

Summary of Changes Approved September 2009 through January 2010

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 January 21, 2010.

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			
2.1.B Types of Loans Available 2.2.A Origination	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
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
2.3.C Common Forms	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
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
3.5.F 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

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			
6.1 Defining an Academic Year	Clarifies that a school must define and document a program's Title IV academic year and, for a credit-hour program, the program's structure (i.e., term-based or non-term-based). Requires a school to use the same academic year definition for all students enrolled in a particular program. Describes a school's ability to define a different academic year for two versions of the same program, and explains the treatment of a student taking courses from separate versions of a program. Updates the glossary definition of "academic year" to include minimum statutory requirements for an academic year in a graduate or professional program.	<p>Publication date of the 95-96 FSA Handbook for the requirement to use the same academic year for all students enrolled in a particular program.</p> <p>Publication date of the 04-05 FSA Handbook for:</p> <ul style="list-style-type: none"> The treatment of a student taking courses from two different versions of a program with different academic year definitions. The treatment of a clock-hour program, including such a program with terms, as non-term-based. 	1159/164

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
<p>6.2 Determining the Loan Period</p> <p>6.3.A Credit-Hour Programs Offered in Modules</p> <p>6.3.B Credit-Hour Programs With Standard Terms or with Nonstandard Terms That Are Substantially Equal in Length</p> <p>6.3.C Credit-Hour Programs with Nonstandard Terms That Are Not Substantially Equal in Length</p> <p>6.4.B When Disbursements May Be Scheduled</p> <p>Figure 6-3 First Disbursement Timeline</p>	<p>Clarifies a school's options for defining the structure of a modular program and the effect of the school's choices on the frequency of annual loan limits, the definition of a payment period, a student's eligibility for additional funds due to a grade level increase within an academic year, the minimum loan period, the scheduling of disbursements, and the delivery of loan funds.</p>	<p>Effective for the delivery of the second disbursement of a Stafford or PLUS loan certified for a single term of a standard term-based program or a program with nonstandard terms that are substantially equal and at least 9 weeks of instructional time in length (SE9W) on or after September 29, 2009, unless implemented earlier by the school.</p> <p>Effective with the publication of the October 2005 Blue Book for the definition of "module".</p> <p>Effective with the publication of the 04-05 Handbook for:</p> <ul style="list-style-type: none"> • Defining the structure of a credit-hour program offered in modules. • Disbursement scheduling and delivery in a credit-hour program offered in modules, with the exception of the second delivery of a loan made for a single term in a standard term-based program or a program with nonstandard terms that are SE9W. • Progressing to the next payment period in a non-term-based credit-hour program offered in modules. • The prohibition against making a late first delivery of Stafford or PLUS loan funds to a student enrolled in a term-based credit-hour program offered in modules who withdraws or drops to less-than-half-time enrollment without ever beginning half-time attendance in the term. <p>Effective for official and unofficial withdrawal determinations made by the school on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999, for the payment period used to calculate the percentage of the period completed for a student who withdraws from a standard term-based program offered in modules.</p>	1157/163

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
6.4.A Multiple Disbursements and Low Cohort Default Rate Exemptions	Consistently states that delayed delivery and multiple disbursement exemptions are based on <i>official</i> cohort default rates. Incorporates text that explains when a school may begin certifying loans based upon these exemptions. Clarifies existing policy about when a school must cease certifying loans based on the exemptions when the school's cohort default rate(s) no longer qualifies the school for an exemption.	Disbursements made on or after February 8, 2006, for the multiple disbursement and delayed delivery exemptions at a school with an official cohort default rate of less than 10% for the three most recent fiscal years. Disbursements received by the school on or after October 1, 1998, for the multiple disbursement and delayed delivery exemptions for a student enrolled in a study-abroad program at a school with an official cohort default rate of less than 5% for the most recent fiscal year.	1160/164
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.	For deletion of the bachelor of pharmacology program, publication date of the 07-08 FSA Handbook. For deletion of the graduate of allied health program, publication date of the 00-01 FSA Handbook.	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
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

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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
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

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Chapter 8: Loan Delivery			
<p>8.2.C School's Notice of Credit to Student's Account</p> <p>8.2.D School's Notice of Borrower's Right to Cancel Loan Disbursed by EFT or Master Check</p>	<p>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.</p>	<p>Loans disbursed on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.</p>	1154/162
<p>8.7 Delivering Loan Funds at Eligible Schools</p>	<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>	<p>New loan requests received by a school on or after August 28, 2009.</p>	1149/162

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<p>8.7.B Delivering Second and Subsequent Disbursements</p> <p>8.7.C Early Delivery</p> <p>8.7.E Late Delivery</p> <p>8.7.F Delivery in Credit-Hour Programs Offered in Modules</p> <p>8.7.G Delivery to Borrowers in Special Circumstances</p> <p>Figure 8-4 Earliest Disbursement and Delivery Dates</p>	<p>Clarifies a school's options for defining the structure of a modular program and the effect of the school's choices on the frequency of annual loan limits, the definition of a payment period, a student's eligibility for additional funds due to a grade level increase within an academic year, the minimum loan period, the scheduling of disbursements, and the delivery of loan funds.</p>	<p>Effective for the delivery of the second disbursement of a Stafford or PLUS loan certified for a single term of a standard term-based program or a program with nonstandard terms that are substantially equal and at least 9 weeks of instructional time in length (SE9W) on or after September 29, 2009, unless implemented earlier by the school.</p> <p>Effective with the publication of the October 2005 Blue Book for the definition of "module".</p> <p>Effective with the publication of the 04-05 Handbook for:</p> <ul style="list-style-type: none"> • Defining the structure of a credit-hour program offered in modules. • Disbursement scheduling and delivery in a credit-hour program offered in modules, with the exception of the second delivery of a loan made for a single term in a standard term-based program or a program with nonstandard terms that are SE9W. • Progressing to the next payment period in a non-term-based credit-hour program offered in modules. • The prohibition against making a late first delivery of Stafford or PLUS loan funds to a student enrolled in a term-based credit-hour program offered in modules who withdraws or drops to less-than-half-time enrollment without ever beginning half-time attendance in the term. <p>Effective for official and unofficial withdrawal determinations made by the school on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999, for the payment period used to calculate the percentage of the period completed for a student who withdraws from a standard term-based program offered in modules.</p>	1157/163

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
8.7.D Delayed Delivery	Consistently states that delayed delivery and multiple disbursement exemptions are based on <i>official</i> cohort default rates. Incorporates text that explains when a school may begin certifying loans based upon these exemptions. Clarifies existing policy about when a school must cease certifying loans based on the exemptions when the school's cohort default rate(s) no longer qualifies the school for an exemption.	Disbursements made on or after February 8, 2006, for the multiple disbursement and delayed delivery exemptions at a school with an official cohort default rate of less than 10% for the three most recent fiscal years. Disbursements received by the school on or after October 1, 1998, for the multiple disbursement and delayed delivery exemptions for a student enrolled in a study-abroad program at a school with an official cohort default rate of less than 5% for the most recent fiscal year.	1160/164
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

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
<p>9.4 Withdrawal Dates</p> <p>9.5.A Return Amounts for Title IV Grant and Loan Programs</p>	<p>Clarifies a school's options for defining the structure of a modular program and the effect of the school's choices on the frequency of annual loan limits, the definition of a payment period, a student's eligibility for additional funds due to a grade level increase within an academic year, the minimum loan period, the scheduling of disbursements, and the delivery of loan funds.</p>	<p>Effective for the delivery of the second disbursement of a Stafford or PLUS loan certified for a single term of a standard term-based program or a program with nonstandard terms that are substantially equal and at least 9 weeks of instructional time in length (SE9W) on or after September 29, 2009, unless implemented earlier by the school.</p> <p>Effective with the publication of the October 2005 Blue Book for the definition of "module".</p> <p>Effective with the publication of the 04-05 Handbook for:</p> <ul style="list-style-type: none"> • Defining the structure of a credit-hour program offered in modules. • Disbursement scheduling and delivery in a credit-hour program offered in modules, with the exception of the second delivery of a loan made for a single term in a standard term-based program or a program with nonstandard terms that are SE9W. • Progressing to the next payment period in a non-term-based credit-hour program offered in modules. • The prohibition against making a late first delivery of Stafford or PLUS loan funds to a student enrolled in a term-based credit-hour program offered in modules who withdraws or drops to less-than-half-time enrollment without ever beginning half-time attendance in the term. <p>Effective for official and unofficial withdrawal determinations made by the school on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999, for the payment period used to calculate the percentage of the period completed for a student who withdraws from a standard term-based program offered in modules.</p>	1157/163

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
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
11.24.B Internship or Residency	States that the eligibility criteria for internship or residency deferment apply also to the mandatory administrative forbearance for internship or residency, except that the borrower does not need to be a new borrower before July 1, 1993, to qualify for the forbearance.	Retroactive to the implementation of the <i>Common Manual</i> .	1161/164
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
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

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
13.6.A Default Claims	Provides instruction for a lender in a case when, after filing a default claim, the lender receives documentation that the loan(s) qualifies for a different type of claim payment.	Requests for unpaid refund loan discharge received by the lender on or after July 1, 2000. Requests for false certification loan discharge as a result of the crime of identity theft received by the lender on or after July 1, 2006. Requests for loan discharge for a spouse or parent of a victim of the September 11, 2001, terrorist attacks received by the lender on or after October 29, 2007.	1156/163
13.8.G Total and Permanent Disability	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
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 A: Interest Benefits and Special Allowance			
A.2.B Termination of Special Allowance	Moves to the history appendix outdated references regarding the termination of special allowance on unconsummated loans with first disbursement dates prior to October 1, 1992.	Upon approval by the <i>Common Manual</i> Governing Board.	1162/164

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Appendix G: Glossary			
Academic Year	Clarifies that a school must define and document a program's Title IV academic year and, for a credit-hour program, the program's structure (i.e., term-based or non-term-based). Requires a school to use the same academic year definition for all students enrolled in a particular program. Describes a school's ability to define a different academic year for two versions of the same program, and explains the treatment of a student taking courses from separate versions of a program. Updates the glossary definition of "academic year" to include minimum statutory requirements for an academic year in a graduate or professional program.	Publication date of the 95-96 FSA Handbook for the requirement to use the same academic year for all students enrolled in a particular program. Publication date of the 04-05 FSA Handbook for: <ul style="list-style-type: none"> • The treatment of a student taking courses from two different versions of a program with different academic year definitions. • The treatment of a clock-hour program, including such a program with terms, as non-term-based. 	1159/164
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
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

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
Module	Clarifies a school's options for defining the structure of a modular program and the effect of the school's choices on the frequency of annual loan limits, the definition of a payment period, a student's eligibility for additional funds due to a grade level increase within an academic year, the minimum loan period, the scheduling of disbursements, and the delivery of loan funds.	<p>Effective for the delivery of the second disbursement of a Stafford or PLUS loan certified for a single term of a standard term-based program or a program with nonstandard terms that are substantially equal and at least 9 weeks of instructional time in length (SE9W) on or after September 29, 2009, unless implemented earlier by the school.</p> <p>Effective with the publication of the October 2005 Blue Book for the definition of "module".</p> <p>Effective with the publication of the 04-05 Handbook for:</p> <ul style="list-style-type: none"> • Defining the structure of a credit-hour program offered in modules. • Disbursement scheduling and delivery in a credit-hour program offered in modules, with the exception of the second delivery of a loan made for a single term in a standard term-based program or a program with nonstandard terms that are SE9W. • Progressing to the next payment period in a non-term-based credit-hour program offered in modules. • The prohibition against making a late first delivery of Stafford or PLUS loan funds to a student enrolled in a term-based credit-hour program offered in modules who withdraws or drops to less-than-half-time enrollment without ever beginning half-time attendance in the term. <p>Effective for official and unofficial withdrawal determinations made by the school on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999, for the payment period used to calculate the percentage of the period completed for a student who withdraws from a standard term-based program offered in modules.</p>	1157/163
Appendix H: History of the FFELP and the <i>Common Manual</i>			
H.1 History of the FFELP and the <i>Common Manual</i>	Moves to the history appendix outdated references regarding the termination of special allowance on unconsummated loans with first disbursement dates prior to October 1, 1992.	Upon approval by the <i>Common Manual</i> Governing Board.	1162/164

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
H.1 History of the FFELP and the Common Manual	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

The school plays a key role in determining the amount of funds for which the student or borrower is eligible, whether those funds should be subsidized, and how the funds should be disbursed. The school provides this information to the lender and [guarantor](#) via its certification of the loan, either in a paper or electronic format. Chapter 6 describes the data a school is required to obtain or calculate and the certifications it must make to fulfill its role in the origination of a student's FFELP loan.

6.1 Defining an Academic Year

~~To determine and certify the appropriate loan amount, the~~ A school must first define the a program's [academic year](#) for which the funds are intended. For a [credit-hour program](#), a school must define how the program is structured—whether the program is offered in [standard \(i.e., semester, trimester, or quarter\) terms, nonstandard terms, or no terms](#). For the purposes of [Title IV aid](#), a [clock-hour program](#), including such a program with terms, is treated as non-term-based. The academic year is defined in [weeks of instructional time and, for an undergraduate program, credit or clock hours](#). For purposes of defining the academic year, a week of instructional time is any consecutive 7-day period in which the school provides at least one day of regularly scheduled classes or examination, or after the last scheduled day of classes for a term or [payment period](#), at least one day of study for final examinations. Instructional time does not include periods of orientation, counseling, vacation, or homework. [[§668.3\(b\); 09-10 FSA Handbook, Volume 3, Chapter 1, pp. 3-1, 3-2, and 3-5](#)]

A school may have different academic years for different [programs](#). For example, a school may choose to define the academic year for a [term-based credit-hour program](#) differently from a [non-term-based credit-hour program](#). In addition, a school may treat multiple versions of the same program (e.g., the day and night versions) as separate [programs and define a different academic year for each version](#). If a school defines different academic years for different versions of the same program and the school permits a student to enroll in coursework from both versions of the program, the school must determine the [version in which the student is actually enrolled](#). A student must be taking at least 50% of his or her coursework from a particular version of the program in order for the school to consider the student enrolled in that version of the [program](#).

[[09-10 FSA Handbook, Volume 3, Chapter 1, p. 3-1](#)]

A school must use the same academic year definition for all students enrolled in a particular program. The school must document the academic year definition for each of its academic programs. The academic year definition for the program, or the version of the program, in which the student is enrolled determines the frequency of Stafford annual loan limits, the minimum and maximum Stafford and PLUS loan periods, payment periods, and the timing of loan disbursements and deliveries.

[[09-10 FSA Handbook, Volume 3, Chapter 1, pp. 3-1 and 3-6](#)]¹

6.1.A Minimum Length for an Academic Year

The minimum length for an academic year varies, depending on the level of the program and the method of measuring progress:

- For an undergraduate [program of study](#) measured in [clock hours](#), an academic year is a period of at least 26 weeks of instructional time. During this period, a [full-time student](#) is expected to complete a minimum of 900 clock hours. [[HEA §481\(a\)\(2\); §668.3](#)]
- For an undergraduate program of study measured in credit hours, an academic year is a period of at least 30 weeks of instructional time. During this period, a full-time student is expected to complete a minimum of 24 semester or trimester hours, or 36 quarter hours. [[§668.3\(a\)](#)]

The [Department](#) may allow a credit-hour program to have an academic year that is shorter than the 30-week minimum if all of the following criteria are met:

- The program results in a two-year associate degree or four-year bachelor's degree.
- The school obtains the approval of its [accrediting agency](#) and state licensing agency for the reduced academic year.
- The school submits a written request to the Department for a reduced academic year that is not less than 26 weeks. The request must include information identifying the program to which the reduced year will be applied and the number of weeks that will be included in the proposed reduced year. The school must demonstrate good

¹ Policy 1159 (Batch 164), approved January 21, 2010

There is one exception to this rule: a school may consider a student who transfers to a different program at the same school to remain in the same payment period if all of the following conditions are met:

- The student is continuously enrolled at the school.
- The coursework in the payment period the student is transferring out of is substantially similar to the coursework the student will be taking when he or she first transfers into the new program.
- The payment periods are substantially equal in length in weeks of instructional time and credit or clock hours.
- There are little or no changes in institutional charges associated with the [payment period](#)
- The credits from the payment period the student is transferring out of are accepted toward the new program.

[§668.4(g)(3)]

6.4 Determining the Disbursement Schedule

Federal regulations require a school to specify a [disbursement](#) schedule that provides for disbursements to be made on a payment-period basis for each Stafford and PLUS loan it certifies. The school, or a [guarantor](#) acting on behalf of the school, may subsequently modify that schedule. The school may delegate its responsibility for assigning disbursement dates to a guarantor with whom it participates.

A school should attempt to assign disbursement dates with which the lender may reasonably comply. The school should not specify a [disbursement date](#) that will likely pass before the loan is guaranteed. An expired disbursement date may result in delayed processing of the loan.

In establishing the disbursement schedule, a school must allow for necessary mail and processing time. The school should provide the dates on which it would expect the lender to issue the [check](#) or [master check](#) or generate the [EFT](#) transaction—not the date on which the school anticipates receiving the funds. In addition, the school must schedule disbursement dates that comply with applicable delivery requirements. For more information on delivery requirements, see [Section 8.7](#).

The requirement that disbursements be made on a payment-period basis (see [Section 6.3](#) for information regarding payment periods) does not eliminate any applicable multiple disbursement requirement (see [Subsection 6.4.A](#)) for a school to deliver [loan proceeds](#) in substantially equal installments, with no installment exceeding one half of the loan amount. See [Subsection 6.4.A](#) for information about multiple disbursement and [Section 8.7](#) for information about proportional disbursement and special delivery requirements for programs with nonstandard terms. [[§682.604\(c\)\(6\) and \(7\)](#)]

6.4.A Multiple Disbursements and Exceptions Low Cohort Default Rate Exemptions

The school must establish a [disbursement](#) schedule that ensures that a Stafford or PLUS loan is disbursed in two or more installments, regardless of the loan amount. A Stafford or PLUS loan may be disbursed by a single ~~disbursement~~ [installment](#) only in the following cases:

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

A school may begin certifying loans based on these exemptions when it receives from the Department its official cohort default rate notification letter (see [Section 16.1](#)) or notification of a successful adjustment or appeal. A school must cease to certify loans based upon these ~~exceptions~~ [exemptions](#) no later than 30 days after the date it receives ~~notice~~ [notification](#) from the Department of an [official](#) cohort default rate that causes the school to no longer meet the necessary qualifications for an exemption. [[§682.603\(a\)\(i\)\(2\)](#); [Cohort Default Rate Guide](#)]¹

¹ Policy 1160 (Batch 164), approved January 21, 2010

- The number of excused absences permitted under the policy of the school's [accrediting agency](#).
[§668.164(b)(3)(ii)(A)]
- The number of excused absences permitted under the policy of any [state](#) agency that licenses the school or legally authorizes the school to operate in the state.
[§668.164(b)(3)(ii)(B)]
- 10% of the clock hours in the [payment period](#).
[§668.164(b)(3)(ii)(C)]

8.7.C Early Delivery

The school may deliver a registered student's [loan proceeds](#) before the first day of classes (unless the student is subject to [delayed delivery](#)) after verifying that the student is registered at least half time and, for a continuing student, is maintaining [satisfactory academic progress \(SAP\)](#).
[§668.164(f)]

Credit-Hour Programs Using Standard Terms

If the student is [enrolled](#) in a credit-hour program that is offered in semester, trimester, or quarter academic terms, the earliest a school may directly pay or credit the account of a registered student not subject to delayed delivery, or pay the [parent borrower](#) in the case of a [parent PLUS loan](#), is 10 days before the first day of the [payment period](#).
[§668.164(f)(1)]

Clock-Hour and Nonstandard Term-Based Programs

If the student is enrolled in a [clock-hour](#) program or a credit-hour program that is not offered in semester, trimester, or quarter academic terms, the earliest a school may directly pay or credit the account of a registered student who is not subject to delayed delivery, or pay the parent borrower in the case of a [parent PLUS loan](#), is the later of:

- 10 days before the first day of the payment period.
[§668.164(f)(2)(i)]
- The date the student completes the previous payment period for which the student received FFELP proceeds.
[§668.164(f)(2)(ii)]

See [Figure 8-4](#) for information on the earliest dates that loan funds may be disbursed and delivered. Refer to [Subsection 8.7.B](#) for additional provisions related to second or subsequent [disbursements](#). See [Subsection 8.7.F](#) for

[more information about special delivery rules that apply to a student who is enrolled in a credit-hour program offered in modules.](#)¹

Applying Estimated Amounts

When a school credits an estimated amount of school [funds](#) to a student's account in advance of the receipt of FFELP proceeds, and this occurs earlier than 10 days before the first day of the payment period, the [Department](#) considers the loan proceeds to have been delivered on the 10th day before the first day of the payment period. If the school does not record the advance funds as an estimated amount, the Department considers the delivery to have occurred on the date the school recorded the credit to the student's account at the school.

[§668.164(a)(2)]

8.7.D Delayed Delivery

Unless ~~exempt~~ a school [qualifies for an exemption](#) (see the following paragraphs), ~~a~~ the school must not deliver the first [disbursement](#) of a Stafford loan to a first-year [undergraduate student](#) who is a first-time borrower (that is, an undergraduate student who is [enrolled](#) in the first year of a [program of study](#) and who has not previously received a Stafford [FFELP or Direct] or SLS loan) until the student completes the first 30 days of his or her program of study. Delivery includes crediting proceeds to the student's account as well as delivering proceeds directly to the student. Before the delivery of proceeds, the school must confirm the student's eligibility.

[HEA §428G(b)(1); §668.164(f)(3); §682.604(c)(5)]

See [Figure 8-4](#) for information on the earliest dates that loan funds may be disbursed and delivered.

Low Cohort Default Rate Exemptions

A school ~~whose~~ is not required to delay the delivery of the first [disbursement](#) of a Stafford loan to a first-year [undergraduate student](#) who is a first-time borrower in the following cases:

- [The school's official cohort default rate](#) is less than 10% for each of the three most recent fiscal years for which data are available ~~is exempt from the requirement to delay delivery of funds to first-year undergraduate students who are first-time borrowers.~~
[HEA §428G(b)(1)]²

¹ Policy 1157 (Batch 163), approved December 17, 2009

² Policy 1160 (Batch 164), approved January 21, 2010

Study-Abroad Exemption

- ~~An eligible~~ The school at which a student will receive course credit in a study-abroad program ~~is exempt from the requirement to delay delivery of funds to first-year undergraduate study-abroad students who are first-time borrowers if the school has an official published cohort default rate of that is less than 5% for the most recent fiscal year for which information is data are available.~~

A school may begin certifying loans based on these exemptions when it receives from the Department its official cohort default rate notification letter (see [Section 16.1](#)), or notification of a successful adjustment or appeal. The school must cease certifying loans based upon ~~these~~ these exemptions no later than 30 days after the date it receives notification from the Department of an official cohort default rate that causes the school to no longer ~~qualify for this exemption~~ meet the necessary qualifications for an exemption. [[HEA §428G\(b\)\(1\) and \(e\)](#); [§682.603\(h\)\(i\)\(2\)](#); [§682.604\(c\)\(5\)\(ii\)](#); [Cohort Default Rate Guide](#)]¹

Applying Estimated Amounts

When a school credits an estimated amount of school funds to a student's account in advance of the receipt of FFELP proceeds, and this occurs earlier than the 31st day of the first payment period, the Department considers the loan proceeds to have been delivered on the 31st day. If the school does not record the advance funds as an estimated amount, the Department considers the delivery to have occurred on the date the school recorded the credit to the student's account at the school. [[§668.164\(a\)\(2\)](#)]

8.7.E Late Delivery

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

A school must offer a late delivery of Stafford or PLUS loan funds that the borrower was eligible to receive while the student was still enrolled during a payment period or period of enrollment that the student successfully completed. The

school may credit the student's account to pay for current and allowable charges as described in [Section 8.7](#), but must pay or offer any remaining amount to the borrower. [[§668.164\(g\)\(3\)\(ii\)](#)]

If a student ceases to be enrolled at least half time but does not withdraw, a school may, but is not required to, offer a late delivery of Stafford or PLUS loan funds to the student or parent borrower to pay for educational costs the student incurred for the period in which the student was eligible. [[§668.164\(g\)\(3\)\(iii\)](#)]

Conditions for Late Delivery

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

- The school certified the loan before the earlier of the end of the loan period or the date on which the student ceased to be enrolled at least half time. [[§668.164\(g\)\(2\)\(ii\)](#); [§682.207\(f\)\(1\)](#)]
- Except in the case of a parent PLUS loan, the Department processed a Student Aid Report (SAR) or an Institutional Student Information Record (ISIR) with an official expected family contribution (EFC) before the date the student became ineligible. [[§668.164\(g\)\(2\)\(i\)](#)]
- In the case of a first-year, first-time borrower whose loan is subject to delayed delivery (see [Subsection 8.7.D](#)), the student completed the first 30 days of his or her program of study. [[§668.164\(g\)\(4\)\(iii\)](#); [§682.207\(f\)\(2\)](#)]
- In the case of a second or subsequent disbursement, the student graduated or successfully completed the period of enrollment for which the loan was intended. [[§668.164\(g\)\(4\)\(ii\)](#); [§682.207\(f\)\(3\)](#)]
- The loan funds will only be used to pay educational costs that the school determines the student incurred for the period in which the student was enrolled and eligible.
- The school delivers the loan funds no later than 180 days after the school determines the student withdrew (for additional information on post-withdrawal disbursements, see [Subsection 9.5.A](#); for additional information on required notices, see [Subsection 8.2.E](#)), or, if the student did not withdraw, 180 days after the earlier of the end of the loan period

¹ Policy 1160 (Batch 164), approved January 21, 2010

11.24.B Internship or Residency

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

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

Eligibility and documentation requirements are the same as for a borrower who has requested an internship/residency deferment (see [Section 11.7](#)), except that the borrower does not need to be a [new borrower](#) before July 1, 1993, to qualify for forbearance. In addition, the documentation requirements are the same for both deferment and forbearance (see [Subsection 11.7.A](#)). A lender must grant forbearance in 12-month increments unless the actual period during which a borrower is eligible is less than 12 months. See [Subsection 11.20.I](#) for information regarding notices that the lender must send when granting a forbearance and during the forbearance period.¹

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

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

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

- The length of time remaining in the borrower's internship or residency that must be successfully completed before the borrower may begin professional practice or service.

- The length of time the borrower is serving in an internship or residency program leading to a degree or certificate awarded by an institution of higher education.
[[HEA §428\(c\)\(3\)\(A\)\(i\)\(I\)](#); [§682.211\(h\)](#)]

11.24.C National Service, Loan Forgiveness, Department of Defense Repayment, or Active Military State Duty

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

- Serves in a national service position for which the borrower receives a national service educational award under the [National and Community Service Trust Act of 1993 \(AmeriCorps\)](#). Before granting a forbearance to a borrower or [endorser](#) under this program, the lender must require the borrower or endorser to submit documentation of the beginning and ending dates for the period the borrower is serving in a national service position.
- Performs service that would qualify the borrower for partial loan repayment under the Student Loan Repayment Programs administered by the U.S. Department of Defense under [10 U.S.C. 2171](#). Before granting a [forbearance](#) to a borrower or [endorser](#) under this program, the lender must require the borrower or endorser to submit documentation of the beginning and ending dates for which the U.S. Department of Defense considers the borrower to be eligible for a partial repayment of the borrower's loan under the Student Loan Repayment Programs.
[[§682.211\(h\)\(4\)\(ii\)](#)]
- Maintains eligibility for loan forgiveness under the Teacher Loan Forgiveness Program and, at the time of each annual request, the lender believes that the cancellation amount will satisfy the anticipated outstanding loan balance at the time of the expected cancellation. Before granting a [forbearance](#) to a borrower, the lender must require the borrower to submit the following:

¹ Policy 1161 (Batch 164), approved January 21, 2010

Example of Excess Interest Calculations

Figure A-4

A PLUS loan is first disbursed on October 2, 2006, and is accruing interest at 8.5%. Excess interest for this loan is calculated using **Formula 7**.

For the quarter ending December 31, 2006, the average 3-month commercial rate is 5.38%. The special allowance support level is 8.02% (5.38% + 2.64%). The quarterly excess interest rate is calculated as follows:

$$(8.50\% - 8.02\%) \div 4 = 0.12\%$$

If the loan has an average daily principal balance for the quarter of \$1,000, applying the above rate yields the following quarterly excess interest amount:

$$0.0012 \times \$1,000 = \$1.20$$

A.2.B Termination of Special Allowance

The Department's obligation to pay special allowance for an eligible loan ends on the earliest of the following dates, as applicable:

- The date the loan is fully repaid.
[§682.302(d)(1)(i)]
- The date the lender receives a claim payment on the loan.
[§682.302(d)(1)(iii)]
- The date the loan, or any portion of the loan, ceases to be guaranteed or loses its reinsurability—regardless of whether the lender has filed a claim with the guarantor.
[§682.302(d)(1)(iv)]
- 30 days after the date the lender receives a claim returned solely due to inadequate documentation, unless the claim is resubmitted with all required documentation within 30 days.
[§682.302(d)(1)(vii)]
- 60 days after the date the borrower defaulted on the loan, unless the lender has filed a claim and all required documentation with the guarantor on or before the 60th day.
[§682.302(d)(1)(v)]
- The date the lender receives a claim payment for the loan or the 90th day (plus a 5-day mail time allowance) after the date on which the lender files a claim with the guarantor, whichever is earlier. The lender may be required to readjust special allowance billing if it receives information from the guarantor specifying the date on which the guarantor received the claim. If such information is received, the lender must ensure that special allowance is not billed beyond the 90th day following the date the guarantor received the claim.
[§682.302(d)(1)(iii)]
- The date of disbursement, for any portion of the loan for which a borrower is found to be ineligible and the borrower repays the special allowance to the lender (see Section 5.16).
[§682.412(d)(1)]
- ~~For a loan first disbursed prior to October 1, 1992, the date the lender receives a returned, uncashed disbursement check for the loan.~~
~~[§682.302(d)(1)(ii)]~~
- ~~For a loan first disbursed prior to October 1, 1992, the 120th day after the disbursement date if the disbursement check has not been cashed or the EFT/master check funds have not been released from the school's account to the borrower by that date.~~
~~[§682.302(d)(1)(vi)]¹~~
- For a loan first disbursed on or after October 1, 1992, the date of disbursement (retroactive), if a loan is unconsummated.
[§682.302(d)(2)]

¹ Policy 1162 (Batch 164), approved January 21, 2010

A

Ability-to-Benefit (ATB): Basis on which a student without a high school diploma, its recognized equivalent, or a General Education Development (GED) Certificate may qualify for federal student aid. A student who has passed an approved test or has satisfactorily completed at least six credit hours or equivalent coursework applicable toward a degree or certificate offered by the school may qualify for Title IV aid. ATB is a condition of student eligibility and the student must meet this condition by one of these two methods prior to the school's certification or award of any Title IV aid. The Department maintains a list of approved tests for measuring a student's ability to benefit from the educational program the student seeks. See [Section 5.10](#).

Academic Competitiveness Grant (ACG): A federal need- and merit-based grant that is intended to encourage a student to complete a rigorous secondary school program of study. For more information about this program, see the FSA Handbook.

Academic Period: A measured period of enrollment (e.g., a semester, trimester, quarter, or clock hours).

Academic Year: For the purposes of determining a borrower's Title IV aid eligibility, a period during which an undergraduate, full-time student is expected to complete either of the following:

- At least 30 weeks of instructional time and 24 semester or trimester hours, or 36 quarter hours in an educational program that measures program length in credit hours.
- At least 26 weeks of instructional time and 900 clock hours in an educational program that measures program length in clock hours.

Upon written request from a school, the Department may reduce the minimum number of weeks in an academic year to between 26 and 29 weeks of instructional time for a credit-hour program that leads to an associate degree or a bachelor's degree.

For a graduate or professional program, an academic year is a period of at least 30 weeks of instructional time. There is no statutory minimum number of hours that a student must complete within the academic year for a graduate or professional program.¹

Accredited Institution: Any school that meets standards established by a nationally recognized accrediting agency, and for which that agency has provided documented acknowledgment of the school's compliance. (See also [Preaccredited School](#).)

Accrediting Agency: An agency that sets educational standards for schools, evaluates schools, and certifies that schools have met these standards. A "nationally recognized accrediting agency" is one that the U.S. Department of Education has recognized to accredit or preaccredit a particular category of school or educational program according to [§602](#) and [§603](#). The agency grants accreditation status to schools.

The Department publishes a list of nationally recognized accrediting agencies that the Department has determined to be reliable authorities as to the quality of education or training offered. If the Department determines that there is no nationally recognized accrediting agency qualified to accredit schools in a particular category, the Secretary of Education shall appoint an advisory committee, composed of persons specially qualified to evaluate training provided by schools in such category, to prescribe the standards a school must meet in order to participate in Title IV programs and to determine whether an individual school meets those standards.

Act, the: The Higher Education Act of 1965, as amended. [Title IV, Part B of the Act](#) addresses FFELP loans.

Actual Interest Rate: The annual interest rate a lender charges on a loan, which may be equal to or less than the "applicable"—or statutory—interest rate on that loan.

Additional Unsubsidized Stafford Loan: ~~The additional amount of a student's eligibility for an unsubsidized Federal Stafford loans that is in addition to the student's base Stafford loan eligibility. This amount is available only to independent undergraduate students, graduate/professional students, and dependent undergraduate students whose parents are unable to obtain a PLUS loan. See [Section 6.11-Subsection 6.11.A](#) and [Figure 6-4](#) for more information.~~²

Administrative Forbearance: A temporary suspension of, a reduction of, or an extension of time for making principal and/or interest payments on a Federal Stafford, SLS, PLUS, or Consolidation loan that is granted by the holder or lender, upon notice to the borrower or endorser, and that does not require a written request from the borrower or an agreement signed by the borrower before the forbearance is granted. See [Chapter 11](#).

¹ Policy 1159 (Batch 164), approved January 21, 2010

² Policy 1147 (Batch 161), approved October 15, 2009

Repayment terms: The 15-year limit on the repayment term of a GSL loan is eliminated.

November 16, 1986

Special allowance: [Special allowance](#) for loans with periods of enrollment beginning on or after November 16, 1986, is reduced to the [T-bill](#) plus 3.25%.

December 26, 1986

Deferment: Unemployment [deferment](#) requests must list three contacts and be reaffirmed every 3 months. An unemployment deferment may be backdated no more than 60 days from the date on which the lender receives the form. Other deferments may be backdated no more than 6 months from the date the lender receives the form.

Delivering loan funds: Schools may credit a student's [loan proceeds](#) to his or her account no more than 21 days before the first day of the [period of enrollment](#) for which the funds are intended. [Checks](#) may be released to the [borrower](#) no more than 10 days before the start of the period of enrollment for which the funds are intended.

Origination fee: [Lenders](#) must refund [origination fees](#) for [disbursements](#) on which the [loan proceeds](#) are returned or the disbursement is paid in full within 120 days of the date on which the [funds](#) are disbursed.

Refunds: A school must make refunds to students within 30 days of the date the school determines that the student is last [enrolled](#) at least half time.

Special allowance: The lender must terminate special allowance billing on the earlier of the date that it receives a returned, uncashed disbursement check for the loan or the 120th day after the disbursement date if the disbursement check has not been cashed or the [EFT](#) or [master check funds](#) have not been released from the school's account to the borrower by that date.¹

1987

January 1, 1987

Aggregate loan limit: [Aggregate loan limits](#) increase to \$17,250 for undergraduate borrowing and \$54,750 for combined undergraduate and graduate borrowing.

Annual loan limit: [Annual loan limits](#) increase to \$2,625 for the first two years of undergraduate study, \$4,000 for any subsequent years of undergraduate study, and \$7,500 for graduate study.

March 10, 1987

Bankruptcy: Lenders must file a [bankruptcy claim](#) no more than 30 days after learning that a borrower has filed for bankruptcy protection.

Disclosure requirements: Lenders must provide a "Plain English Disclosure" to borrowers before disbursing loan funds for periods of enrollment beginning on or after January 1, 1987.

Due diligence: New [due diligence](#) requirements are effective for loans with a first day of [delinquency](#) on or after March 10, 1987.

June 3, 1987

The [Higher Education Technical Amendments of 1987](#) are signed into law.

Disbursement rules: Disbursements for students attending [foreign schools](#) may be made directly to the borrower. Multiple disbursement requirements are returned to previous levels, so that the lender must disburse any loan of \$1,000 or more in two or more installments.

June 26, 1987

Interest rates: Interest may not be calculated on any loan entering repayment using the [Rule of 78s](#).

July 1, 1987

Deferment: New deferment provisions are introduced for "new borrowers" with loans made for periods of enrollment beginning on or after, or for loans disbursed on or after, July 1, 1987. Deferments are made available for periods of at least half-time enrollment (for borrowers with another GSL or SLS loan for the [loan period](#) for which they are applying for the deferment), temporary total [disability](#) of dependents or spouses, parental leave, and mothers entering or reentering the work force. PLUS loans may be deferred based on the status of the [dependent student](#) for whom the [parent](#) has obtained a loan. All PLUS loans for that parent may be deferred based on the status of a single dependent student. New PLUS loans disbursed for periods of enrollment beginning on or after July 1, 1987, are eligible for new deferment types: half-time enrollment deferment if the parent or dependent student for whom the parent borrowed is enrolled at least half time, National Oceanic and Atmospheric Administration (NOAA) Corps deferment, teacher shortage deferment, parental leave deferment, and working mother deferment.

¹ Policy 1162 (Batch 164), approved January 21, 2010