

Summary of Changes Approved September 2010 through March 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 March 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.A Establishing Eligibility	Removes the list of permissible incentives and clarifies that incentive compensation cannot be based in any part on the success of securing enrollments or financial aid. Also removes the definition of "commissioned salesperson" from the Glossary.	Incentive compensation provided by a school to a person or entity on or after July 1, 2011.	1232/175
4.1.B Written Agreements between Schools 4.4.B Student Consumer Information	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
4.2 Administrative Capability Standards	Requires a school to develop and follow procedures to evaluate the validity of student's high school completion if the school or the Department has reason to believe that the high school diploma is not valid or the student obtained a diploma from an entity that does not provide secondary school education.	Determinations by a school or the Department that a student's claim of high school completion is suspect on or after July 1, 2011, beginning with applicants who complete a FAFSA for the 2011-2012 award year.	1233/175

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
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			
5.10 Required High School Diploma or Equivalent	Requires a school to develop and follow procedures to evaluate the validity of student's high school completion if the school or the Department has reason to believe that the high school diploma is not valid or the student obtained a diploma from an entity that does not provide secondary school education.	Determinations by a school or the Department that a student's claim of high school completion is suspect on or after July 1, 2011, beginning with applicants who complete a FAFSA for the 2011-2012 award year.	1233/175
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
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
6.11.A Stafford Annual Loan Limits	<p>Reorganizes information about Stafford annual loan limit changes when an undergraduate student's grade level changes within an academic year.</p> <p>Delineates the effect on annual loan limits for undergraduate grade level changes vs. progression from an undergraduate to a graduate grade level within an academic year.</p> <p>Provides information about annual loan limit changes as a student progresses from undergraduate to graduate grade levels in regular degree programs or in dual-degree programs.</p>	<p>For general grade level changes, retroactive to the implementation of the Common Manual.</p> <p>For grade level changes in a dual-degree program, July 1, 2008, unless implemented by the school no earlier than November 1, 2007.</p>	1234/175
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

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
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	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
8.8 Managing Credit Balances			
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 9: School Reporting Responsibilities and the Return of Title IV Funds			
9.4 Withdrawal Dates	States that a school is required to record attendance if any of the following conditions exist: <ul style="list-style-type: none"> An outside entity requires that the school record attendance. The school itself has a requirement that its instructors take attendance. The school or an outside entity has a requirement that can only be met by recording attendance or a comparable process. 	Students who withdraw on or after July 1, 2011.	1235/175
Chapter 10: Loan Servicing			
10.5.B PLUS and SLS Loan First Payment Due Date	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
10.5.D Revised Out-of-School Dates before Conversion to Repayment			
Chapter 11: Deferment and Forbearance			
11.1.I Establishing Repayment after Deferment	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
11.6.D Summer Bridge Extension			
11.20.J Establishing Repayment after Forbearance			
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

Common Manual Section	Description of Change	Effective Date/Triggering Event	#
Appendix G: Glossary			
Commissioned Salesperson	Removes the list of permissible incentives and clarifies that incentive compensation cannot be based in any part on the success of securing enrollments or financial aid. Also removes the definition of "commissioned salesperson" from the Glossary.	Incentive compensation provided by a school to a person or entity on or after July 1, 2011.	1232/175
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
Full-Time Student	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. 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.	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

- The school will not provide any commission, bonus, or other incentive payment to a person or entity engaged in student recruitment, or admission activities, or in making decisions regarding the awarding of Title IV aid, based in any part, directly or indirectly, upon the success of securing enrollments or the awarding of financial aid. ~~This prohibition does not apply to the recruitment of foreign students residing in foreign countries who are not eligible to receive Title IV aid.~~ (See subheading “~~Permissible Incentive Compensation~~” later in this subsection for more information, including a list discussion of permissible activities that do not violate this provision). [~~§668.14(b)(22)(4)~~]
- The school will not request or accept from any lender any offer of funds to be used for private education loans, including funds from an [opportunity pool](#), to students in exchange for the school providing concessions or promises to the lender, including the following:
 - A specified number of [FFELP](#) loans made, insured, or guaranteed.
 - A specified volume of FFELP loans.
 - A [preferred lender arrangement](#) for FFELP loans. [[HEA §487\(e\)\(5\)](#)]
- The school will develop, publish, administer, and enforce a school code of conduct that meets the minimum requirements described in [Subsection 4.1.E](#). The code of conduct will apply to the school’s officers, employees, and agents, and each institution-affiliated organization that has a preferred lender arrangement for the purpose of offering FFELP or private education loans. The school, and any institution-affiliated organizations that has a Website, must publish the code prominently on its Website. Also, the school must annually inform any of its officers, employees, and agents who have responsibilities with respect to education loans of the code’s provisions. [[HEA §151\(5\)](#); [HEA §487\(a\)\(25\)](#); [DCL GEN-08-12/FP-08-10](#)]
- A proprietary school will derive at least 10% of its revenue for each fiscal year from sources other than Title IV funds, as calculated according to the formula for determining non-Title IV revenue in [§668.28](#), or be subject to sanctions (see [Subsection 4.1.D](#)).

The [Department](#) will notify a school in writing whether the school qualifies in whole or in part as an eligible [institution of higher education](#). The school also is notified of the Title IV programs in which it is eligible to participate.

If only a portion of the school qualifies as an eligible institution of higher education, the Department will specify in the notice each location and/or educational program that qualifies.

Upon being approved by the Department, a school becomes eligible to apply for participation in the [FFELP](#) with the [guarantor](#). For any school, the guarantor must be satisfied that the school has the ability to properly administer the FFELP according to federal regulations and the guarantor’s policies before it will approve the school for participation under its [guarantee](#).

- ▲ Schools may contact individual guarantors for more information on specific eligibility procedures and required supporting [documentation](#). See [Section 1.5](#) for contact information.

A school may participate in the FFELP and the [Federal Direct Loan Program \(FDLP\)](#) at the same time. However, a school is prohibited from certifying loans of the same type (be it Stafford or PLUS) under each program for the same student for the same [period of enrollment](#). A school may, though, certify a PLUS loan under either program, and a Stafford loan under the other program, when the loans benefit the same student for the same period of enrollment. For example, the school may certify a Stafford loan under the FFELP and a PLUS loan under the FDLP for the same student for the same period of enrollment. [[HEA §454\(a\)\(4\)](#); [09-10 FSA Handbook, Volume 3, Chapter 6, p. 3-96](#)]

~~Permissible Incentive Compensation~~

~~The following are examples of compensation incentives that a school may offer that have been approved by the Department (a school is not limited to offering only these compensation plans, however):~~

- ~~Fixed compensation (annual salary or hourly wage), as long as it is not adjusted more than twice during any 12-month period (with the exception of a cost of living increase that is paid to substantially all full-time employees) and any adjustment is not based solely on the number of students recruited, admitted, enrolled, or awarded financial aid.~~ [~~§668.14(b)(22)(ii)(A)~~]¹

¹ Policy 1232 (Batch 175), approved March 17, 2011

- ~~Compensation to recruiters based on the recruitment of students who enroll only in non Title IV programs. [§668.14(b)(22)(ii)(B)]~~
 - ~~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)]~~
- As a condition for a school to be eligible to participate in a Title IV program, it may not provide any commission, bonus, or other incentive payment to a person or entity engaged in student recruitment, admission activities, or making decisions regarding the awarding of Title IV aid based in any part, directly or indirectly, upon the success of securing enrollments or the awarding of financial aid. A commission, bonus, or other incentive payment is defined as a sum of money or something of value, other than a fixed salary or wages, paid to or given to a person or an entity for services rendered.
- This prohibition not only applies to employees actually engaged in student recruitment, admission activities, and/or the awarding of Title IV aid, but also any higher level employees with responsibilities for those areas. This prohibition also applies to any applicable activities occurring throughout the completion of the educational program, not just to pre-enrollment activities. [§668.14(b)(22)(iii)]¹

¹ Policy 1232 (Batch 175), approved March 17, 2011

The following types of compensatory situations would not be considered in violation of the incentive compensation prohibition:

- Incentive compensation for the recruitment of foreign students residing in foreign countries who are not eligible to receive federal student assistance.
[§668.14(b)(22)(i)(A)]
- Merit-based adjustments to employee compensation as long as the adjustments are not based in any part, directly or indirectly, upon the success of securing enrollments or the awarding of financial aid.
[§668.14(b)(22)(ii)(A)]
- Profit-sharing payments to any person not engaged in student recruitment or admission activities or in making decisions regarding the awarding of Title IV aid.
[§668.14(b)(22)(ii)(B)]
- Payments to a third party solely for prospective student contact information as long as it is not based on any additional conduct or action by the third party or the prospective students, or on the number of students who apply, enroll, or are awarded financial aid.
[§668.14(b)(22)(iii)(B)(2)]¹

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).

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]

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:-

- ~~been~~ terminated from participation in Title IV programs ~~and may not have~~
- ~~w~~Withdrawn from participation in Title IV programs under a termination, show-cause, suspension, or similar proceeding.²

¹ Policy 1232 (Batch 175), approved March 17, 2011

² Policy 1230 (Batch 174), approved February 17, 2011

- permitted to serve on a lender, guarantor, or servicer board of directors if the school has a written conflict of interest policy that states that the agent must not participate in any board decision involving FFELP or private education loans.
- An officer or contractor of a lender, guarantor, or servicer of FFELP or private education loans may serve on the board of directors or serve as trustee of a school if the school has a written policy that states that the member or trustee must not participate in any decision regarding FFELP or private education loans at the school.
[HEA §487(e)(3); §601.21(c)(3); DCL GEN-08-12/FP-08-10]
 - A school may not assign, through award packaging or other methods, a lender to a first-time borrower. In addition, the school may not delay or refuse to certify a loan based on the borrower’s choice of a particular lender or guarantor.
[HEA §487(e)(4); §601.21(c)(4); DCL GEN-08-12/FP-08-10]
 - A prohibition on offers of funds for private education loans. A school may not request or accept funds from a lender for private education loans, including funds for [opportunity pool loans](#) to its students, in exchange for providing concessions or promises to the lender for a specific number of [FFELP](#) or private education loans made, insured, or guaranteed; a specified loan volume; or a [preferred lender arrangement](#).
[HEA §487(e)(5); §601.21(c)(5); DCL GEN-08-12/FP-08-10]
 - A ban on staffing assistance. A school may not request or accept assistance from a lender with call center or financial aid office staffing. However, a school can receive assistance from a lender in the form of professional development training, educational counseling materials as long as the materials identify the lender that assisted in preparing the materials, and short-term non-recurring staffing assistance during emergencies identified by the Department or state or federally declared natural disasters.
[HEA §487(e)(6); §601.21(c)(6); DCL GEN-08-12/FP-08-10]
 - A prohibition on receiving compensation for service on an advisory board. Any employee of the school’s financial aid office or who has responsibilities with

respect to education loans or financial aid that serves on an advisory board, commission, or group established by a lender or guarantor, or group of lenders or guarantors, is prohibited from receiving anything of value for the service except for reimbursement of reasonable expenses incurred by the employee for service on the board. Reasonable expenses are defined by the state government reimbursement policy applicable to the entity. If no state policy is applicable to the entity, then reasonable expenses are defined by federal cost principles for reimbursement.

[HEA §487(e)(7); §601.21(c)(7); §668.16(d)(2)(ii); DCL GEN-08-12/FP-08-10]

4.2 Administrative Capability Standards

Both guarantors and the Department require, as a condition of administrative capability, that a school designate a capable individual to administer and coordinate the FFELP with the school’s other federal and nonfederal aid programs. The school must ensure that an adequate number of qualified personnel are available to administer the loan programs, as outlined in federal regulations.

To effectively manage these programs, a school may contract with consultants or [third-party servicers](#). A school that contracts with an outside consultant or [servicer](#) remains responsible for the proper administration of the programs. The school cannot delegate this responsibility and remains accountable if the consultant or servicer mismanages the programs. The use of a consultant or servicer does not relieve the school of its responsibilities to counsel students on their rights and responsibilities or to provide students with the required [exit counseling](#) on loan repayment and debt management.

A school must demonstrate that it is capable of adequately administering the ~~FFELP~~ [Title IV programs](#) by meeting the following additional requirements:¹

- The school must administer the FFELP with adequate checks and balances as well as adequate internal controls.
- The school must divide the functions of authorizing payments and delivering FFELP funds.

¹ Policy 1233 (Batch 175), approved March 17, 2011

- The school must establish and publish standards for measuring [satisfactory academic progress \(SAP\)](#). These standards must, at a minimum, conform to the standards detailed in the federal regulations.
- The school must provide required program and fiscal reports in a timely manner.
- The school must show no evidence of significant problems as determined in a [program review](#).
- The school must participate in the electronic processes that the Department provides at no substantial charge to the school. These processes will be identified in notices published in the *Federal Register*. The Department expects to provide these notices annually. Schools are not restricted to using only software and services provided by the Department. [[§668.16](#); [§682.203\(a\)](#)]
- A school must annually report to the Department the amount of any reasonable expenses that were paid or provided by a private education loan lender or group of lenders to an [agent](#) of the school with responsibilities for financial aid. The school must report all of the following:
 - The amount for each specific instance of reasonable expenses paid or provided. See [Subsection 4.1.E](#) for more information about the standards for determining reasonable expenses.
 - The name of the agent with responsibilities for financial aid to whom the expenses were paid or provided.
 - The dates of each activity for which the expenses were paid or provided.
 - A brief description of each activity for which the expenses were paid or provided.
- [[§668.16\(d\)\(1\) and \(2\)](#)]
- The school must establish and maintain records required under [34 CFR Part 668 \(General Provisions\)](#) and as required for each Title IV program.
- A school must develop and follow procedures to evaluate the validity of a student's high school completion if the school or the Department has reason to believe that the student's high school diploma is not valid or the student obtained a diploma from an entity that does not provide secondary school education. This

requirement does not apply to a student who receives a secondary education in a home school setting that is treated as a home or private school under applicable state law.
[\[§668.16\(p\); Federal Register dated October 29, 2010, p. 66888\]](#)¹

4.2.A Financial Aid Administrator Responsibilities

A capable [financial aid administrator \(FAA\)](#) makes effective use of the various types of financial assistance (federal, institutional, [state](#), private) available to the school's students. An FAA's other responsibilities include:

- Ensuring that the Federal Stafford and PLUS Loan Programs at the school are administered according to federal regulations and [guarantor](#) policies.
- Ensuring that each [borrower](#) receives adequate financial aid and debt management counseling.
- Ensuring that each student's need-based financial aid does not exceed the student's need.
- Ensuring that each student's [financial aid package](#) does not exceed the student's [cost of attendance](#). [[§682.603\(e\)\(2\)](#)]

To fulfill his or her responsibilities, an FAA must communicate effectively with other school offices (such as the admissions office, the bursar's office, and the veterans affairs office). School administrators facilitate effective financial aid administration by ensuring that communication between these offices is open and timely, and that all relevant information is shared. A school is expected to have written procedures or information indicating the responsibilities of the various offices with respect to the approval, [disbursement](#), and delivery of Title IV program assistance. To properly package student financial aid, the FAA must have coordinating—but not necessarily controlling—authority for all financial aid programs offered by the school.

A list of financial aid publications that may assist an FAA in maintaining an effective program is included in [Section 2.3](#).

To effectively manage the school's programs, an FAA must be supported by an adequate number of qualified staff members. The number of staff members required depends

¹ Policy 1233 (Batch 175), approved March 17, 2011

A student who loses eligibility during a loan period is immediately ineligible to receive subsequent [disbursements](#) of FFELP funds and is required to repay any Title IV funds received after the date he or she loses eligibility. Schools are not required to recalculate a student's loan amount.

[§668.40(c)]

5.9 Required High School Diploma or Equivalent

5.10 Required High School Diploma or Equivalent¹

To be eligible for ~~FFELP funds~~ [Title IV aid](#), the ~~borrower, or the dependent student for whom a parent seeks a PLUS loan,~~ must have a high school diploma or its equivalent, or must demonstrate an [ability to benefit](#) from a program of study offered by a school (see [Section 5.10](#) for more information on ability-to-benefit provisions). A school must develop and follow procedures to evaluate the validity of a student's claim of high school completion if the school or the Department has reason to believe that the student's high school diploma is not valid or the student obtained a diploma from an entity that does not provide secondary school education (see also [Section 4.2](#)).

[§668.16(p); §668.32(e)(1) and (2)]

The following are considered equivalent to a high school diploma for establishing Title IV eligibility:

[§668.32(e)(1) and (2)]²

- A General Education Development (GED) Certificate—or a [state certificate](#) issued after a student passes an approved examination that the state recognizes as an equivalent to the GED.
[§668.32(e)(3)]
- An academic transcript in a recognized program. A school may admit a limited number of students without high school diplomas or equivalent certificates who have excelled academically in high school and met the school's admissions standards. If such a student completes a program of at least two years that is acceptable for full credit toward a bachelor's degree, the academic transcript for that program would be considered the equivalent of a high school diploma.
[09-10 FSA Handbook, Volume 1, Chapter 1, pp. 1-5 to 1-6]

5.10 Ability-to-Benefit Provisions

5.11 Ability-to-Benefit Provisions³

To receive [Title IV](#) assistance, a student without a high school diploma or its equivalent must demonstrate the potential to succeed in (i.e., an ability to benefit from) a [program of study](#) offered by a school. A student who is admitted on an [ability-to-benefit \(ATB\)](#) basis must meet one of the following requirements:

[§668.32(e); §682.201(a)(8)]

- The student takes—and achieves at least a passing score as specified by the U.S. Department of Education on—an independently administered test that has been approved by the Department to establish (according to the Department's criteria) whether the student has the ability to benefit from the education or training being offered. The independent administrator for the [ATB](#) test must be an individual or organization that has been certified by the test publisher and has no fiscal interest in the school.
[§668.141(a)(1)]
- The student obtains a passing score on a Department-approved state test or assessment.
[§668.141(a)(1)]
- The student is [enrolled](#) in an eligible [school](#) that participates in a state-approved testing process that is approved by the Department.
[§668.141(a)(2)]
- The student satisfactorily completes six credit hours or equivalent coursework that is applicable toward a degree or certificate offered by the school. The student is ineligible to receive Title IV aid while earning the six credit hours or their equivalent.
[HEA §484(d)(4); DCL GEN-08-12/FP-08-10]

To determine a student's eligibility to receive Title IV aid, a school may accept a passing score on an approved, properly administered ATB test if the score is received from an approved test publisher or assessment center.

[§668.151(a)(2)]

¹ Policy 1228 (Batch 173), approved January 20, 2011

² Policy 1233 (Batch 175), approved March 17, 2011

³ Policy 1228 (Batch 173), approved January 20, 2011

- Make assumptions about the program’s academic year at the prior school based on information obtained from the [National Student Loan Data System \(NSLDS\)](#). Schools that use this method must determine that the academic year for the program at the prior school ended on the *later* of the following:
 - 30 weeks after the first day of the most recent loan period listed.
 - The end date of the loan period for all loans made in the academic year.

If the final academic year in the prior school’s program does not overlap with the initial academic year in the new school’s program, the new school may certify a Stafford loan for no more than the Stafford annual loan limit applicable to the student’s [grade level](#) in the new program. If the final academic year in the prior school’s program *does* overlap with the initial academic year in the new school’s program, the new school may certify a Stafford loan for no more than the Stafford annual loan limit for the student’s grade level in the new program *minus* the Stafford loan amount the student received for the final academic year in the program at the prior school.

[[Dear Guaranty Agency Director Letter March 16, 1994; 09-10 FSA Handbook, Volume 3, Chapter 6, pp. 3-120 to 3-122](#)]

These same general principles apply to a student who transfers from one program of study to another program of study within the same school. See below for specific information about determining remaining Stafford loan eligibility for a student who transfers during an academic year from one program to another at the same school, based on the type of program into which the student transfers.

Grade Level Changes

A student’s [annual loan limit](#) may change if the student [progresses to a higher grade level or chooses to drop back to a lower grade level to pursue additional studies](#). The information below outlines the impact of such changes.

Undergraduate Changes in the Same Academic Year

In a credit-hour program that uses standard terms or nonstandard terms that are substantially equal *and* at least [nine weeks of instructional time in length \(SE9W\)](#), a student who experiences a grade level change within the [academic year](#) becomes eligible for the Stafford annual loan limits that are applicable to the new grade level. To provide an increased Stafford loan amount to a student who

becomes eligible for the higher Stafford annual loan limits due to a grade level change, a school may do one of the following:

- Request an increase in the amount of the current Stafford loan (see [Section 6.20](#)).
- Certify a new loan for a [loan period](#) that includes only the term(s) during which the student qualifies for the higher annual loan limit. The new Stafford loan amount must not exceed the higher grade level’s annual loan limit, minus the amount of the first Stafford loan for the same academic year.
- Cancel an undelivered Stafford loan disbursement(s) from the first loan that is intended for a term(s) in which the student qualifies for the higher Stafford annual loan limit. The school must determine eligibility for this one term loan using the [cost of attendance \(COA\)](#) minus the [expected family contribution \(EFC\)](#) minus [estimated financial assistance \(EFA\)](#). The amount of the new Stafford loan certified for the term(s) during which the student qualifies for the higher annual loan limit must not exceed the amount of the canceled disbursement(s) plus the additional amount for which the student is eligible due to the grade level change.

A school may not certify the higher annual loan limit associated with the next grade level until the student completes both the minimum number of weeks of instructional time and the minimum number of credit or clock hours in the program’s defined academic year if the student is enrolled in any one of the following programs:

- A clock-hour program.
- A non-term-based credit-hour program.
- A credit-hour program with nonstandard terms that are not SE9W, i.e., the terms are not substantially equal in length, or each term is not at least nine weeks of instructional time in length.
- A credit-hour program with a combination of standard terms and nonstandard terms that does not qualify to use an [SAY](#).

[[09-10 FSA Handbook, Volume 3, Chapter 6, pp. 3-113 through 3-114](#)]¹

¹ Policy 1234 (Batch 175), approved March 17, 2011

Undergraduate and Graduate Grade Levels in the Same Academic Year

A student who progresses from an undergraduate to a graduate status in a single [academic year](#) is eligible for the increased graduate Stafford loan limit. A school may request an increase in the amount of the current Stafford loan (see [Section 6.20](#)). Alternatively, a school may certify a new loan for a [loan period](#) that includes only the term(s) during which the student qualifies for the higher [annual loan limit](#). The new Stafford loan amount must not exceed the higher graduate level annual loan limit, minus the amount of the undergraduate Stafford loan certified for the same academic year. The school may not certify more than the graduate annual loan limit for the entire academic year. [\[09-10 FSA Handbook, Volume 3, Chapter 6, p. 3-113\]](#)

If a student transfers from a graduate program to an undergraduate program within an academic year, then the undergraduate loan limit for the student's [grade level](#) applies. But amounts previously borrowed at the graduate level within the same academic year do not count against the undergraduate annual loan limit. The total amount awarded for the academic year may not exceed the higher (graduate or professional) annual loan limit. [\[09-10 FSA Handbook, Volume 3, Chapter 6, p. 3-104\]](#)

Grade-Level Changes upon Transfer

Grade Level Changes upon Transfer

If the student's grade level decreases as a result of a transfer between schools or between programs at the same school and an academic year overlap exists, the new school must not certify a Stafford loan for more than the Stafford annual loan limit for the student's decreased grade level at the new school *minus* the outstanding loan amount the student received during the final academic year at the prior school or in the prior program at the same school. The exception to this rule is a transfer from a graduate program to an undergraduate program within an academic year. (See the [preceding discussion of changes between undergraduate and graduate levels](#).) ~~In this case, the undergraduate loan limit for the student's grade level applies, but amounts previously borrowed at the graduate level within the same academic year do not count against the undergraduate annual loan limit. The total amount awarded for the academic year may not exceed the higher (graduate/professional) annual loan limit.~~

[\[09-10 FSA Handbook, Volume 3, Chapter 6, p. 3-115\]](#)

Grade Level Changes in a Dual-Degree Program

A student who is enrolled in a program in which the student completes both a bachelor's degree and either a graduate or professional degree within the same program is considered to be enrolled in a dual-degree program. For the purpose of Stafford annual loan limits, the school must consider such a student to be an undergraduate for at least the first three years of the program. The school determines at what point after three years the student ceases to be an undergraduate and becomes eligible for the increased loan limits available to a graduate student.

[\[§668.2\(b\)\]](#)¹

Transfer to a Credit-Hour Program with Standard Terms or Nonstandard Terms That Are SE9W

Transfer between Schools

Example: A dependent undergraduate student received a subsidized Stafford loan in the amount of \$2,000 as a grade level 3 student at School A for the [loan period](#) August 21, 2009, to December 20, 2009. The student then enrolls in School B, where he was classified as grade level 1 in a credit-hour program with standard terms or nonstandard terms that are SE9W. School B wishes to certify a loan from his start date, January 5, 2010.

School B opts to use the "assumption" method of determining the [academic year](#) for the program at School A. The most recent loan period at School A began August 21, 2009; the end date of the minimum 30-week academic year, based on that date, would be March 18, 2010. When compared to the end date of School A's loan period, the later of these two dates is March 18, 2010; therefore, the assumed end date of the final academic year in School A's program is March 18, 2010.

Because the academic year in School B's program begins prior to the assumed end date of the final academic year in School A's program, the maximum Stafford loan amount that the student may receive is the [dependent student's](#) grade level 1 Stafford [annual loan limit](#) at School B (\$5,500, of which no more than \$3,500 may consist of subsidized Stafford loan funds), minus the Stafford loan amount the student received for the final academic year of the program at School A (\$2,000 in subsidized Stafford loan funds). School B may initially certify a combined [subsidized](#) and [unsubsidized](#) Stafford loan amount that does not exceed \$3,500, of which no more than \$1,500 may consist of subsidized Stafford loan funds. The initial loan

¹ Policy 1234 (Batch 175), approved March 17, 2011

The school may be required to establish a [withdrawal date](#) (see [Section 9.4](#)) and perform a [return of Title IV funds](#) calculation based on the student's withdrawal from the prior program during a payment period or, as applicable, [period of enrollment](#). (See [Subsection 9.5.A](#) for more information about calculating a return of Title IV funds on a payment period or period of enrollment basis). The school must also cancel any undelivered disbursement(s) from the original loan for which the student is ineligible. The new loan period for the new program begins on the student's start date in the new program and ends on the date that the school expects the student to complete the credit or clock hours and weeks of instructional time in the new program's academic year. The school may certify an initial Stafford loan for the new program that does not exceed the Stafford [annual loan limit](#) for the student's [grade level](#) in the new program minus the loan amount the student received during the prior program's final academic year.

[09-10 FSA Handbook, Volume 3, Chapter 6, p. 3-123]

If a student transfers to a new program at the same school to complete a final period of study of less than one academic year, the new loan period for the new program begins on the student's start date in the new program and ends on the date that the school expects the student to complete the credit or clock hours and weeks of instructional time in the program's final period of study. In this situation, if the new program is an undergraduate program, the student's Stafford annual loan limit must be prorated based on the number of hours that the school expects the student to complete during the final period of study in the new program (see [Subsection 6.11.F](#)). If an overlap exists with the prior program's academic year, the school may certify a Stafford loan amount that does not exceed the *lesser* of the following:

- The Stafford annual loan limit for the student's grade level in the new program, minus the Stafford loan amount the student received for the prior program's final academic year.
- The prorated Stafford annual loan limit for the student's grade level in the new program (see [Subsection 6.11.F](#)).

[09-10 FSA Handbook, Volume 3, Chapter 6, p. 3-123]

Completing a Program and Beginning Another Program at the Same School during an Academic Year

A school may certify a loan for the remainder of an academic year for a student who completes a program and begins a new program at the same school if the following criteria are met:

- The student's last loan to complete the prior program was for a period of less than an academic year.
- The student then begins a new program at the same school within the same academic year.

[§682.603(f)(1)(iii); 09-10 FSA Handbook, Volume 3, Chapter 6, p. 3-123]

The new loan for the new program begins on the date that the student starts the new program and ends on the date that the school expects the student to complete the number of credit or [clock hours](#) and weeks of instructional time in the prior program's [academic year](#). For this initial loan in the new program, the school may certify a Stafford loan amount that does not exceed the Stafford [annual loan limit](#) for the student's [grade level](#) in the new program, minus the loan amount the student received during the prior program's final academic year.

Grade Level Increases within the Same Academic Year

~~In a credit hour program that uses standard terms or nonstandard terms that are substantially equal and at least nine weeks of instructional time in length (SE9W), a student who experiences a grade level change within the academic year becomes eligible for the Stafford annual loan limits that are applicable to the new grade level. To provide an increased Stafford loan amount to a student who becomes eligible for the higher Stafford annual loan limits due to a grade level change, a school may request an increase in the amount of the current Stafford loan (see Section 6.20). Alternately, a school may certify a new loan for a loan period that includes only the term(s) during which the student qualifies for the higher annual loan limits. The new Stafford loan amount must not exceed the higher grade level annual loan limits, minus the amount of the first Stafford loan. A school may choose instead to cancel an undelivered Stafford loan disbursement(s) from the first loan that is intended for a term(s) in which the student qualifies for the higher Stafford annual loan limits. In that case, the new Stafford loan amount must not exceed the amount of the canceled disbursement(s) plus the additional amount for which the student is eligible due to the grade level change.¹~~

¹. Policy 1234 (Batch 175), approved March 17, 2011

A school may not certify the higher annual loan limits associated with the next grade level until the student completes both the minimum number of weeks of instructional time and the minimum number of credit or clock hours in the program's defined academic year if the student is enrolled in any one of the following programs:

- A clock hour program.
- A non term-based credit hour program.
- A credit hour program with nonstandard terms that are *not* SEOW, i.e., the terms are not substantially equal in length, or each term is not at least nine weeks of instructional time in length.
- A credit hour program with a combination of standard terms and nonstandard terms that does not qualify to use an SAY.¹

¹ Policy 1234 (Batch 175), approved March 17, 2011

leave of absence if it documents its decision and collects the student's written request at a later date.

[§668.22(d)(3)(iii)(B)]

If the student withdraws after returning from an approved leave of absence, the total number of calendar days in the [payment period](#) or [period of enrollment](#) used for a [return of Title IV funds](#) calculation must be adjusted. The number of calendar days in the leave of absence must be excluded from the total number of days in the payment period or period of enrollment to ensure that a student does not earn funds during a leave of absence.

A student on an approved leave of absence is considered to be enrolled at the school and is eligible for an [in-school deferment](#) if he or she satisfies other deferment eligibility requirements. However, a school may not credit a student's account or otherwise deliver [loan proceeds](#) to the student or [parent borrower](#) while the student is on an approved leave of absence. The school may credit a student's account or deliver loan proceeds to the borrower if the student has returned from an approved leave of absence on at least a half-time basis within the applicable delivery time frames described in [Subsection 8.7.A](#). If the student does not return from an approved leave of absence on at least a half-time basis or the school is otherwise unable to credit the student's account or deliver loan proceeds to the borrower, the school must return the loan proceeds to the lender within the applicable return time frames described in [Section 8.9](#). If the school returns loan proceeds received while the student is on an approved leave of absence, the school may request that the lender reissue those loan proceeds to coincide with the student's scheduled return from an approved [leave of absence](#). See [Subsection 7.7.F](#) for reissue requirements.

[§682.604(c)(4)]

A student who fails to return to school by the end of an approved leave of absence or whose leave of absence has not been approved must be considered to have withdrawn for purposes of determining the student's [last date of attendance](#) and calculating the amount of [Title IV funds](#) to be returned. In addition, a student who is considered by the school to have withdrawn is not eligible for an [in-school deferment](#). See [Section 9.4](#) for more information on determining the date of withdrawal and [Section 9.5](#) for applicable requirements for the [return of Title IV funds](#). [§668.22(b)(1); §668.22(c)(1)(v) and (vi); DCL GEN-98-28]

The last date of attendance for students who fail to return from an approved leave of absence is based upon whether the school is required to record attendance. For schools required to record attendance, the last date of attendance is

the last date of academic attendance reflected in the school's attendance records. For schools not required to record attendance, the last date of attendance is the date the student began the leave of absence.

[§668.22(b)(1) and (c)(1)(v); 09-10 FSA Handbook, Volume 5, Chapter 2, p. 5-37]

9.4 Withdrawal Dates

A student who ceases enrollment or fails to return to school as expected is considered to have withdrawn. The school must determine the [withdrawal date](#) and report that date to the [National Student Loan Data System \(NSLDS\)](#) and, if appropriate, the lender or [guarantor](#). (See [Section 9.2](#) for information regarding a school's student status reporting requirements.)

For purposes of reporting enrollment status and deferment information, if a student does not return for the next scheduled term following a summer break or a period of summer bridge deferment (including periods during which classes are offered but attendance is not required), the school must determine the student's withdrawal date within 30 days after the first day of the next scheduled term. [§682.605(a)]

A school must describe its withdrawal process to students, including those actions which constitute the "beginning" of the withdrawal process, and designate one or more offices the student must contact to provide official notification of withdrawal.

[§668.22; §668.43(a)(3)]

Death of a Student

At a school that is required to record attendance, the withdrawal date for a student who has died is the last date of attendance as determined from the school's attendance records.

[§668.22(c)(1)(iv); 09-10 FSA Handbook, Volume 5, Chapter 2, p. 5-80]

Withdrawal Dates at Schools Required to Record Attendance

~~Some accrediting agencies, state regulatory agencies, and other outside entities require schools to record attendance for some or all of their students.~~¹ For a school that is required to record attendance, the withdrawal date is the student's last recorded date of academic attendance, as

¹ Policy 1235 (Batch 175), approved March 17, 2011

determined by the school from its attendance records. If a student does not resume attendance by the end of an approved leave of absence at the school, or takes a [leave of absence](#) that is not an approved leave of absence, the [withdrawal date](#) is the student's last recorded date of academic attendance.

[§668.22(b)(1); DCL GEN-98-28]

A school is considered to be required to record attendance if any of the following conditions exist:

- An outside entity (e.g., an [accrediting agency](#) or state regulatory agency) requires the school to record attendance. If an outside entity requires a student to self-certify attendance directly to that entity, the school is considered one that must record attendance for the student—and the school must use the student's attendance record to determine the student's [withdrawal date](#)—only if the school must verify the student's self-certification.
[§668.22(b)(3)(i)(A); *Federal Register* dated October 29, 2010, p. 66897]
- The school requires its instructors to take attendance. A school that requires its faculty to take attendance at the program, department, or school level must use those attendance records to determine the date of a student's withdrawal. However, if a faculty member chooses to take attendance, but the school does not require the faculty member to do so, the school is not required to use the faculty member's voluntary attendance records to establish the student's withdrawal date.
[§668.22(b)(3)(i)(B); *Federal Register* dated October 29, 2010, p. 66897]
- The school or an outside entity has a requirement that can only be met by recording attendance or using a comparable process. This includes, but is not limited to, requiring that students in a program demonstrate attendance in the classes of that program or a portion of the program.
[§668.22(b)(3)(i)(C)]

If either the A school requires its instructors or an outside entity requires the school that is required to record attendance for a limited period of time, the school must document the student's attendance through that period use its attendance records to determine the withdrawal date for a student who ceases attendance during that limited period. If the school determines that the student is not in attendance at the end of that period, the student's withdrawal date is determined according to the requirements for a school that is required to record attendance. If the school can document

the student's attendance through the period of time during which the school ~~is required to record~~ attendance but the student subsequently ~~withdraws~~ ceases attendance, the ~~student's withdrawal date is determined~~ school must determine the student's withdrawal date according to the requirements for a school that is not required to record attendance (see below).

[§668.22(b)(3)(iii)]

If either the school requires its instructors or A school that is required by an outside entity (e.g., a state workforce development agency), requires the school to record attendance for a specific group of students, the school must use the its attendance records to determine the withdrawal date for only that specific group of students under that outside entity's jurisdiction to determine the student's withdrawal date.

[§668.22(b)(3)(ii); DCL GEN 00-24]

A school is not required to record attendance based on the requirement of an outside entity for a single event (e.g., a one-day census activity). If either the school requires its instructors or an outside entity requires the school to take attendance on only one specified day to meet a census reporting requirement, the school is not considered one that is required to record attendance.

[§668.22(b)(3)(iv)09-10 FSA Handbook, Volume 5, Chapter 2, p. 5-73]¹

Withdrawal Dates at Schools Not Required to Record Attendance

If a school is not required to record attendance, the student's [withdrawal date](#) varies depending on the type of withdrawal.

Official Notification of a Student's Intent to Withdraw

If the student provides notice of his or her intent to withdraw, the [withdrawal date](#) is the earlier of the following:

- The date, as determined by the school, that the student began the school's withdrawal process.
[§668.22(c)(1)(i); DCL GEN-98-28]
- The date the student provided official notification to the school, in writing or orally, of his or her intent to withdraw. "Official notification to the school" is a notice of intent to withdraw that a student provides to an office or offices designated by the school. If the student creates more than one withdrawal date by

¹ Policy 1235 (Batch 175), approved March 17, 2011

Cohort Default Rate: The percentage of Stafford and SLS loan borrowers who default before the end of the fiscal year following the fiscal year in which they entered repayment on their loans. This includes borrowers whose underlying Stafford and SLS loans have been included in a Consolidation loan. The Department calculates this rate annually to determine the default experience of students who attended a particular school during a particular period of time. Unless otherwise noted, the cohort default rate pertains to the FFELP cohort default rate or the dual-program cohort default rate. See [Chapter 16](#) of this Manual for a discussion of cohort default rates and the process for challenges, adjustments, and appeals.

Collection Costs: Costs incurred in the collection of the loan by the loan holder and charged to the borrower. These costs may include, but are not limited to, attorney's fees, court costs, and telegrams; they may not include routine costs associated with preparing letters or notices or making telephone calls to the borrower.

Comaker: One of two spouses who jointly borrowed a Federal Consolidation loan made from an application received by the consolidating lender prior to July 1, 2006, each of whom was eligible and is jointly and severally liable for the loan's repayment, regardless of future marital status. The term also refers to one of two parents who jointly borrowed a PLUS loan made prior to April 16, 1999. [\[§682.200\(b\)\]](#)

Commercial Paper Rate: Commercial paper includes short-term, unsecured promissory notes issued primarily by large, well-known corporations and finance companies. The average of the bond equivalent rates of the quotes of the 3-month commercial paper (financial) rates in effect for each of the days in the quarter is a factor in determining the amount of special allowance paid to a lender by the Department for eligible Stafford and PLUS loans first disbursed on or after January 1, 2000, and eligible Consolidation loans made from applications received by lenders on or after January 1, 2000. See [Section A.2](#) and [Subsection A.2.A](#).

~~**Commissioned Salesperson:** A person who receives compensation related to, or calculated on the basis of, student applications for enrollment, actual student enrollments, or student acceptances for enrollment.¹~~

Common Form: A standardized form for the administration of the FFELP that is developed and maintained by FFELP participants and approved by the Department. For more information and a list of the common forms, see [Subsection 2.3.C](#).

Confirmation (as it relates to the MPN): A process by which the school or lender, prior to disbursing a loan, advises the borrower of the proposed loan types and amounts. The borrower may accept the loan(s) passively (by taking no action) or affirmatively (by notifying the school in writing or electronically of his or her acceptance of the loan(s) or any changes he or she wishes to make to the loan types or amounts).

Consummated Loan: A loan for which a disbursement check has been negotiated or EFT or master check funds have been delivered to the borrower. For example, the loan would be considered consummated if the borrower had cashed the check, if an individual check, or the school had applied the proceeds to the student's account, if included in a master check or EFT transmission before the school returned the proceeds to the lender. See [Unconsummated Loan](#).

Correspondence Course: A typically self-paced course in which the school provides instructional materials, including examination of those materials, by mail or electronic transmission, to students who are separated from the instructor. Interaction between the instructor and student is limited, is not regular and substantive, and is primarily initiated by the student. If a course is a combination of correspondence work and residential training, the course is considered to be a correspondence course. A correspondence course is not distance education. See [Subsection 4.1.D](#) and [Section 5.12](#) for more information. [\[§600.2 definition of correspondence course\]](#)

Cosigner: A signer of a promissory note who is secondarily liable for a loan obligation. This term is no longer used in federal regulations. See also [Endorser](#).

Cost of Attendance (COA): An estimate of the student's educational expenses for the loan period. See [Section 6.5](#).

Cost of Education: See [Cost of Attendance \(COA\)](#)

Cost-Less-Aid: A figure calculated by deducting all financial assistance the student has been or will be awarded for the loan period from the cost of attendance for the same loan period.

Cumulative Loan Limit: See [Aggregate Loan Limit](#)

Cure: Reinstatement of a loan's guarantee upon completion of a prescribed series of loan collection activities; also the process by which the loan's guarantee is reinstated.

¹ Policy 1232 (Batch 175), approved March 17, 2011