A school may not refuse to certify a loan if that refusal is based on policies that result in a pattern or practice of denying access to FFELP loans because of borrower race, sex, religion, national origin, age, income, or selection of a particular [lender](#) or [guarantor](#). Practices at the school also may not discriminate against student borrowers who are physically, emotionally, or intellectually challenged—provided the student exhibits an appropriate ability to benefit. The school also may not refuse to certify a loan solely because it is aware that the student or borrower has filed a [bankruptcy](#) petition.

[§682.603(f)(4); DCL GEN-95-40, Q&A #1]

A school may not establish any one of the following general policies:

- Limiting the number of times a student who is making [satisfactory academic progress](#) may borrow up to the maximum Stafford [annual loan limit](#) at any one [grade level](#).
[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-97]
- Prorating the Stafford annual loan limit based on a student's enrollment status, such as when the student is [enrolled](#) less than full time, or is enrolled for less than a full academic year that is not a final period of study.
[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-99]
- Certifying a Stafford loan only for the amount needed to cover school charges.
[08-09 FSA Handbook, Volume 4, Chapter 1, p. 4-16]

¹ Policy 1150 (Batch 162), approved November 19, 2009

to the use of an electronic record in a manner that reasonably demonstrates that the individual is able to access the information to be provided in an electronic form. The consent must be voluntary and based on accurate information about the transactions to be completed. These electronic processes must be made in accordance with the [Electronic Signatures in Global and National Commerce Act \(P. L. 106-229\)](#).

[DCLs GEN-01-06 and GEN-05-16]

8.2.A Initial Notice of Funds

Prior to delivering any [Title IV funds](#) to the student or [parent borrower](#), the [school](#) is required to provide a notice to the student providing information about the amount of funds that the student or his or her parent can expect to receive under each Title IV program. Regulations require this notice (i.e., award letter) to be provided only to the student. The notice must include:

- The amount of proceeds the student or his or her parent can expect to receive for each loan type. For loans made using a [Master Promissory Note \(MPN\)](#), the school's award letter may include proposed loan amounts and loan types. It may also include instructions to the borrower either to accept the loan(s) offered by responding to the school in writing or electronically, or to take action only if requesting a cancellation or reduction of the loan amount offered (see [Subsection 8.2.B](#) for [confirmation](#) requirements).
- When the proceeds will be delivered and by what method.
- Which proceeds are from subsidized and unsubsidized Stafford loans, PLUS loans, and other Title IV programs.
[§668.165(a)(1); DCL GEN-98-25; DCL GEN-99-9]

8.2.B Confirmation Requirements for the Multi-Year Feature of the MPN

The school must ensure and document that a process is in place for confirming that the borrower accepts the loan amounts offered under the multi-year feature of the [Master Promissory Note \(MPN\)](#). The [confirmation](#) process may be part of, or may supplement existing required notices and disclosures described in this section and may be either passive or affirmative.

Passive confirmation is a process by which the school, lender, or [guarantor](#) (on behalf of the school or lender) notifies the borrower of the proposed loan types and amounts. The borrower is required to take action only to reject or adjust the type or amount of the loan. The school does not deliver loan funds until the time given to the borrower to respond has elapsed.

Affirmative confirmation is a process by which the school, lender, or guarantor (on behalf of the school or lender) advises the borrower of the proposed loan types and amounts. The borrower must provide written or electronic confirmation of the types and amounts of Title IV loans wanted for an [award year](#) before the school delivers those loan funds.

[§668.165(a); §682.401(d)(4)(vi); 08-09 FSA Handbook, Volume 4, Chapter 1, pp. 4-9 to 4-10]

8.2.C School's Notice of Credit to Student's Account¹

Except in the case of a post-withdrawal disbursement made as a result of the [return of Title IV funds](#) calculation (see [Subsection 9.5.A](#)), the school must notify the student or parent borrower if the school credits Stafford, Grad PLUS, or [parent PLUS loan proceeds](#) to the student's school account. If the school obtained affirmative confirmation of the borrower's acceptance of the loan amount offered (see [Subsection 8.2.B](#)), the notice must be issued no earlier than 30 days before and no later than 30 days after the school credits the student's account. If the school did not obtain affirmative confirmation of the borrower's acceptance of the loan amount offered, the notice must be issued no earlier than 30 days before and no later than 7 days after the school credits the student's account. The notice may be written or electronically transmitted and must include: [§668.165(a)(2) and (3)]

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

¹ Policy 1154 (Batch 162), approved November 19, 2009

- The method and date by which the student or parent borrower must notify the school that he or she wishes to cancel all or a portion of the loan or loan disbursement.

[§668.165(a)(2)(iii)]

See [Subsection 8.2.D](#) for more information about actions a school must take when a student or parent borrower notifies the school that he or she wishes to cancel all or a portion of the loan or loan disbursement.¹

8.2.D

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

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

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

[§668.165(a)(4)]

- If the school obtained affirmative [confirmation](#) of the borrower's acceptance of the loan amount offered (see [Subsection 8.2.B](#)), by the later of the first day of the [payment period](#) for which the funds are intended or 14 days after the date the school sends the notification advising the student or parent borrower ~~the school has credited the student's account at the school~~ of his or her right to cancel all or a portion of the loan.

[§668.165(a)(4)(ii)(A)]

- If the school did not obtain affirmative confirmation of the borrower's acceptance of the loan amount offered, within 30 days after the date the school sends the notification advising the student or parent borrower ~~the school has credited the student's account at the school~~ of his or her right to cancel all or a portion of the loan.

[§668.165(a)(4)(ii)(B)]

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

Late Requests

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

[§668.165(a)(4)(iii)]²

Funds Delivered prior to Request

If, prior to the receipt of the borrower's cancellation request, the school delivered all or a portion of the loan proceeds directly to the borrower or the student, the school is responsible only for canceling and returning that portion of the loan proceeds that the school credited to the student's school account to pay authorized charges. The borrower is responsible for returning to the lender any additional amount.

School Notice of Outcome

A school is required to inform a student or parent borrower, either in writing or through electronic transmission, of the outcome of any cancellation request.

[§668.165(a)(5)]

8.2.E

Notification of Late Disbursement or Post-Withdrawal Disbursement of Loan Funds

After determining the eligibility of the student for a [late disbursement](#) or [post-withdrawal disbursement](#) of loan funds, and prior to delivering the disbursement, the school must contact the borrower and obtain confirmation that the borrower still requires such funds. In making this contact, the school must explain the borrower's obligation to repay any funds that the school delivers. The school must document in the student's file the result of the contact and the final determination made concerning the late or post-withdrawal disbursement.

[HEA §484B(a)(4)(A); DCL GEN-06-05]

¹ Policy 1154 (Batch 162), approved November 19, 2009

² Policy 1154 (Batch 162), approved November 19, 2009

student before the overaward occurs, no adjustment is required under current federal regulations. However, the school may adjust campus-based aid, as appropriate, to offset the student's receipt of Title IV funds.

[§682.604(h)]

8.7 Delivering Loan Funds at Eligible Schools

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

[§668.164(b)(1); §682.604(c)(1), (6), and (7)]

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

A school must not deliver any new loan funds to a borrower whose prior Title IV loan(s) is conditionally discharged due to an initial determination that the borrower is totally and permanently disabled until it confirms that the conditionally discharged loan(s) has been returned to repayment.¹

Generally, a school may deliver the proceeds of any loan disbursement only if it determines that the student has maintained continuous eligibility for the loan period certified by the school. See Subsections 8.7.E (Late Delivery), 8.7.F (Delivery to Borrowers in Special Circumstances, subheading "Temporary Change in Enrollment Status" and 8.11.A (Exceptions to Delivery Restrictions at Ineligible Schools) for exceptions to this general rule.

[§668.164(b)(3); §682.604(b)(2)(i), (iii) and (iv)]

Figure 8-3 illustrates a school's required activities before delivering a FFELP loan.

8.7.A Delivery Time Frames

The time frame within which schools must deliver or return loan proceeds covers three separate periods:

- **Initial Period** — A period of time a school has to deliver loan proceeds directly to the student or parent borrower, or to credit the student's account at the school. The length of this period of time is determined by whether the proceeds were received by the school by **electronic funds transfer (EFT)**, **master check**, or individual check.
- **Conditional Period** — A 10-business-day delivery period after the last day of the initial period. A school may deliver funds during this period only if the school expects the student to complete the required number of **clock or credit hours** in a preceding **payment period**, or the school expects the student to meet all FFELP eligibility requirements within the conditional period.
- **Return Period** — A 10-business-day period following the initial or conditional period, as applicable, during which the school must return undelivered proceeds to the lender. If, during the return period, the school determines that the student has become eligible to receive the loan proceeds, the school may deliver the proceeds rather than return them to the lender, provided the delivery is made on or before the last day of the return period.

[Department of Education Policy Bulletin dated June 2, 1997]

¹ Policy 1149 (Batch 162), approved November 19, 2009

Chapter 9 describes school “servicing” responsibilities for FFELP loans. The information included in this chapter applies to Stafford and PLUS loans. School servicing responsibilities include reporting responsibilities and the [return of Title IV funds](#).

9.1 Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections

If a school becomes aware of any issues related to the accuracy of a student’s or [parent borrower’s Social Security number \(SSN\)](#), date of birth, or first name, the school is expected to confirm the accuracy of this information by obtaining a copy of an acceptable source document ([see below for a list of acceptable documents](#)). The school must report changes to a student’s or parent borrower’s SSN, date of birth, or first name to the [guarantor](#). The school must also notify the lender of any changes to an SSN. If the guarantor requires the supporting documentation, the school must provide it. If the guarantor has information that the identified SSN, date of birth, or first name change is incorrect, it will notify the school.

[February 1996 SSCR Users Guide, Chapter 7, p. 7-5]

If a school identifies a discrepancy, exhausts its efforts to verify the correct SSN, date of birth, or first name and fails to obtain a copy of an acceptable source document, the school should notify the guarantor of the discrepancy. The school must also notify the lender of an SSN discrepancy. In such cases, the school should indicate the source of the discrepancy and provide its reason for reporting the ~~change~~ discrepancy. In addition, the school must instruct the lender to cease [disbursement](#) of the loan and may not deliver funds to the student that may have already been disbursed until the school determines the correct SSN. ~~If the guarantor has information suggesting that the identified SSN, date of birth, or first name change is incorrect, it will notify the school.~~

[§668.36(c)]¹

- ▲ Schools may contact individual guarantors for more information on procedures for reporting SSN, date of birth, and first name changes or corrections. See [Section 1.5](#) for contact information.

If a school learns that the SSN, date of birth, or first name is incorrect due to a data entry error, the school may change the incorrect information using the original documentation submitted. The school must document the reason it made the change.

Acceptable Source Documents for Social Security Number (SSN) Changes

A guarantor considers any of the following documents a valid source for reporting an SSN change:

- Social Security card or other Social Security Administration document.
- W-2 form.
- Unexpired U.S. military ID.
- The [Master Promissory Note \(MPN\)](#) or loan certification (if the discrepancy resulted from a data input error).
- State driver’s license or state-issued identification card on which the SSN is listed.

Some guarantors have alternative requirements regarding acceptable source documents. These requirements are noted in [Appendix C](#).

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

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

- Birth certificate.
- Current driver’s license (if it contains a birth date).
- State ID (if it contains a birth date).
- U.S. Passport or passport card (current or expired).²
- Unexpired U.S. military ID.

Acceptable Source Documents for Reporting a First Name Change

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

- Court order.
- Marriage certificate.
- U.S. Certificate of Naturalization (Form N-550 or N-570).

¹ Policy 1140 (Batch 160), approved September 17, 2009

² Policy 1148 (Batch 162), approved November 19, 2009

Acceptable Source Documents for Reporting the Correction of a First Name

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

- Social Security card.
- Current driver’s license.
- Birth certificate.
- State ID.
- U.S. Certificate of Naturalization (Form N-550 or N-570).
- Court order.
- Marriage certificate.
- W-2 Form.
- U.S. Passport or passport card (current or expired).¹
- Unexpired U.S. military ID.
- U.S. military discharge papers (Form DD214).
- U.S. Certificate of Citizenship (Form N-560 or N-561).
- Alien Registration Card (Form I-551 or I-151).

9.2 Student Enrollment Status Reporting

A **school** must develop procedures to ensure that student enrollment status changes are reported correctly and in a timely manner to the **guarantor** and/or the lender. Timely and accurate enrollment status reporting is critical for the effective administration of the Title IV student loan programs. Enrollment information is used to determine a student borrower’s eligibility for in-school status, **deferment**, interest subsidy, and **grace period**. Enrollment information is also used to determine the cohort into which the student’s loans are relegated for purposes of determining the school’s **cohort default rate** (see **Sections 9.4 and 16.2**).

A school reports student enrollment status changes through a process called **Enrollment Reporting** [previously called the **Student Status Confirmation Report (SSCR)**].

Examples of enrollment changes that a school is required to report include a change from full-time to half-time status, a change from half-time to less-than-half-time status, a withdrawal, a graduation, or an approved **leave of absence** that complies with Title IV requirements.

[NSLDS Enrollment Reporting Guide, October 2006, Chapter 1, Section 1.1]

Reporting by All Schools Except Foreign Schools

All schools with the exception of **foreign schools** must report enrollment status changes to the **National Student Loan Data System (NSLDS)** (a foreign school may also use the NSLDS to report enrollment status changes; see the subheading “Reporting by Foreign Schools” below). Schools may elect to satisfy this requirement by reporting to the NSLDS directly or through the use of a **third-party servicer**. If a student’s enrollment status changes and the school does not expect its NSLDS enrollment reporting to be completed within the next 60 days, the school must submit an ad hoc report within 30 days. See **Subsection 9.2.B**.

[§682.610(c)]

If a school reports enrollment status information to a **third-party servicer**, the school may deliver any request for enrollment verification received from a guarantor to the third-party servicer for completion.

If a school that is required to report to the NSLDS directly or through the use of a third-party servicer does not do so, the school is not in compliance with the enrollment reporting requirements.

[§682.610(c); NSLDS Enrollment Reporting Guide, October 2006, Chapter 1, Section 1.2]

Reporting by Foreign Schools

In most cases, **foreign schools** receive a paper request for enrollment information from the guarantor. The school is required to review the report, update student enrollment information, and return the updated information to the guarantor within 30 days of the date it received the guarantor’s request.

Some foreign schools have the capability to report electronically. These schools receive **Enrollment Reporting** information from the NSLDS either electronically or on tape. The school must update the enrollment information and return the updated file to the NSLDS within 30 days of the date it received the request.

¹ Policy 1148 (Batch 162), approved November 19, 2009

Deferment Eligibility Chart

Figure 11-1

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

Form	Deferment Type	Time Limit	Stafford and SLS Loans			PLUS Loans					Consolidation Loans	
			Pre 7/1/87 Borrower	New ¹ Borrower 7/1/87 to 6/30/93	New ² Borrower 7/1/93	Loans Before 8/15/83	Pre 7/1/87 Borrower	New ¹ Borrower 7/1/87 to 6/30/93	New ² Borrower 7/1/93	New ^{3,7} Loans 7/1/08	Pre 7/1/93 Borrower ⁹⁸	New Borrower 7/1/93 ¹⁰⁹
SCH	In-School: Full Time	None	•	•	•	•	•	•	•	•	•	•
	In-School: Half Time ⁸⁷	None		•	•			•	•	•	•	•
	Post-Enrollment Deferment ⁷	6 Months							•			
EDU	Graduate Fellowship	None	•	•	•	•	•	•	•		•	•
	Rehabilitation Training	None	•	•	•	•	•	•	•		•	•
	Teacher Shortage	3 Years		•								
	Internship/ Residency Training	2 years	•	•		•						
TDIS	Temporary Total Disability ⁴³	3 Years	•	•		•	•	•			•	
PUB	Armed Forces or Public Health Services ⁵⁴	3 Years	•	•		•						
	National Oceanic and Atmospheric Administration Corps ⁵⁴	3 Years		•								
	Peace Corps, ACTION Program and Tax-Exempt Organization Volunteer	3 Years	•	•		•						
UNEM	Unemployment	2 years	•	•		•	•	•			•	
	Unemployment	3 Years			•				•			•
PLWM	Parental Leave ⁶⁵	6 Months	•	•								
	Mother Entering/ Reentering Work Force	1 Year		•								
HRD	Economic Hardship	3 Years			•				•			•
PLUS ³ 6	In-School: Full Time	None						•		•		
	In-School: Half Time	None						•		•		
	Post-Enrollment Deferment ⁷	6 Months							•			
	Rehabilitation Training	None				•	•	•				
MIL	Military Service ¹¹⁴⁰	None	•	•	•	•	•	•	•		•	•
	Post-Active Duty Student ¹²¹¹	13 Months ¹³ 12	•	•	•	•	•	•	•		•	•

¹ “New Borrower” 7/1/87 to 6/30/93: A borrower whose first FFELP loan was made on or after July 1, 1987, and before July 1, 1993, or who had an outstanding balance on a loan obtained on or after July 1, 1987, and before July 1, 1993, when he or she obtained a loan on or after July 1, 1993, or who had no outstanding balance on a Federal Consolidation loan made before July 1, 1993, that repaid a loan first disbursed before July 1, 1987.

² “New Borrower” 7/1/93: A borrower whose outstanding FFELP loans were all made on or after July 1, 1993, and when his or her first FFELP loan was made on or after July 1, 1993, had no outstanding FFELP loans that were made before July 1, 1993.

³ Deferment for parent borrower who received a loan(s) between July 1, 1987, and June 30, 1993, during which the student for whom the parent obtained the PLUS loan(s) meets the conditions required for an in-school deferment. Upon request, a parent borrower may defer repayment on a parent PLUS loan(s) that was first disbursed on or after July 1, 2008, during the period in which the student for whom the parent obtained the PLUS loan(s) meets the conditions required for an in-school deferment.¹

¹ Policy 1151 (Batch 162), approved November 19, 2009

- ⁴³ A deferment may be granted during periods when the borrower is temporarily totally disabled or during which the borrower is unable to secure employment because the borrower is caring for a dependent (including the borrower's spouse) who is temporarily totally disabled.
- ⁵⁴ Borrowers are eligible for a combined maximum of 3 years of deferment for service in NOAA, PHS, and Armed Forces.
- ⁶⁵ A parental leave deferment may be granted to a borrower in periods of no more than 6 months each time the borrower qualifies.
- ⁶ ~~Deferment for parent borrower during which the dependent student for whom the parent obtained a PLUS loan meets the deferment eligibility requirements.~~
- ⁷ A Grad PLUS borrower whose loan(s) was first disbursed on or after July 1, 2008, may receive a 6-month post-enrollment deferment beginning on the day after he or she no longer meets the conditions required for an in-school deferment. Upon request, a parent PLUS borrower may defer repayment on a parent PLUS loan(s) that was first disbursed on or after July 1, 2008, for a 6-month period that begins on the day after the parent or the student for whom the parent obtained the PLUS loan(s) no longer meets the conditions required for an in-school deferment.
- ⁸⁷ A borrower who received a Federal Consolidation loan before July 1, 1993, that repaid a loan made before July 1, 1987, or who had an outstanding balance on a FFELP loan obtained prior to July 1, 1987, when the Federal Consolidation loan was obtained, is eligible for in-school deferment only if the borrower attends school full time.
- ⁹⁸ A borrower with a Federal Consolidation loan made before July 1, 1993, or a borrower who receives a Consolidation loan on or after July 1, 1993, who has any outstanding FFELP loan(s) at the time of consolidation that was first disbursed before July 1, 1993.
- ¹⁰⁹ A borrower who receives a Federal Consolidation loan made on or after July 1, 1993, who has no outstanding FFELP loans at the time of consolidation that were made on or before July 1, 1993.
- ¹¹⁴⁰ A deferment may be granted to a borrower who is serving on active duty during a war or other military operation or national emergency (including qualifying National Guard duty). The borrower's military service must begin on or after October 1, 2007, or include that date.
- ¹²¹⁴ A deferment may be granted to a borrower called to active National or State duty who is a member of the National Guard or Reserves (including retired members) and who was enrolled at least half time at an eligible school at the time of, or within 6 months prior to, being activated. The borrower's military service must begin on or after October 1, 2007, or include that date.
- ¹³¹² A post-active duty student deferment may be granted to a borrower for a period of no more than 13 months each time the borrower qualifies. There is no limit to how many deferments of this type a borrower may receive. If a borrower is also eligible for a military service deferment, the 13-month period must run concurrently with the 180-day post-military mobilization period.¹

11.2 ACTION Program Deferment

An ACTION Program **deferment** is available to a borrower who is engaged in full-time paid volunteer service with an organization participating in a program authorized under Title I of the Domestic Volunteer Service Act of 1973 (ACTION programs).
[§682.210(b)(2)(iii)]

11.2.A Eligibility Criteria—ACTION Program

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

To qualify for this deferment, a borrower must request it and provide the lender with a statement from an official of the volunteer program certifying:

- That the borrower has agreed to serve as a volunteer on a full-time basis for at least one year.
- The date on which the borrower's service began.
- The date on which the borrower's service is expected to end.

11.2.B Deferment Documentation—ACTION Program

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

PUB
Public Service Deferment Request

¹ Policy 1151 (Batch 162), approved November 19, 2009

The lender may capitalize any interest accrued and not paid during this period.

[§682.407(c)(3)]

Claim Payment

The claim payment amount includes the sum of the remaining **principal balance** and interest accrued on the loan, unpaid **collection costs** incurred by the lender and applied to the borrower's account within 30 days of the date those costs were actually incurred, and unpaid interest up to the date the lender should have filed the claim.

In the case of a partial discharge of a Consolidation loan, the claim payment includes the amount specified in the preceding paragraph for the portion of the Consolidation loan attributable to the eligible victim or eligible public servant.

[§682.407(c)(9)]

The amount payable on an approved claim includes the unpaid interest that accrues during each of the following periods:

- During the period before the claim is filed, not to exceed 60 days from the date the lender determines that the borrower qualifies for a discharge.
- During a period not to exceed 30 days following the date the lender receives a claim returned by the guarantor for additional documentation necessary for the claim to be approved by the guarantor.
- During the period required by the guarantor to approve the claim and to authorize payment or to return the claim to the lender for additional documentation, not to exceed 90 days.

[§682.407(c)(10)]

Notifying the Borrower and Any Endorser

After being notified that the guarantor has paid a discharge claim, the lender must notify the borrower that the loan has been discharged, or partially discharged in the case of a Consolidation loan. Except in the case of a partially discharged Consolidation loan, the lender must return to the sender any payments received by the lender after the date the guarantor paid the discharge claim and notify the borrower and any **endorser** that there is no further obligation to repay the loan(s).

[§682.407(c)(11)]

13.8.G Total and Permanent Disability

Note: See [Section 5.4](#) for more information about eligibility requirements that a borrower must meet in order for the borrower to receive a new loan after he or she has received a loan discharge due to total and permanent disability.¹

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

Discharge Requests Based on VA Determinations

A borrower is eligible for loan discharge due to total and permanent disability if the borrower provides documentation from the VA showing that the VA has determined the borrower to be unemployable due to a service-connected condition, and this documentation is acceptable to the U.S. Department of Education (the Department). The borrower is not required to provide additional documentation to support the discharge; however, the borrower is required to complete the appropriate sections of the Discharge Application: Total and Permanent Disability. If the lender believes the borrower qualifies for discharge based on its review of the VA disability documentation, the lender must forward the loan discharge application and VA documentation to the guarantor for review. If the guarantor determines that the borrower meets the criteria for discharge based on its review of the VA documentation, the guarantor must forward the VA documentation and the loan discharge application to the Department for determination of the borrower's eligibility for loan discharge. The borrower is not subject to the 3-year conditional period. If the Department grants a final discharge based on a VA determination, it will notify the loan **holder** of the discharge. Any loan payments made after the effective date of the VA determination (that the borrower is unemployable due to a service-connected condition) are refunded to the borrower.

[[HEA §437\(a\)](#); [DCL GEN-08-12/FP 08-10](#); [Discharge Application: Total and Permanent Disability](#)]

Discharge Requests Not Based on VA Determinations

If any party to a loan claims to be **totally and permanently disabled**, the **lender** must request that party to provide **certification** of the **disability** from a physician who is a

¹ Policy 1149 (Batch 162), approved November 19, 2009