

Summary of Changes Approved September 2010 through February 2011

This summary lists changes made since the 2010 Annual Update of the *Common Manual* was printed.

Change bars denote the latest policy changes, which were approved February 17, 2011.

Changes made before the 2010 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	Adds information about this repayment program that was provided in the <i>Federal Register</i> dated July 7, 2010.	July 7, 2010.	1223/172
Chapter 4: School Participation			
4.1.A Establishing Eligibility	Permits the school that is required to make a good faith effort to distribute voter registration forms to comply with this requirement electronically.	Voter registration information distributed by a school on or after August 14, 2008.	1219/171
4.1.B Written Agreements between Schools	Provides that if the written agreement is between two or more eligible schools owned or controlled by the same individual, partnership, or corporation, the educational programs offered under those written agreements are considered eligible programs if they meet all other eligibility requirements. Also states that an eligible school may enter into an agreement with an ineligible organization that is not a school. Also includes the requirement that a school that offers an educational program under an agreement with another school or organization must disclose certain information to its students and prospective students.	Written agreements entered into by schools on or after July 1, 2011.	1230/174
4.4.B Student Consumer Information			
Chapter 5: Borrower Eligibility			
5.2.D Exceeding Loan Limits and Prior Overpayments Data Match	Reorganizes Subsection 5.2.D by creating separate subsections for prior overpayment and prior default and retains information about documentation required to prove default resolution in the new subsection for prior default.	None.	1228/173
5.2.E Prior Default Data Match			
5.3 Reinstatement of Title IV Eligibility after Default			
Chapter 6: School Certification			
6.5 Determining the Student's Cost of Attendance (COA)	Provides the definition of and explains how to determine current-year and prior-year charges for the purpose of determining if a school may pay minor, prior-year charges with current-year Title IV funds.	Prior-year charges paid by a school with current-year funds on or after September 8, 2009.	1213/170

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
6.9 Defining Enrollment Status	<p>Adds language to Section 6.9 and the definition of “full-time student” to allow repeated courses to count towards a student’s enrollment status for a term-based program in certain situations.</p> <p>Also clarifies that previously-failed courses count toward a student’s Title IV enrollment status. Previously-passed coursework that is repeated may be counted only once toward a student’s Title IV enrollment status. Previously-passed coursework that the school requires the student to repeat due to the student failing other coursework may not be counted.</p>	Title IV enrollment status determinations made by the school on or after July 1, 2011.	1231/174
Figure 6-4 Stafford Annual and Aggregate Loan Limits for Undergraduate Students	Removes information regarding proration calculations for Stafford annual loan limits.	Not applicable.	1225/172
Chapter 7: Loan Origination			
7.7.A Earliest Date for Disbursement	Deletes redundant and incomplete references to rules that a school must use in establishing a disbursement schedule from Manual text that addresses lender disbursement.	Upon approval by the <i>Common Manual</i> Governing Board.	1218/170
Chapter 8: Loan Delivery			
8.7.I Delivery Methods 8.8 Managing Credit Balances	Provides the definition of and explains how to determine current-year and prior-year charges for the purpose of determining if a school may pay minor, prior-year charges with current-year Title IV funds.	Prior-year charges paid by a school with current-year funds on or after September 8, 2009.	1213/170
8.9.C Return of Unearned Loan Funds	Clarifies that if a student drops to less-than-half-time status, but is still enrolled, the school does not perform a return of Title IV funds calculation and is not required to return a Stafford or PLUS loan disbursement the school previously delivered when the student was enrolled at least half time.	Students who drop to less-than-half-time enrollment on or after the publication date of DCL GEN-00-24.	1222/171
Chapter 10: Loan Servicing			
10.5.B PLUS and SLS Loan First Payment Due Date 10.5.D Revised Out-of-School Dates before Conversion to Repayment	States that the 30-day payment due date extension to comply with the repayment disclosure requirement is applicable to PLUS loans.	PLUS loans that enter or reenter repayment on or after July 1, 2010.	1214/170
Chapter 11: Deferment and Forbearance			
11.1.I Establishing Repayment after Deferment 11.6.D Summer Bridge Extension 11.20.J Establishing Repayment after Forbearance	States that the 30-day payment due date extension to comply with the repayment disclosure requirement is applicable to PLUS loans.	PLUS loans that enter or reenter repayment on or after July 1, 2010.	1214/170
Chapter 13: Claim Filing, Discharge, and Forgiveness			
13.1.A Claim Filing Requirements	Removes and revises language in Subsection 13.1.A that outlines the exceptional performer designation on the Claim Form and removes the Appendix G definition of “exceptional performer.”	Claims originally filed by a lender on or after October 1, 2007.	1224/172

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
13.8.G Total and Permanent Disability	Clarifies that if a loan was paid in full through involuntary payment within 30 days of a guarantor's receipt of a total and permanent discharge application, the guarantor may assign the loan to the Department but the guarantor must notify the current Total and Permanent Disability Servicer before assigning the loan with a zero dollar balance.	Total and permanent disability loan discharge applications received on or after October 1, 2010.	1226/173
13.8.G Total and Permanent Disability	Clarifies that the Department will refund payments received on an account after the date of the physician's certification on the loan discharge application. For an account in the three-year conditional discharge period, any payments to be refunded will be returned to the borrower at the end of that three-year period. However, under the most recent final rule changes, any payments to be refunded will be returned to the borrower when the Department approves the discharge of the loan(s) if all of the following criteria are met: <ul style="list-style-type: none"> The discharge application was received by the loan holder on or after July 1, 2010. The account is placed in a post-discharge monitoring period. 	Discharge Application: Total and Permanent Disability received by the loan holder on or after July 1, 2010.	1227/173
13.9.A Teacher Loan Forgiveness Program	Clarifies that, in the case of a borrower with an outstanding balance on a FFELP or FDLP loan on October 1, 1998, the loan's outstanding balance must be considered paid in full or discharged as of the date the borrower obtains a new loan after October 1, 1998, in order for the new loan to qualify for teacher loan forgiveness.	Teacher loan forgiveness applications or teacher for forgiveness forbearance requests received by a lender on or after May 14, 2010, for new borrowers after October 1, 1998, unless implemented earlier by the guarantor or lender.	1216/173
13.9.C Loan Repayment Program for Civil Legal Assistance Attorneys	Adds information about this repayment program that was provided in the <i>Federal Register</i> dated July 7, 2010.	July 7, 2010.	1223/172
Chapter 15: Federal Consolidation Loans			
15.7 Interest Payment Rebate Fee	Provides a current address for mailing Consolidation loan rebate fees by check and a current process for remitting Consolidation loan rebate fees through the Automated Clearinghouse (ACH).	Effective for Consolidation loan rebate fee payments made by: <ul style="list-style-type: none"> Automated Clearinghouse (ACH) on or after September 9, 2007. Check on or after October 1, 2007 	1217/170
Chapter 16: Cohort Default Rates and Appeals			
16.1 Overview of Cohort Default Rates and Terminology 16.4 School Official Cohort Default Rates, Adjustments, and Appeals 16.4.B School Appeals	Removes the exemption for some historically black colleges and universities (HBCUs) and tribally controlled and Navajo community colleges from the loss of FFELP, FDLP, or Federal Pell Grant Program eligibility.	Official FY 2003 cohort default rates.	1220/171
Appendix G: Glossary			
Exceptional Performer	Removes and revises language in Subsection 13.1.A that outlines the exceptional performer designation on the Claim Form and removes the Appendix G definition of "exceptional performer."	Claims originally filed by a lender on or after October 1, 2007.	1224/172

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
Full-Time Student	<p>Adds language to Section 6.9 and the definition of “full-time student” to allow repeated courses to count towards a student’s enrollment status for a term-based program in certain situations.</p> <p>Also clarifies that previously-failed courses count toward a student’s Title IV enrollment status. Previously-passed coursework that is repeated may be counted only once toward a student’s Title IV enrollment status. Previously-passed coursework that the school requires the student to repeat due to the student failing other coursework may not be counted.</p>	Title IV enrollment status determinations made by the school on or after July 1, 2011.	1231/174
Institution of Higher Education (Institution)	Revises the definition of an institution of higher education.	July 1, 2010.	1221/171
Institution-Affiliated Organization	Clarifies that an institution-affiliated organization does not include a lender with respect to any education loan that a lender secures, makes, or otherwise extends to the school’s students or their families.	July 1, 2010.	1215/170

- Compensation to recruiters who arrange contracts between the school and an employer whose employees enroll at the school and for whom the employer pays (directly or by reimbursement) 50% or more of the tuition and fees charged to its employees. This compensation cannot, however, be based on the number of employees who enroll at the school or the revenue they generate. The recruiters also may not have contact with the employees.
[§668.14(b)(22)(ii)(C)]
- Compensation paid as part of a profit-sharing or bonus plan that is substantially the same amount or the same percentage of salary or wages, and is made to all or substantially all of the school’s full-time professional and administrative staff. Such payments may be limited to all or substantially all of the full-time employees at one or more organizational levels at the school. The organizational level, however, may not consist predominantly of recruiters, admissions staff, or financial aid staff.
[§668.14(b)(22)(ii)(D)]
- Compensation based on students who successfully complete their educational programs or one **academic year** of their educational program, whichever is shorter. For this purpose, successful completion of an academic year means the student has earned at least 24 semester or trimester credit hours or 36 quarter credit hours, or has successfully completed at least 900 clock hours of instruction at the school.
[§668.14(b)(22)(ii)(E)]
- Compensation paid to employees who perform clerical “pre-enrollment” duties, such as answering telephone calls, referring inquiries, or distributing school materials.
[§668.14(b)(22)(ii)(F)]
- Compensation to managerial or supervisory employees who do not directly manage or supervise employees who are directly involved in recruiting or admissions activities or the awarding of Title IV program funds.
[§668.14(b)(22)(ii)(G)]
- Token gifts awarded to the school’s students or alumni, provided the gifts are not in the form of money. No more than one gift may be provided annually to an individual, and the cost of the gift can be no more than \$100.
[§668.14(b)(22)(ii)(H)]
- Profit distributions based proportionately on an individual’s ownership interest in the school.
[§668.14(b)(22)(ii)(I)]
- Compensation paid for Internet-based recruitment and admission activities that provide information about the school to prospective students, refer prospective students to the school, or permit prospective students to apply for admission on-line.
[§668.14(b)(22)(ii)(J)]
- Payments to third parties, including tuition sharing arrangements, that deliver various services to the school, provided that none of the services involve recruiting or admission activities or the awarding of Title IV program funds.
[§668.14(b)(22)(ii)(K)]
- Payments to third parties, including tuition sharing arrangements, that deliver various services to the school, even if one of the services involves recruiting or admission activities or the awarding of Title IV program funds, provided that the individual does not receive a commission, bonus, or other incentive payment based directly or indirectly upon the success of securing enrollments or financial aid.
[§668.14(b)(22)(ii)(L)]

4.1.B Written Agreements between Schools

Two or more eligible schools or, except in the case of an eligible foreign school, an eligible and an ineligible school or organization may enter into a written agreement ~~may be made between two or more eligible schools, or between eligible and ineligible schools,~~ in which one school agrees to have all or a portion ~~or all~~ of its educational program provided at or by the other school(s). Such an agreement typically falls into one of two general categories: consortium agreements between eligible schools and contractual agreements between an eligible school(s) and an ineligible school(s) or organization(s).¹

In addition, a school may enter into a single written agreement with a study-abroad organization that represents one or more **foreign schools** rather than a separate agreement with each individual foreign school that its students attend.
[§668.5]

¹ Policy 1230 (Batch 174), approved February 17, 2011

A student may take courses at a school that is party to the agreement contract and have those courses count toward the degree or certificate that is granted by the home school. The agreement applies to any courses for which a student is has been certified as eligible for Title IV aid assistance.

An eligible school must award credit to students in any contracted portion of the program on the same basis as if it provided that portion itself.

Agreement between Two or More Eligible Schools

If the written agreement (consortium agreement) is between two or more eligible schools owned or controlled by the same individual, partnership, or corporation, the educational programs offered under that agreement are considered eligible programs if the programs meet all other eligibility requirements (see Subsection 4.1.A), and the school that grants the degree or certificate provides more than 50% of the educational program.

[\$668.5]

Agreement between an Eligible School and an Ineligible School or Organization

If an eligible school enters into a written the agreement (contractual agreement) is with an ineligible school or organization, the agreement must meet at least one of the following criteria must be met:

- The contracted portion of the program provided by the ineligible school or organization must not exceed 25% of the student's total program of study.

[\$668.5(c)(3)(i)]

- The contracted portion of the program must not exceed 50% of the total program of study if the ineligible school or organization is not owned or controlled by the same individual or company as the eligible school and the eligible school's accrediting agency or the state agency that approves public postsecondary vocational education determines that the written agreement is in accordance with the agency's standards.

[\$668.5(c)(3)(ii)(A) - (C)]

Also, the ineligible school must not have:-

- ~~h~~h been terminated from participation in Title IV programs, and may not have
- ~~w~~w Withdrawn from participation in Title IV programs under a termination, show-cause, suspension, or similar proceeding.

- Had its participation agreement revoked by the Secretary.
- Had its initial certification application or its application for re-certification to participate in Title IV programs denied.
[\$668.5(c)(1)]¹

The contracted portion of an educational program may cover many situations—for example, a study-abroad program, or a cosmetology training program given wholly by an ineligible cosmetology school under contract with an eligible community college, postsecondary vocational school, or technical school. A baccalaureate institution does not jeopardize its eligible programs if no more than one academic year is spent by students at an ineligible institution, such as a foreign school under the junior-year-abroad concept. At predominantly associate degree-granting institutions, eligible programs are not jeopardized if students spend no more than one semester or one quarter (25% of the total program of study) studying under contract at an ineligible institution.

A school may contact the Department's Institutional Participation Division for a determination of the eligibility of a program based on a written agreement.

The content of a written agreement may vary widely, depending on the interests of the schools involved and the accrediting agency or state agency standards. Certain information should be included in all agreements: which school will consider the student enrolled; how much the student's tuition, fees, and room and board will cost at each school; what the student's enrollment status will be at each school; and how reporting the student's enrollment status will be handled. Procedures for calculating financial aid awards, disbursing aid, keeping records, processing refunds, and completing the calculations for the return of Title IV funds also should be included in the agreement. The school that the student pays is responsible for issuing refunds and returning Title IV funds to the appropriate Title IV loan and grant programs. Additional information on written agreements between schools can be found in 34 CFR 668.5(d) and in the 09-10 FSA Handbook, Volume 2, Chapter 7, pp. 2-95 to 2-98.

Upon request, a school must provide to the guarantor—in a timely manner—copies of any written agreement between one of its eligible schools and another organization where the other organization provides all, or part of, the educational program for students enrolled in the school.

¹ Policy 1230 (Batch 174), approved February 17, 2011

- A description of student rights and responsibilities specifically addressing financial aid under the Title IV programs that includes, but is not limited to, the following:
 - The criteria for continued student eligibility under each program. [§668.42(c)(1)]
 - The standards by which the school determines, for the purpose of awarding financial assistance, whether a student is making **satisfactory academic progress (SAP)**, and the criteria that must be met by a student who has failed to maintain SAP to reestablish eligibility for assistance. [§668.42(c)(2)(i) and (ii)]
 - Information on how and when a student will receive financial aid payments. [§668.42(c)(3)]
 - The terms and conditions of any **FFELP, FDLP, or Perkins** loan(s) a student receives as part of a financial aid package and a sample loan **repayment schedule**. Loan terms that will be disclosed include the interest rate, the total amount that must be repaid, the requirements on when repayment must begin, and the length of time allotted for repayment. The necessity of repaying the loan must be emphasized. The school must provide additional information during **entrance and exit counseling** sessions (see **Subsections 4.4.C and 4.4.D**). [HEA §485(a)(1)(M); §668.42(c)(4) and (6)]
 - The general conditions and terms applicable to any employment provided to a student as part of the student’s financial aid package (for students receiving aid under the **Federal Work-Study Program**). [§668.42(c)(5)]
- A school that enters into a written agreement with another school or organization (see **Subsection 4.1.B**) must provide students with information describing the written agreement, and include at least the following:
 - A description of the portion of the program that the school granting the degree (home institution) is not providing.
 - The name and location of the other school or organization providing the portion of the educational program that is not provided by the home institution.
 - The method by which the portion of the program that the home institution is not providing will be delivered.
 - The additional estimated costs that students may incur by enrolling in the educational program offered under the written agreement. [§668.43(a)(12)]¹
- The cost of attending the school, including:
 - Tuition and fees charged to full-time and part-time students. [§668.43(a)(1)(i)]
 - Estimated costs for necessary books and supplies. [§668.43(a)(1)(ii)]
 - Estimates of typical costs for room and board. [§668.43(a)(1)(iii)]
 - Estimates of transportation costs for students. [§668.43(a)(1)(iv)]
 - Any additional costs for a particular program in which a student is enrolled or expresses an interest. [§668.43(a)(1)(v)]

To assist schools in meeting the student consumer information requirements, each MPN includes detailed information on the terms of the borrower’s loan. By signing the **Federal PLUS Loan Application and Master Promissory Note (PLUS MPN)** or the **Federal Stafford Loan Master Promissory Note (Stafford MPN)**, the borrower certifies that he or she has read the information and understands the terms of the loan, including the rights and responsibilities related to that loan.

- Any **refund** policy with which the school is required to comply for the return of unearned tuition and fees or other refundable charges paid to the school. [§668.43(a)(2)]
- The requirements and procedures for officially withdrawing from the school. [§668.43(a)(3)]

¹. Policy 1230 (Batch 174), approved February 17, 2011

Required Updates to a Student's Dependency Status

A student is required to update his or her dependency status if it changes during the **award year** regardless of whether the student is selected for verification. The only exception is if the student's dependency status changes as the result of a change in marital status. If an unmarried and otherwise dependent student marries after he or she submits the FAFSA, the student remains dependent for the rest of that award year. If the student is still married when he or she submits the FAFSA for the next award year, the student is independent for that award year. If a married student divorces after he or she submits the FAFSA, the student remains independent for the current award year. However, if the student is independent in the current award year solely because he or she is married, the student is dependent in the next award year if he or she cannot answer "yes" to any of the dependency questions on the FAFSA.

[09-10 FSA Handbook, Application and Verification Guide, Chapter 5, p. AVG-97]

If the student's last remaining parent dies after the student submits the FAFSA, the student must update his or her dependency status on the **Student Aid Report (SAR)** and report income and assets as an **independent student**.

[09-10 FSA Handbook, Application and Verification Guide, Chapter 2, p. AVG-31]

After the school has certified a Stafford loan, the loan certification cannot be changed to reflect a change in dependency status. However, the school may use the updated status to recalculate the **expected family contribution (EFC)** and certify additional loans if the student qualifies. The school is liable for any overpayment of Stafford loan funds due to recalculation errors.

[08-09 FSA Handbook, Application and Verification Guide, Chapter 5, p. AVG-97]

6.9 Defining Enrollment Status

A **school** must define full-time enrollment status for each of its undergraduate, graduate, and professional programs of study. A student's enrollment may include any combination of courses, work, research, or special studies. (See **Section 6.1** for information regarding the definition of an **academic year** and the frequency of **annual loan limits**.) ~~Non-credit or reduced-credit remedial courses must be included in the determination of the student's enrollment status if the student qualifies for Title IV aid for those courses.~~ A student's enrollment status may affect the student's **cost of attendance (COA)**, and, therefore, the amount of ~~loan funds~~

Title IV aid the school may certify. Note the following situations that affect which courses the school may use to determine the student's Title IV enrollment status:

- With regard to repeated coursework for term-based programs (using standard or nonstandard terms):
 - = Previously-failed coursework that is repeated counts toward the student's Title IV enrollment status.
 - = Previously-passed coursework that is repeated (for example, to obtain a better grade) may be counted only once toward the student's Title IV enrollment status.
 - = Previously-passed coursework that the school requires the student to repeat due to the student failing other coursework may not be counted toward the student's Title IV enrollment status.
- With regard to non-credit or reduced-credit remedial courses, the school must include these courses in the determination of the student's enrollment status if the student qualifies for Title IV aid for the courses. [\$668.2(b), definition of full-time student; 09-10 FSA Handbook, Volume 1, Chapter 1, pp. 1-14 and 1-15]¹

Undergraduate Students

For an **undergraduate student**, the school's definition of full-time enrollment for a program must meet, at a minimum, one of the following standards:

- 12 semester or quarter hours per academic term, for a program that measures academic progress in semester, trimester, or quarter hours and uses standard terms (i.e., semesters, trimesters, or quarters).
- For a nonstandard term-based credit-hour program, the product of:

$$\frac{\text{number of weeks of instructional time in the term}}{\text{number of weeks of instructional time in the program's academic year}} \times \text{number of credit hours in the program's academic year}$$

¹. Policy 1231 (Batch 174), approved February 17, 2011

Free Application for Federal Student Aid (FAFSA):

The form the student must complete to apply for federal Title IV financial assistance, including Stafford loans. The student must include financial information on the student's household so that the expected family contribution can be calculated. See [Section 6.6](#).

Freely Associated States: The Republic of the Marshall Islands, the Federal States of Micronesia, and the Republic of Palau. See also [State](#).

FTP: See [File Transfer Protocol \(FTP\)](#)

Full-Time Student: An enrolled student (other than a student enrolled in a program of study by correspondence) who is carrying a full academic workload as determined by the school under standards applicable to all students enrolled in the same program of study. The student's workload may include any combination of courses, work, research, or special studies that the school considers sufficient to classify the student as a full-time student. For a term-based program (using standard or nonstandard terms), previously-failed coursework that is repeated may be counted toward the student's Title IV enrollment status. Previously-passed coursework that is repeated (for example, to obtain a better grade) may be counted only once toward the student's Title IV enrollment status. Previously-passed coursework that the school requires the student to repeat due to the student failing other coursework may not be counted toward the student's Title IV enrollment status. Non-credit and reduced-credit remedial courses must be included when determining enrollment status if the student qualifies for Title IV aid for those courses. See [Section 6.9](#) for a detailed definition of a full-time student that includes credit- and clock-hour requirements.¹

Funds: Any monies (including checks, drafts, or other instruments); any commitment to provide money; or any commitment of insurance that has been, or may be, provided under the guarantor's programs to a borrower enrolled at and attending a participating school, or a borrower accepted for enrollment at a participating school.

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Gap: A period during the servicing of a loan in repayment when due diligence activities are required by regulations but no due diligence activities (collection activities) are performed. For a loan serviced under regulations published December 18, 1992, a gap greater than 45 days (greater than 60 days in the case of a transfer) results in the loss of the loan's guarantee.

Previously, the term "gap" was defined in [Appendix D of 34 CFR 682](#), and was applicable to loans serviced under due diligence provisions published November 10, 1986. For loans serviced under these "old" due diligence provisions, a gap in due diligence activities did not result in a loss of the loan's guarantee unless the lender had committed a violation of at least one due diligence requirement.

[§682.411(j); §682, [Appendix D](#); [Appendix A of DCL 96-G-287/96-L-186](#)]

Grace Period: The period that begins the day after a Stafford loan borrower ceases to be enrolled at least half time at an eligible school, ends the day before the repayment period begins, and during which payments of principal are not required. For a borrower with a Stafford loan that has not yet entered repayment who also has an SLS loan, the grace period for the SLS loan is the equivalent of the grace period for the Stafford loan if the borrower requests grace on his or her SLS loan(s) (see [Section 10.3](#)).

Grad PLUS Loan: A PLUS loan made to a graduate or professional student.

Grade Level: A student's academic class level, as certified by a school official. Undergraduate students are *01* (first-year) through *05* (fifth-year/other undergraduate); graduate and professional students are *A* (first-year) through *D* (fourth-year and beyond). A school must provide the appropriate grade level code (e.g., *01* through *05*) on the Federal Stafford Loan School Certification.

Graduate or Professional Student: A student who:

- Is enrolled in a program or course above the baccalaureate level or enrolled in a program leading to a professional degree at an eligible school.
- Has completed the equivalent of at least three years of full-time study at an eligible school, either before entrance into the program or as part of the program itself, e.g., a dual-degree program that allows an individual to complete a bachelor's degree and either a graduate or professional degree within the same program. A student is considered to be an undergraduate student for at least the first 3 years of a dual-degree program. The school defines the point at which a student enrolled in a dual-degree program is considered to be a graduate student after the first 3 years. For example, in a 5-year program leading to a

¹ Policy 1231 (Batch 174), approved February 17, 2011