

Summary of Changes Approved September 2009

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

The policy changes listed below were approved September 17, 2009.

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

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
Chapter 2: About the FFELP			
2.3.C Common Forms	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
Chapter 3: Lender Participation			
3.4.C Permitted and Prohibited Activities	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.	Entrance counseling provided by a lender on behalf of a school on or after August 14, 2008.	1137/160
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.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	#
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
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
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
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			
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

Deferment Forms

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

Default Aversion Forms

- Default Aversion Assistance Request Form

Claim Forms

- Claim Form
- Supplemental Claim Form
- Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan
- FFELP Teacher Loan Forgiveness Request Form
- FFELP Ineligible Borrower and Identity Theft Supplemental Form¹

Loan Discharge/Forgiveness Forms

- Loan Discharge Application: School Closure
- Loan Discharge Application: False Certification of Ability to Benefit
- Loan Discharge Application: False Certification (Disqualifying Status)
- Loan Discharge Application: False Certification (Unauthorized Signature/Unauthorized Payment)
- Discharge Application: Total and Permanent Disability
- Loan Discharge Application: Unpaid Refund
- Loan Discharge Application: Spouses and Parents of September 11, 2001 Victims
- Teacher Loan Forgiveness Application
- Teacher Loan Forgiveness Forbearance Form

¹ Policy 1136 (Batch 160), approved September 17, 2009

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

[§682.208(e)(1)(i)]

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

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

[§682.208(e)(1) and (2)]

Loan Transfer

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

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

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

[§682.208(h)]

Documentation Requirements

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

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

3.4.C Permitted and Prohibited Activities

Permitted Activities

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

- Technical assistance to a school that is comparable to the kinds of technical assistance provided to a school by the Department under the Federal Direct Loan Program, as identified by the Department in public announcements, such as a notice in the *Federal Register*.
[HEA §435(d)(5); §682.200(b) definition of lender (5)(ii)(A)]
- Entrance and Exit counseling services, as long as the school’s staff is in control of the counseling, whether in person or via electronic capabilities, and such counseling does not promote the products and services of any specific lender.
[HEA §435(d)(5)(~~G~~)(E) and (F)]¹
- Support of, and participation in, a school’s or guarantor’s student aid or financial literacy-related outreach activities, as long as the name of the entity that developed and paid for any materials is provided to the participants and the lender does not promote its student loan or other products.

¹ Policy 1137 (Batch 160), approved September 17, 2009

- Meals, refreshments, and receptions that are reasonable in cost and scheduled in conjunction with training, meeting or conference events, if those meals, refreshments, or receptions are open to all training, meeting, or conference attendees.
- Toll-free numbers for use by a school or others to obtain information about FFELP loans.
- Free data transmission service for a school to use in electronically submitting applicant loan information or student status information or confirmation data.
- A reduced [origination fee](#) (when permitted by statute; see [Subsection 3.5.A](#)).
- A reduced interest rate.
- Payment of the [federal default fee](#) on behalf of the FFELP borrower.
- A premium payment to another lender for the purchase of a loan.
- Other benefits to a borrower under a repayment incentive program that requires, at a minimum, one or more scheduled payments in order to receive or retain the benefit.
- Benefits under a loan [forgiveness](#) program for public service or other targeted purposes approved by the Department, provided these benefits are not marketed to secure loan applications or loan guarantees.
- Items of nominal value to schools, [school-affiliated organizations](#), and to borrowers that are offered as a form of generalized marketing or advertising, or to create good will.
- Other services identified by the Department through a public announcement, such as a notice in the *Federal Register*.

[\[§682.200\(b\)\]](#)

The references to “applications” above includes the [Free Application for Federal Student Aid \(FAFSA\)](#), and FFELP Master Promissory Notes and application and promissory notes.

[\[§682.200\(b\) definition of lender \(5\)\(iii\)\(B\)\]](#)

Prohibited Activities

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

- Receiving points, premiums, payments, additional [interest](#), or any other form of compensation from another [entity](#) to obtain [funds](#) with which to make loans or to induce the lender to make loans either to a student or a parent borrower from a particular [school](#) or to any particular category of student or [parent](#). Examples of such prohibited incentive payments include:
 - Cash payments made to a lender by or on behalf of a school. [\[§682.212\(b\)\(1\)\]](#)
 - The maintenance of a compensating balance with a lender by or on behalf of a school. [\[§682.212\(b\)\(2\)\]](#)
 - Payments to a lender by or on behalf of a school for servicing costs on loans that the school does not own. [\[§682.212\(b\)\(3\)\]](#)
 - Payments to a lender by or on behalf of a school for unreasonably high servicing costs on loans owned by the school. [\[§682.212\(b\)\(4\)\]](#)
 - Purchase of a lender’s stock by or on behalf of a school. [\[§682.212\(b\)\(5\)\]](#)
 - Payments ostensibly made for other purposes. [\[§682.212\(b\)\(6\)\]](#)
- Refusing to make, purchase, consolidate, or refinance a loan because of the borrower’s race, national origin, religion, sex, marital status, age, or [disability](#).
- Offering—directly or indirectly—points, premiums, payments (including payments for referrals and for processing or finder fees), prizes, stock or other securities, travel, entertainment expenses, tuition payment or reimbursement, the provision of information technology equipment at below-market value, additional financial aid funds, or other inducements to any [school](#) or any employee of the

school to secure applications for FFELP loans or to secure FFELP loan volume. This includes but is not limited to:

- Payments or offerings of other benefits, including prizes or additional financial aid funds, to a prospective borrower in exchange for applying for or accepting a FFELP loan from the lender.
- Payments or other benefits to a school, any [school-affiliated organization](#) or to any individual in exchange for FFELP loan applications, application referrals, or a specified volume or dollar amount of loans made, or placement on the school’s list of recommended or suggested lenders.
- Payments or other benefits provided to a student at a postsecondary school who acts as the lender’s representative to secure FFELP loan applications from individual prospective borrowers, unless the student is also employed by the lender for other purposes and the student has made all appropriate disclosures regarding employment with the lender. [[HEA §435\(d\)\(5\)\(G\)](#); [§682.200\(b\) definition of lender \(5\)\(i\)\(A\)\(3\)](#)]
- Payments or other benefits to a loan solicitor or sales representative of a lender who visits schools to solicit individual prospective borrowers to apply for FFELP loans from the lender.
- Payment to another lender or any other party of referral fees or processing fees, except those processing fees necessary to comply with federal or state law.
- Compensating a school financial aid office employee or a school employee who has responsibilities with respect to the school’s student loans or other financial aid for service on an advisory board, commission, or group established by a lender or group of lenders, except that a lender may reimburse such an employee for reasonable expenses incurred in that service. [[HEA §435\(d\)\(5\)\(D\)](#)]
- Payment of conference or training registration, transportation, and lodging costs for an employee of a school or school-affiliated organization.
- Payment of entertainment expenses, including expenses for private hospitality suites, tickets to shows or sporting events, meals, alcoholic beverages, and any lodging, rental, transportation, and other gratuities related to lender-sponsored activities for employees of a school or a school-affiliated organization.
- Philanthropic activities, including providing scholarships, grants, restricted gifts, or financial contributions in exchange for FFELP loan applications or application referrals, or for a specified volume or dollar amount of FFELP loans made, or for placement on a school’s list of recommended or suggested lenders.
- Staffing services to a school, except for services provided to participating [foreign schools](#) at the direction of the Department, as a [third-party servicer](#) or otherwise on more than a short-term, emergency, non-recurring basis to assist a school with financial aid-related functions. The term “emergency basis” for the purpose of providing staffing support means only in the instance of a state- or federally-declared natural disaster, a federally-declared national disaster, and other localized disasters and emergencies identified by the Department. [[HEA §435\(d\)\(5\)\(A\)](#); [§682.200\(b\)](#)]
- Performing for a school or paying, on behalf of a school, another person to perform any function that the school is required to perform under any Title IV program. A lender may participate in person in a school’s required [entrance and exit counseling](#) as long as the school’s staff is in control of the counseling, whether in person or via electronic capabilities, and such counseling does not promote the products or services of any specific lender. [[HEA §435\(d\)\(5\)\(E\) and \(F\)](#); [HEA §487\(e\)\(2\)\(B\)\(ii\)\(IV\)](#); [§682.200\(b\) definition of lender \(5\)\(ii\)\(B\)](#)]¹
- Conducting unsolicited mailings, by mail or electronically, of student loan [application](#) forms to potential [borrowers](#) (i.e., students enrolled in secondary or postsecondary schools and their family members), unless the lender has previously made a FFELP loan to the student or the student’s parent. [[HEA §435\(d\)\(5\)\(B\)](#); [§682.200\(b\) definition of lender \(5\)\(i\)\(B\)](#)]

¹ Policy 1137 (Batch 160), approved September 17, 2009

Change to EFC

If the EFC used in certifying a FFELP loan changes as a result of the [verification](#) process, the school must make the necessary corrections and any resulting adjustments to the borrower's loan eligibility. No tolerance is permitted on a FFELP loan when determining whether a loan should be decreased. The school is responsible for eliminating any [overaward](#) resulting from corrections necessitated by the verification process (see [Section 8.6](#)).
[§668.59(c)(1)]

6.6.B Use of Professional Judgment to Determine EFC

A [financial aid administrator \(FAA\)](#) is permitted to increase or decrease a student's [expected family contribution \(EFC\)](#) based on extenuating circumstances. In adjusting the EFC, the FAA must adjust a specific data element within the calculation. Alterations must be documented in the student's file.

In determining whether a student has extenuating circumstances, an FAA may request and use additional information concerning the financial status or personal circumstances of a student or the student's family.
[HEA §479A; DCL GEN-92-21; 08-09 FSA Handbook, Application and Verification Guide, Chapter 5, p. AVG-99]

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

6.7 Determining the Amount of Estimated Financial Assistance (EFA)

As part of the loan certification process, the school must determine the [estimated financial assistance \(EFA\)](#) the student may receive from other sources. To determine the amount and type of FFELP loan funds for which a borrower is eligible, the [school](#) must deduct from the student's [cost of attendance \(COA\)](#) any other types of financial assistance the student has received, or will receive, during the [loan period](#).
[HEA §471]

A student's EFA includes all aid the student—or a [parent](#) on behalf of a [dependent student](#)—will receive for the loan period from federal, [state](#), institutional, or other sources. Examples of aid that must be included in the EFA are scholarships, grants, [financial need](#)-based employment income, and loans—including, but not limited to:

- ~~Veterans' educational benefits, including educational benefits paid under Chapters 30 (Montgomery GI Bill Active Duty), 31 (Vocational Rehabilitation and Employment Program), 32 (Veterans' Educational Assistance Program), and 35 (Dependents' Educational Assistance Program) of Title 38 of the U.S. Code and educational benefits paid under Chapters 31 (National Call to Service), 1606 (Montgomery GI Bill Selected Reserve) and 1607 (Reserve Educational Assistance Program) of Title 10 of the U.S. Code. When determining eligibility for a subsidized Stafford loan, benefits paid under Chapter 30 of Title 38 of the U.S. Code are excluded from the EFA, as noted later in the section.~~
[§682.200(b)(1)(i) and (ii)]
- National service education awards or postservice benefits paid under Title I of the National and Community Service Act of 1990 ([AmeriCorps](#)). When determining eligibility for a subsidized Stafford loan, these benefits are excluded from the EFA, as noted later in the section.
[§682.200(b)(1)(i)]
- Reserve Officer Training Corps (ROTC) scholarships and subsistence allowances awarded under [Chapter 2 of Title 10](#) and [Chapter 2 of Title 37 of the U. S. Code](#).
[§682.200(b)(1)(iii)]
- ~~Benefits paid under P.L. 96-342, section 903, Educational Assistance Pilot Programs.~~
[§682.200(b)(1)(iv)]¹
- Educational benefits paid because of enrollment in a postsecondary education institution, or to cover postsecondary education expenses.
[§682.200(b)(1)(v)]
- Fellowships or assistantships, except non-need-based employment portions of such awards.
[§682.200(b)(1)(vi)]
- Insurance programs for the student's education.
[§682.200(b)(1)(vii)]

¹ Policy 1138 (Batch 160), approved September 17, 2009

- The estimated amount of other federal student aid—including, but not limited to, Federal Pell grant, Academic Competitiveness grant, National SMART grant, TEACH grant, and campus-based aid. The gross amount (including fees) of any subsidized Stafford, unsubsidized Stafford, or PLUS loan is also included, except as noted below.
[HEA §480(j); §682.200(b)(1)(viii)]

A student's EFA does not include:

- Amounts used to replace the expected family contribution (EFC), including any TEACH grant amounts, unsubsidized Stafford loan amounts, PLUS loan amounts, and non-federal non-need-based loans, including private, state-sponsored, and institutional loan funds. However, if the sum of the amounts received that are being used to replace the student's EFC exceeds the EFC, the excess amount is treated as EFA.
[§682.200(b)(2)(i)]

- For a *subsidized* Stafford loan, ~~veterans' educational benefits paid under Chapter 30 of Title 38 of the U.S. Code (Montgomery GI Bill - Active Duty) and national service education awards or postservice benefits paid under Title I of the National and Community Service Act of 1990 (AmeriCorps).~~
[§682.200(b), definition of *estimated financial assistance* (2)(iii)]

- Any federal veterans' education benefits, including, but not limited to, those paid under any of the following provisions of federal law:

- = Chapter 103 of Title 10 of the U.S. Code (Senior Reserve Officers' Training Corps).
- = Chapter 106A of Title 10 of the U.S. Code (Educational Assistance for Persons Enlisting for Active Duty).
- = Chapter 1606 of Title 10 of the U.S. Code (Selected Reserve Educational Assistance Program).
- = Chapter 1607 of Title 10 of the U.S. Code (Educational Assistance Program for Reserve Component Members Supporting Contingency Operations and Certain Other Operations).
- = Chapter 30 of Title 38 of the U.S. Code (Montgomery GI Bill-Active Duty).

- = Chapter 31 of Title 38 of the U.S. Code (Training and Rehabilitation for Veterans with Service-Connected Disabilities).
- = Chapter 32 of Title 38 of the U.S. Code (Post-Vietnam Era Veterans' Educational Assistance Program).
- = Chapter 33 of Title 38 of the U.S. Code (Post-9/11 Educational Assistance, including Federal and school contributions to the Yellow Ribbon Program).
[Electronic Announcement dated August 13, 2009]
- = Chapter 35 of Title 38 of the U.S. Code (Survivors' and Dependents' Educational Assistance Program).
- = Section 903 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141 note) (Educational Assistance Pilot Program).
- = Section 156(b) of the Joint Resolution making further continuing appropriations and providing for productive employment for the fiscal year 1983, and for other purposes (42 U.S.C. 402 note) (Restored Entitlement Program for Survivors, also known as Quayle benefits).
- = Chapter 3 of Title 37 of the U.S. Code related to subsistence allowances for members of the Reserve Officers Training Corps.

The exclusion of federal veterans' education benefits from EFA applies regardless of whether the benefits are received by the veteran, the veteran's spouse, or the veteran's dependent.

[HEA §480(c)(2); HEA §480(j)(1); Electronic Announcement dated July 2, 2009]¹

- Qualified education benefits, including qualified tuition programs (e.g., 529 prepaid tuition plans and savings plans), prepaid tuition plans offered by a state, and Coverdell education savings accounts.
[HEA §480(f)(3) and (4); DCL GEN-06-05; DCL GEN-06-10]
- Federal Perkins loans and Federal Work-Study (FWS) funds the school determines the student has declined for any reason.
[HEA §480(j); §682.200(b)(2)(ii)]

¹ Policy 1138 (Batch 160), approved September 17, 2009

- Veterinary medicine programs accredited by the American Veterinary Medical Association, Council on Education.
 - Optometry programs accredited by the American Optometric Association, Council on Optometric Education.
 - Podiatric medicine programs accredited by the American Podiatric Medical Association, Council on Podiatric Medical Education.
 - Pharmacy programs accredited by the American Council of Pharmaceutical Education.
 - Public health programs accredited by the Council on Education for Public Health.
 - Chiropractic medicine programs accredited by the Council on Chiropractic Education, Commission on Accreditation.
 - Health administration graduate programs accredited by the Accrediting Commission on Education for Health Services Administration.
 - Clinical psychology programs accredited by the American Psychological Association, Committee on Accreditation.
[DCL GEN-99-21; 08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-112]
- ~~• The student must not receive a HEAL program loan for any portion of the same loan period as the increased unsubsidized Stafford loan limit.¹~~
- The student must be enrolled in an eligible program at an eligible school, as defined above.
[DCL GEN-98-18; DCL GEN-97-4; DCL GEN-96-14; 08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-110]

The 5-year Bachelor of Pharmacology Program is the only program in which an **undergraduate student** is eligible for increased unsubsidized Stafford loan limits under these provisions. In addition to being required to meet all of the other eligibility criteria outlined in this subsection, a student enrolled in this program must meet the following criteria to be eligible for the increased unsubsidized Stafford loan limits:

- The student must be enrolled in the fourth or fifth year of the program.
- The student must be independent, or be a **dependent student** whose **parent** is unable to borrow a PLUS loan.
[DCL GEN-98-18]

Special Annual Unsubsidized Stafford Loan Limits

The increased annual unsubsidized Stafford loan limits for eligible health profession students supplement the regular Stafford loan limits the student would be eligible to receive in the same **loan period**, and cannot exceed the lesser of the following:

- The student's **cost of attendance (COA)** less other financial aid.
- The student's regular unsubsidized Stafford loan limit (see **Subsection 6.11.A**) plus the student's applicable HEAL loan maximum.
[08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-110]

HEAL program and discipline loan maximums are specified in section 104.3.2 of the *Department of Health and Human Services, Student Financial Aid Guidelines*. In general, the maximums are as follows:

- \$12,500 for a 9-month **academic year**, not to exceed \$16,667 for a 12-month academic year, for students enrolled in a graduate of public health, graduate in allied health, doctor of chiropractic, doctoral degree in clinical psychology, masters or doctoral degree in

For loan periods beginning on or after May 1, 2005, schools offering the following health profession programs are eligible to award increased unsubsidized Stafford loan limits to students enrolled in these programs:

- Naturopathic Medicine programs that lead to a Doctor of Naturopathic Medicine (N.M.D.) Degree or a Doctor of Naturopathy (N.D.) Degree and are accredited by the Council on Naturopathic Medical Education (CNME).
[DCL GEN-05-09]

Student Eligibility

To be eligible for the increased unsubsidized Stafford loans exceeding standard **annual loan limits**, a health profession student must meet the following criteria:

- The student must be eligible for an unsubsidized Stafford loan.
- The student must be **enrolled** at least half time.

¹ Policy 1139 (Batch 160), approved September 17, 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).
- Passport.
- 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

3. *Assignment of a Loan*

The **claim** file must contain the **holder's** original **assignment** of a loan to the **guarantor**. A lender using the Claim Form, which contains the assignment language, need not provide additional information or certifications when filing a claim in order to assign the loan. A lender using an electronic claim filing process should work directly with the guarantor to develop an accurate, timely assignment process that corresponds with the claim filed.

If the ownership of the loan was previously assigned to the current holder from another holder, the holder must document all prior assignments, as applicable, and the lender's assignment of the note to the guarantor. Each prior assignment may be stamped, typed, or written directly on the back of the note, or may be in the form of a letterhead assignment or otherwise through an agreement with the guarantor.

4. *Out-of-School Date Information*

Documentation supporting the lender's **out-of-school date** must be included as part of the claim documentation *only* if the lender is aware that its out-of-school date is different from the out-of-school date on the guarantor's file.

5. *Cure Documentation*

If the loan's **guarantee** is lost and subsequently reinstated, the lender must include in any claim filed subsequent to the **reinstatement** the **curing instrument** or a legible copy of the curing instrument. Examples of a curing instrument include a new repayment agreement signed by the borrower or a copy of a payment. In the case of an **intensive collection activities (ICA)/location cure**, the claim file must include acceptable evidence that the borrower has been located as detailed in **Section 14.6**. For additional information regarding acceptable documentation to show that an ICA/location cure has been completed, see **Section 14.6**.

6. *Reduced Interest Rate Documentation*

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 must include the borrower's written request for the reduced interest rate and the applicable military orders.¹

Closed School Claims, False Certification Claims, and Unpaid Refund Discharges

Documentation requirements for closed school and false **certification** claims are outlined in **Subsections 13.8.B, and 13.8.D, and 13.8.E** respectively. Documentation requirements for unpaid refund discharges are outlined in **Subsection 13.8.H**.

For a false certification claim as a result of the crime of identity theft, the lender must also submit a completed FFELP Ineligible Borrower and Identity Theft Supplemental Form along with applicable documentation.

Ineligible Borrower Claims

For an **ineligible borrower** claim, the lender is required to submit only items 1 through 3 of the preceding list. The lender must also provide the month, day, and year the **final demand** letter was mailed and reasonable documentation supporting the borrower's ineligibility for the loan, such as an affidavit or letter from the school or a statement from the lender clearly stating the facts and allegations. Further, the lender is required to submit a completed FFELP Ineligible Borrower and Identity Theft Supplemental Form along with applicable documentation.²

Additional Documentation Requirements

Bankruptcy Claims

For a **bankruptcy claim**, the lender must submit—in addition to the preceding items 1 through 5—notification of the bankruptcy filing, such as the Notice of the First Meeting of Creditors (the Notice) or other proof of filing directly received from the borrower's attorney, the bankruptcy court, or from another source; a copy of the Proof of Claim filed by the lender, if required; and all other pertinent documents sent to or received from the bankruptcy court.

[§682.402(f)(3); §682.402(g)(1)(v)(A)]

Death Claims

For a death **claim**, the lender must submit—in addition to the preceding items 1 through 5—an original or certified copy, or an accurate and complete photocopy of the original or certified copy, of the death certificate (see **Subsection 13.8.C**). The use of a fax or electronic version of the death certificate is not permitted. In the event of an exceptional circumstance and on a case-by-case basis, the lender must submit other reliable documentation approved by the guarantor's CEO.

[§682.402(b)(2); §682.402(g)(1)(iii)]

¹ Policy 1135 (Batch 160), approved September 17, 2009

² Policy 1136 (Batch 160), approved September 17, 2009

with a written explanation of the circumstances preventing the loan holder from certifying the LVC.

[§682.206(f); §682.209(j)]

If there is a technical issue that will result in a delay of the loan holder's certification of the LVC, the loan holder must inform the consolidating lender within 10 business days of receipt of the LVC that a delay will occur.

[DCL FP-04-02]

If a loan holder receives an LVC that does not include the name and, in the case of a FFELP lender, the lender identification number (LID) of the eligible consolidating lender or trustee lender, it should not provide any information related to a borrower's loan. The loan holder should instead provide a written explanation to inform the requestor as to why it is not completing the LVC.

Other circumstances that may prevent a holder from completing the LVC include those in which:

- The loan holder never held the loan.
- The loan is not fully disbursed or the borrower is not in grace or repayment status.
- The loan has been sold.
- The loan is more than 270 days delinquent and a [default claim](#) has been submitted to the [guarantor](#).
- The loan has been assigned to the ~~a~~ guarantor.
- The loan is subject to collection by [administrative wage garnishment](#).
- There is a judgment against the borrower on the loan for which the borrower has requested consolidation.
- The loan is a joint Consolidation loan. A joint Consolidation loan may not be included in a subsequent Federal or Direct Consolidation loan under any circumstances.
[DCL FP-09-03]

If the loan holder is unable to certify the LVC due to one of these circumstances, the loan holder must provide a written explanation to the consolidating lender within 10 business days of the loan holder's receipt of the LVC.

[§682.209(j); DCL FP-04-02]

For each of the following additional circumstances, within 10 business days of the loan holder's receipt of the LVC, the loan holder must provide to the consolidating lender a

written explanation as to why the LVC is not being completed ~~with payoff information~~, and also must notify the Federal Student Aid Financial Partners staff of the holder's decision not to complete the LVC. These additional circumstances are:

- Within the last 90 days, the loan holder has completed an LVC on the loan for another lender, indicating that the borrower may have more than one Consolidation loan application outstanding.
- The borrower appears to have no eligible loans other than a single Consolidation loan that is held by the loan holder. However, an LVC from the Federal Direct Loan Program (FDLP) must be completed within the required timeframes, unless the Consolidation loan is a joint Consolidation loan.
[DCL FP-09-03]¹

For the two additional circumstances listed above, once the loan holder provides the consolidating lender with an explanation of why the LVC is not completed, if the consolidating lender provides additional information to the loan holder that supports the borrower's eligibility to consolidate the loans, the holder must complete the LVC within 10 business days of receipt of that information. Supporting information may include the following:

- For the first circumstance noted above, a written statement from the borrower stating that he or she has canceled any previous Consolidation loan applications.
- For the second circumstance, documentation from the consolidating lender showing that the borrower has one or more additional loans that will be consolidated with the Consolidation loan.
[DCL GEN-07-03/FP-07-07]

15.3.D Calculating the Interest Rate

Interest rates applicable to Consolidation loans are listed in the table on the following page. In addition, a Consolidation loan made to a borrower who subsequently enters qualifying military service may be eligible for a reduced interest rate.

¹ Policy 1141 (Batch 160), approved September 17, 2009

Eligible Not-For-Profit Holder: As it relates to special allowance payments on loans first disbursed on or after October 1, 2007, a holder of a loan that is:

- A state, or political subdivision, authority, agency, or other instrumentality of such, including those lenders that are eligible to issue tax-exempt bonds, and that made or acquired a FFELP loan on or before September 27, 2007.
- A qualified scholarship funding corporation established by a state, or one or more political subdivisions, that has not elected to cease status as a qualified scholarship funding corporation and that made or acquired a FFELP loan on or before September 27, 2007.
- A tax-exempt organization as described in [§501\(c\)\(3\) of the Internal Revenue Code of 1986](#) that made or acquired a FFELP loan on or before September 27, 2007.
- An eligible lender trustee (ELT) acting on behalf of an entity (other than an eligible school) that is a state or nonprofit entity or special purpose entity for a state or nonprofit entity that was the sole beneficial owner of a loan eligible for special allowance payments on September 27, 2007.

See [Subsection A.2.A](#) for more information on eligible not-for-profit holder designations.

Eligible Student: A student who meets federal student eligibility criteria. See [Subsection 5.1.B.](#) for specific criteria.

Emergency Action: A special action taken by the guarantor or the Department to temporarily immediately suspend a school, lender, or servicer from participation in the guarantor's programs prior to the initiation of formal Limitation, Suspension, and Termination procedures. See [Subsection 18.1.D.](#)

Endorser: A signer of a promissory note who is secondarily liable for a loan obligation, i.e., who agrees to pay if the borrower does not. A lender may require a PLUS borrower with adverse credit to obtain a creditworthy endorser in order to receive the loan.

Enrolled: The status of a student who has met either of the following requirements:

- Completed the registration requirements (except for the payment of tuition and fees) at the school the student is attending.
- Been admitted into an educational program offered predominantly by correspondence and has submitted one lesson, completed by the student after acceptance for enrollment and without the help of a representative of the school.

Enrollment Reporting: The method by which schools confirm and report to the National Student Loan Data System (NSLDS) the enrollment status of attending students who receive Title IV loans. This process was formerly known as the Student Status Confirmation Report (SSCR).

Entity: For purposes of this Manual, any organization, institution, government agency, nonprofit corporation, or other group that participates in federal student financial aid programs.

Entrance Counseling (or Entrance Interview): Required counseling that must be provided to a first-time Stafford borrower or a first-time Grad PLUS borrower. The school must conduct counseling in person, by audiovisual presentation, or by interactive electronic means. See [Subsection 4.4.C.](#)

Escrow Agent: A guarantor or other eligible lender that receives the proceeds of a FFELP loan as an agent of an eligible lender for the purpose of transmitting those proceeds to the borrower or the borrower's school.

Estimated Financial Assistance (EFA): The school's estimate of the amount of financial assistance from federal, state, institutional, or other sources that a student (or parent on behalf of a student) will receive for a period of enrollment. This may include ~~veterans' and~~ national service awards and benefits (except when determining eligibility for a subsidized Stafford Loan), scholarships, grants, financial need-based employment, or loans. EFA does not include Federal Perkins loans or Federal Work-Study funds that the student has declined or certain loans used to replace the expected family contribution, or federal veterans' education benefits. See [Section 6.7.](#)¹

¹ Policy 1138 (Batch 160), approved September 17, 2009