

## Summary of Changes Approved through November 2011

This summary lists changes made since the 2011 Annual Update of the *Common Manual*.  
 Change bars denote the latest policy changes, which were approved October 20, 2011, and November 17, 2011.  
 Changes made before the 2011 Annual Update are noted in Appendix H.

Common Manual Section	Description of Change	Effective Date/Triggering Event	Policy/Batch
<b>Chapter 2: About the FFELP</b>			
2.3.C Common Forms	Clarifies that if a borrower requests a military service deferment or a post-active duty student deferment form (MIL), the lender should make available to the borrower the appropriate common deferment form.	Requests for military service deferment or post-active duty student deferment form received on or after October 1, 2007.	1257/181
<b>Chapter 4: School Participation</b>			
4.4.A Preferred Lender Arrangements and Lists	Removes reference to the PLUS loan auction pilot program.	Upon approval by the <i>Common Manual</i> Governing Board.	1255/181
<b>Chapter 5: Borrower Eligibility</b>			
5.1.B Student Eligibility Requirements	Eliminates this exception to the FAFSA completion requirement. All students must complete the FAFSA, even if the only Title IV aid for which they will apply is the parent PLUS loan.	Parent PLUS loans obtained for the 2011-2012 award year.	1256/181
5.1.C Graduate or Professional Student and Parent PLUS Loan Borrower Eligibility Requirements			
<b>Chapter 6: School Certification</b>			
6.4.A Multiple Disbursements and Low Cohort Default Rate Exemptions	States that for a loan first disbursed on or after October 1, 2011, a school is exempt from delayed delivery of Stafford loans and, under certain conditions, multiple disbursement of Stafford and PLUS loans if the school's official cohort default rate is less than 15% for each of the three most recent fiscal years from which data are available.	For the multiple disbursement exemption, loan disbursements made on or after October 1, 2011.  For the delayed delivery exemption, Stafford loans first disbursed on or after October 1, 2011.	1249/179
6.7 Determining the Amount of Estimated Financial Assistance (EFA)	Deletes references to ACG and National SMART grants in Manual text that discusses a school's responsibility for determining a student's eligibility for federal student aid, including a transfer student.  Also aligns the Manual with existing regulations, which state that a school must also determine the amount of a student's scheduled TEACH grant award for the award year for which a TEACH grant is requested and the amount of any TEACH grant funds already delivered to the student for the award year.	For deletion of the reference to the Academic Competitiveness Grant Program and National SMART Grant Program, the 2011-2012 award year.  For insertion of a reference to the TEACH Grant Program, July 1, 2008.	1250/179

Common Manual Section	Description of Change	Effective Date/Triggering Event	Policy/Batch
<b>Chapter 7: Loan Origination</b>			
7.7.B Multiple Disbursement	States that for a loan first disbursed on or after October 1, 2011, a school is exempt from delayed delivery of Stafford loans and, under certain conditions, multiple disbursement of Stafford and PLUS loans if the school's official cohort default rate is less than 15% for each of the three most recent fiscal years from which data are available.	For the multiple disbursement exemption, loan disbursements made on or after October 1, 2011.  For the delayed delivery exemption, Stafford loans first disbursed on or after October 1, 2011.	1249/179
<b>Chapter 8: Loan Delivery</b>			
8.7.D Delayed Delivery	States that for a loan first disbursed on or after October 1, 2011, a school is exempt from delayed delivery of Stafford loans and, under certain conditions, multiple disbursement of Stafford and PLUS loans if the school's official cohort default rate is less than 15% for each of the three most recent fiscal years from which data are available.	For the multiple disbursement exemption, loan disbursements made on or after October 1, 2011.  For the delayed delivery exemption, Stafford loans first disbursed on or after October 1, 2011.	1249/179
8.7.G Delivery to Borrowers in Special Circumstances	Clarifies the applicability of the modular rules to both term-based and non-term-based and clock hour programs of study.  Clarifies that for a term-based program offered in modules, if the student withdraws and misses only a portion of a module or modules during a term, but re-enters within that period of enrollment or payment period, the school is not required to recalculate the student's award based on the student's attendance in only a portion of a module. The school must restore the student's original award, and is not required to adjust any award based on the student's attendance in only part of a module. If, however, the student withdraws and does not attend any portion of a module for which he or she was originally scheduled, the school must re-evaluate the student's cost of attendance based on the omitted module(s) and adjust the Title IV aid eligibility prior to awarding additional funds.  Clarifies that if the student who is enrolled in a program offered in modules withdraws and confirms at the time of withdrawal his or her intent to resume enrollment within the payment period or period of enrollment, as applicable, and, for a clock-hour or non-term-based program, within 45 days of the date of withdrawal, but fails to return, the withdrawal date is the last day of the student's recorded, eligible academic attendance if the school is considered to be "required to take attendance." At a school that is not required to take attendance, normal rules apply for determining the withdrawal date.	July 1, 2011, for students who withdraw from payment periods or periods of enrollment that begin on or after that date.	1253/180
8.7.H Delivery to Transfer Students	Deletes references to ACG and National SMART grants in Manual text that discusses a school's responsibility for determining a student's eligibility for federal student aid, including a transfer student.  Also aligns the Manual with existing regulations, which state that a school must also determine the amount of a student's scheduled TEACH grant award for the award year for which a TEACH grant is requested and the amount of any TEACH grant funds already delivered to the student for the award year.	For deletion of the reference to the Academic Competitiveness Grant Program and National SMART Grant Program, the 2011-2012 award year.  For insertion of a reference to the TEACH Grant Program, July 1, 2008.	1250/179

Common Manual Section	Description of Change	Effective Date/Triggering Event	Policy/Batch
<b>Chapter 9: School Reporting Responsibilities and the Return of Title IV Funds</b>			
9.4 Withdrawal Dates	<p>Clarifies the applicability of the modular rules to both term-based and non-term-based and clock hour programs of study.</p> <p>Clarifies that for a term-based program offered in modules, if the student withdraws and misses only a portion of a module or modules during a term, but re-enters within that period of enrollment or payment period, the school is not required to recalculate the student's award based on the student's attendance in only a portion of a module. The school must restore the student's original award, and is not required to adjust any award based on the student's attendance in only part of a module. If, however, the student withdraws and does not attend any portion of a module for which he or she was originally scheduled, the school must re-evaluate the student's cost of attendance based on the omitted module(s) and adjust the Title IV aid eligibility prior to awarding additional funds.</p> <p>Clarifies that if the student who is enrolled in a program offered in modules withdraws and confirms at the time of withdrawal his or her intent to resume enrollment within the payment period or period of enrollment, as applicable, and, for a clock-hour or non-term-based program, within 45 days of the date of withdrawal, but fails to return, the withdrawal date is the last day of the student's recorded, eligible academic attendance if the school is considered to be "required to take attendance." At a school that is not required to take attendance, normal rules apply for determining the withdrawal date.</p>	July 1, 2011, for students who withdraw from payment periods or periods of enrollment that begin on or after that date.	1253/180
<b>Chapter 11: Deferment and Forbearance</b>			
11.8.B Deferment Documentation—Military Service	Clarifies that if a borrower requests a military service deferment or a post-active duty student deferment form (MIL), the lender should make available to the borrower the appropriate common deferment form.	Requests for military service deferment or post-active duty student deferment form received on or after October 1, 2007.	1257/181
11.12.B Deferment Documentation—Post-Active Duty Student			
<b>Chapter 13: Claim Filing, Discharge, and Forgiveness</b>			
13.1.D Claim File Documentation	Acknowledges that some lenders may file electronic documents with the bankruptcy court and requires the lender to include a copy of those electronically filed documents, such as the Proof of Claim, in any claim file that it files.	Claims filed by the lender on or after March 1, 2012, unless implemented earlier by the guarantor.	1252/180
13.1.G Additional Documentation Requested by the Guarantor	States that a lender must allow a guarantor or the Department access to the lender's records for inspection and copying to verify the accuracy of the information provided by the lender in the claim request, to verify the right of the lender to receive or retain claim payments, to investigate a borrower's dispute, or to enforce any right acquired by the guarantor or the Department.	Retroactive to the implementation of the <i>Common Manual</i> .	1251/179
13.8.A Bankruptcy	Acknowledges that some lenders may file electronic documents with the bankruptcy court and requires the lender to include a copy of those electronically filed documents, such as the Proof of Claim, in any claim file that it files.	Claims filed by the lender on or after March 1, 2012, unless implemented earlier by the guarantor.	1252/180

Common Manual Section	Description of Change	Effective Date/Triggering Event	Policy/Batch
<b>Chapter 15: Federal Consolidation Loans</b>			
15.8 Direct Consolidation Loan Program Treatment of Underpayments and Overpayments	Adds information about the Department's policy on the treatment of underpayments and overpayments made to a borrower's underlying loan holder(s) when a borrower consolidates his or her federal student loans under the Direct Consolidation Loan Program.	Underpayments and overpayments received by loan holders from the Direct Consolidation Loan Program on or after July 1998.	1254/180
<b>Appendix G: Glossary</b>			
Preferred Lender Arrangement	Removes reference to the PLUS loan auction pilot program.	Upon approval by the <i>Common Manual</i> Governing Board.	1255/181

## 2.3.C Common Forms

The 1992 [Reauthorization of Title IV](#) of the HEA required the Department, in cooperation with industry participants, to develop common loan applications and [promissory notes](#), deferment forms, and reporting formats.

[Common forms](#) for the FFELP generally are developed through a collaborative effort led by the Program Operations Committee of the [National Council of Higher Education Loan Programs \(NCHELP\)](#) and, ultimately, the Department and the Office of Management and Budget (OMB).

NCHELP's Program Operations Forms subcommittee coordinates forms development, and various NCHELP Program Operations subcommittee workgroups to develop the forms and circulate them to the NCHELP membership and other industry entities that represent schools, lenders, and other financial aid constituencies for initial comment. After the forms are reviewed and approved, the forms are submitted to the Department for its consideration and approval.

The Department reviews the forms, looking especially at regulatory and legal compliance, risk, and overall consistency with the goals of the Title IV programs, and revises the forms, if needed.

The Department submits forms designed to collect information to the OMB for review and approval. This process includes publication of notices in the [Federal Register](#) (typically two) that make the forms available for public comment. The first comment period is for 60 days and the second is for 30 days. After the Department and the OMB receive and review the comments and make any adjustments, the OMB assigns a control number and an expiration date to the forms, and the Department announces approval to the community.

Approved common forms are reviewed at least every 3 years for updates and revisions. The revision process follows the same general flow as that used for new forms.

Default aversion and [claim](#) forms listed later in this subsection are developed and updated by NCHELP. The Department does not participate in the development or update of these forms, and thus the forms are not subject to OMB review or approval.

The following is a list of the common forms that are used in the FFELP. The most current forms may be found on the NCHELP Website ([www.nchelp.org](http://www.nchelp.org)) as well as on many [guarantor](#) Websites.

### Loan Origination Forms

- Federal Stafford Loan Master Promissory Note
- Addendum to the Federal Stafford Loan Master Promissory Note
- Federal Stafford Loan Plain Language Disclosure
- Federal Stafford Loan School Certification
- Federal PLUS Loan Application and Master Promissory Note
- Addendum to the Federal PLUS Loan Application and Master Promissory Note
- Federal PLUS Loan Plain Language Disclosure
- Federal PLUS Loan Information and School Certification
- Endorser Addendum to Federal PLUS Loan Application and Master Promissory Note
- Federal Consolidation Loan Application and Promissory Note
- Addendum to the Federal Consolidation Loan Application and Promissory Note
- Federal Consolidation Loan Verification Certificate
- Request to Add Loans to a Federal Consolidation Loan (180-Day Add-On Provision)
- Additional Loan Listing Sheet for Federal Consolidation Loan Application and Promissory Note

### Return of Title IV Funds Worksheets

- Treatment of Title IV Funds When a Student Withdraws from a Credit-Hour Program
- Treatment of Title IV Funds When a Student Withdraws from a Clock-Hour Program
- Information Required When Referring Student Overpayments due to Withdrawal to Borrower Services—Collections

### Deferment Forms

- SCH In-School Deferment Request
- EDU Education Related Deferment Request
- PUB Public Service Deferment Request
- TDIS Temporary Total Disability Deferment Request
- UNEM Unemployment Deferment Request
- PLWM Parental Leave/Working Mother Deferment Request
- HRD Economic Hardship Deferment Request and Worksheets
- PLUS Parent PLUS Borrower Deferment Request
- MIL Military [Service Deferment Request](#)  
[Post-Active Duty Student Deferment Request](#)<sup>1</sup>

<sup>1</sup> Policy 1257 (Batch 181), approved November 17, 2011

## 4.4 Providing Information to Students

Federal regulations outline specific information that the school must provide to prospective students and their parents, to [enrolled](#) students, and in some cases, to school employees and prospective employees. Generally, this information is provided by a school's financial aid office. This information includes general consumer information such as graduation and transfer-out rates, campus crime statistics, and [entrance](#) and [exit counseling](#) for student borrowers.

For more information on the responsibilities of a financial aid office with respect to providing this information, the school may refer to [§682.604](#) and [§668.42](#), as well as the [09-10 FSA Handbook, Volume 2, Chapter 6, pp. 2-78 to 2-84](#).

### 4.4.A Preferred Lender Arrangements and Lists

A [preferred lender arrangement](#) is an agreement between a lender and a school or an [institution-affiliated organization](#) under which a lender issues loans to a student or a student's family and the school or institution-affiliated organization recommends, promotes, or endorses the lender's loans. A preferred lender arrangement does not include: [\[§601.2\(b\)\]](#)

- Arrangements or agreements with respect to loans made under the [Federal Direct Loan Program](#).
- ~~Arrangements or agreements with respect to loans originated through the PLUS loan auction pilot program.<sup>1</sup>~~
- A private education loan made by a school or institution-affiliated organization to a student attending the school, provided the loan meets any one of the following conditions:
  - The loan is funded by the school's or institution-affiliated organization's own funds.
  - The loan is funded by donor-directed contributions.
  - The loan is made under [Title VII](#) or [Title VIII of the Public Service Health Act](#).

- The loan is made under a state-funded financial aid program, if the terms and conditions of the loan include a loan forgiveness option for public service.

A school or an institution-affiliated organization that participates in a preferred lender arrangement must disclose on its Website and in all publications, mailings, or electronic messages or materials that describe or discuss education loans, including a list of preferred lenders (see below), all of the following:

- The maximum amounts of Title IV grant and loan aid available to students in an easy-to-understand format. [\[§601.10\(a\)\(1\)\(i\)\]](#)
- The information identified on a model disclosure form developed by the Department for each type of FFELP loan that is offered pursuant to a preferred lender arrangement. This information must be provided in a manner that allows for the student and his or her family to take the information into account before selecting a lender or applying for an education loan. [\[§601.10\(a\)\(1\)\(ii\); §601.10\(c\)\(2\)\]](#)
- A statement that the school is required to process FFELP loan documents from any eligible lender the student selects. [\[§668.10\(a\)\(1\)\(iii\)\]](#)
- The information identified on the Private Loan Application and Solicitation Model Form approved by the Federal Reserve Board for each type of private education loan that is offered pursuant to a preferred lender arrangement. This information must be provided in a manner that allows for the student and his or her family to take the information into account before selecting a lender or applying for an education loan. For more information about the Private Loan Application and Solicitation Model Form, see the Final Rules published by the Federal Reserve Board in the [Federal Register](#) dated August 14, 2009, Vol. 74, No. 156, pp. 41237 and 41238. [\[§601.10\(a\)\(2\)\(i\) and \(ii\); §601.10\(c\)\(2\)\]](#)

<sup>1</sup> Policy 1255 (Batch 181), approved November 17, 2011

Section 5.10), or the student must meet one of the following standards:

[§668.32(e)(1)]

- The student must (a) be beyond the age of compulsory school attendance in the state in which the postsecondary school is located and (b) pass an independently administered [ability-to-benefit](#) test that has been approved by the Department (see [Section 5.11](#)).

[§668.32(e)(2)]

- The student must have—and may self-certify that he or she has—completed a secondary school education in a home school setting that is treated as a home or private school under applicable state law. Federal regulations do not require a home-schooled student to pass an ability-to-benefit test approved by the Department in order to qualify for Title IV assistance. An underage home-schooled student is considered to be beyond the age of compulsory school attendance in the state in which the postsecondary school is located if that state does not consider the student to be truant once he or she has completed a home-school program, or if that state would not require the student to attend school or continue to be home-schooled.

[§668.32(e)(4); DCL GEN-02-11]

- To receive any Title IV aid, including a parent PLUS loan with the exception of a parent PLUS loan, the student must certify, as part of the [Free Application for Federal Student Aid \(FAFSA\)](#) filed with the Department, a [statement of educational purpose](#). ~~To receive a parent PLUS loan without completing a FAFSA, the student must complete and submit to the school a separate statement of educational purpose.~~

[HEA §432(m)(1)(C); HEA §484(a)(4)(A);

§668.32(h); §668.164(g)(2)(i)]<sup>1</sup>

- The student must be [enrolled](#) or accepted for enrollment on at least a half-time basis in an eligible program at a [participating school](#). See [Section 5.12](#) for student enrollment requirements.

[§668.32(a)(1)(i) and (iii)]

- The student, if currently enrolled, must be maintaining [satisfactory academic progress \(SAP\)](#), as determined by the school according to federal regulations and the

school's policy. (See [Section 8.4](#) for information on SAP requirements.)

[§668.32(f)]

- The student must not be serving in a medical internship or residency program required of doctors of medicine, osteopathy, and optometry. Students who are serving in an internship as part of any other degree program (e.g., a dental or veterinary internship) are considered eligible students for purposes of Stafford loans and PLUS loans, as applicable.

[§682.201(a)(9); DCL GEN-90-33, Q&A #16]

- Unless exempt, a male student must register with the Selective Service. A female student is exempt from the Selective Service registration requirement (see [Subsection 5.2.C](#)).

[§668.32(j); §668.37]

- The student must not have fraudulently borrowed a loan, provided information that caused his or her loan to exceed applicable [annual loan limits](#) during an [academic year](#), nor knowingly exceeded an [aggregate loan limit](#) for the [FFELP](#), [FDLP](#), or [Federal Perkins Loan Program](#).

- The student must not have had his or her eligibility for Title IV aid denied when sentenced by a court due to conviction of possession or distribution of a controlled substance, under the authority of the Anti-Drug Abuse Act of 1988. A student whose financial aid eligibility is denied as part of the penalty for a drug conviction will be placed on the Department's Drug Abuse Hold File at the direction of the Department of Justice. The student will receive a SAR with no calculated [EFC](#) and a comment instructing him or her to contact the U.S. Department of Education if the student wishes to contest the finding.

- The student must not have been convicted of a state or federal offense involving the possession or sale of an illegal drug that occurred while the student was enrolled in school and receiving Title IV aid (see [Section 5.9](#)). Any student who applies for federal student aid and reports such a conviction on his or her FAFSA will receive a warning on his or her [Student Aid Report \(SAR\)](#) indicating that a conviction for the possession or sale of an illegal drug may result in the loss of the student's eligibility for Title IV aid. [An illegal drug is a controlled substance as defined in section 102(6) of the Controlled Substance Act, and does not include alcohol or tobacco.]

[HEA §484(r)(1); §668.40; DCL GEN-06-05]

<sup>1</sup> Policy 1256 (Batch 181), approved November 17, 2011

- The student must not be [incarcerated](#) at the time [funds](#) are disbursed or delivered. [[§668.32\(c\)\(3\)](#)]
- The student must meet other applicable provisions of this chapter. [[§668.32\(k\)](#)]

### 5.1.C Graduate or Professional Student and Parent PLUS Loan Borrower Eligibility Requirements

For purposes of obtaining a PLUS loan, an eligible [parent borrower](#) is a student's biological or adoptive mother or father. The spouse of a parent who is remarried is also an eligible parent borrower if the spouse's income and assets would have been taken into account when calculating a [dependent student's expected family contribution \(EFC\)](#). All of a dependent student's eligible parent borrowers may borrow separately to provide for the educational expenses of the student—provided that the combined borrowing of the parent borrowers does not exceed the calculated [cost of attendance \(COA\)](#) minus [estimated financial assistance \(EFA\)](#).

[[§668.2\(b\)](#); [§682.201\(b\)\(2\)](#); [DCL GEN-98-26](#)]

To be eligible for a [parent PLUS loan](#), a parent borrower must be applying for the loan to pay the postsecondary educational costs for an eligible dependent [undergraduate student](#) who is [enrolled](#) or accepted for enrollment at least half time at a [participating school](#). The student must have completed a FAFSA. A parent may not receive a PLUS loan on behalf of a student serving in a medical internship or residency program required of doctors of medicine, osteopathy, and optometry.

[[§668.164\(g\)\(2\)\(i\)](#); [§682.201\(c\)](#)]<sup>1</sup>

To be eligible for a [Grad PLUS loan](#), a [graduate or professional student](#) borrower must be applying for the loan to pay educational costs incurred for at least half-time enrollment in a graduate or professional program at a participating school. Before applying for a Grad PLUS loan, the borrower must submit a completed [Free Application for Federal Student Aid \(FAFSA\)](#) and the school must determine the student's maximum eligibility for subsidized and unsubsidized Stafford loan funds. However, the student may decline the Stafford loan and the

school may not require the student to accept Stafford loan funds as a condition of applying for a Grad PLUS loan. [[DCL FP-06-05](#)]

Each PLUS loan borrower must certify a [statement of educational purpose](#). A statement of educational purpose is included on the [Federal PLUS Loan Application and Master Promissory Note \(PLUS MPN\)](#). By signing the PLUS MPN, the borrower certifies that he or she will comply with the statement of educational purpose. [[§668.32\(h\)](#); [§682.201\(b\)\(1\)](#); [§682.201\(c\)\(1\)\(v\)](#)]

Each PLUS loan borrower must be determined not to have adverse credit to be eligible for a PLUS loan (see [Subsections 7.1.B](#) and [7.1.C](#)). [[§682.201\(b\)\(4\)](#)]

## 5.2 Federal Data Matches

When a student submits a completed [Free Application for Federal Student Aid \(FAFSA\)](#), the Department of Education assists schools in determining a student's eligibility as a Stafford loan borrower, a Grad PLUS loan borrower, or as the dependent student of a parent PLUS loan borrower. The [Department](#) conducts federal data matches concerning the citizenship, [Social Security number](#), Selective Service registration, student financial aid history information, and veteran status that the student reports or certifies on the FAFSA. In addition, the Department conducts data matches on individuals convicted of federal or state drug offenses subject to denial of benefits under court orders. The results of the data matches with the Department of Homeland Security, United States Citizenship and Immigration Service (USCIS), Social Security Administration (SSA), Selective Service System (SSS), [National Student Loan Data System \(NSLDS\)](#), and Department of Veterans Affairs (VA) are reported to the school and the student. For more information about confirming a student's citizenship status, Social Security number, Selective Service registration, student financial aid history information, denial of Title IV benefits due to court orders, or veteran status, see [Subsections 5.2.A, 5.2.B, 5.2.C, 5.2.D, 5.2.E, and 5.2.G](#). Schools may also obtain more information about the Department's data matches from the [09-10 FSA Handbook, Application and Verification Guide, Chapter 2, p. AVG-24; Volume 1, Chapter 1, p. 12; and Volume 1, Chapters 2 to 5, pp. 1-21 to 1-65](#).

<sup>1</sup> Policy 1256 (Batch 181), approved November 17, 2011



## Bankruptcy

If the school is notified by the lender of a [bankruptcy](#) action and is instructed to return any [Title IV loan funds](#) that have not been released to the borrower, the school must immediately return any undelivered funds to the lender. In addition, if the school receives notification that a Stafford or PLUS borrower has filed a bankruptcy action after the school certified the loan but before the funds have been delivered to the borrower, the school should return any undelivered funds to the lender. The school must include an explanation that the funds are being returned because the borrower has filed for bankruptcy and must attach a copy of any [documentation](#) it possesses regarding the bankruptcy. The school is *not* required to ask borrowers, as part of the loan [certification](#) or delivery process, whether they have filed for bankruptcy.

## Temporary Change in Enrollment Status

If, before the delivery of the proceeds of a [disbursement](#) to the student, the student temporarily ceases to be [enrolled](#) at least half time, the school may deliver the proceeds of that disbursement and any subsequent disbursement to the student if the school determines and documents in the student's file all of the following:

- That the student has resumed enrollment on at least a half-time basis.  
[§682.604(b)(2)(iv)(A)]
- The student's revised [cost of attendance \(COA\)](#), if applicable. (If the student is returning to a program offered in modules, see subheading "Withdrawal and Return to a Program Offered in Modules" below to determine if the school must revise the student's COA.)  
[§682.604(b)(2)(iv)(B)]
- That the student continues to qualify for the entire award amount of the loan, notwithstanding any reduction in the student's COA caused by the student's temporary cessation of enrollment at least half time.  
[§682.604(b)(2)(iv)(C)]

## Withdrawal and Return to a ~~Term-Based Credit Hour~~ Program Offered in Modules

If a student withdraws from a ~~term-based credit hour~~ program offered in modules (see the Glossary definition of "[module](#)") during a [payment period](#) or, as applicable, [period of enrollment](#), ~~and resumes enrollment in the same program before the end of the period,~~ the school must

determine the student's eligibility to receive Title IV aid for which he or she was eligible prior to the student's withdrawal based on the applicable criteria:-

- For a term-based credit-hour program, the student resumes enrollment in the same program before the end of the payment period or period of enrollment.
- For a clock-hour program or a non-term-based credit-hour program, the student resumes enrollment within 180 days.

The student is eligible to receive Title IV aid that the school or the student returned as the result of the return of Title IV funds calculation, and any Title IV aid that the school was canceled due to the student's withdrawal, if the school determines and documents the student's eligibility—and makes any required adjustments—based on both of the following:

- The student's enrollment status upon his or her return to the program.
- If applicable, ~~the~~ student's revised [cost of attendance \(COA\)](#), taking into account any reduction in the COA caused by the student's temporary cessation of attendance.

[§668.22(a)(2)(iii)(A); *Federal Register* dated October 29, 2010, p. 66894]

For a term-based program of study offered in modules, if the student withdraws and misses only a portion of a module or modules during a term, but re-enters within that period of enrollment or payment period, the school is not required to recalculate the student's award based on the student's attendance in only a portion of a module. The school must restore the student's original award and is not required to adjust any award based on the student's attendance in only part of a module. If, however, the student withdraws and does not attend any portion of a module for which he or she was originally scheduled, the school must re-evaluate the student's COA based on the omitted module(s) and adjust the Title IV aid based on any applicable change in eligibility prior to awarding additional funds.

[[DCL GEN-11-14, Q&A #8](#)]

See [Section 9.4](#) for more information about determining the withdrawal date in a program that is offered in modules.<sup>1</sup>

<sup>1</sup> Policy 1253 (Batch 180), approved October 20, 2011

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 exists:

- An outside entity (e.g., an **accrediting agency** or state regulatory agency) requires the school to record attendance in all classes in a program for a period of time. 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; [DCL GEN-11-14, Q&A #19](#)]

- The school requires its instructors to ~~take-record~~ attendance in all classes in a program for a period of time. A school that requires its faculty to ~~take-record~~ 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-record~~ 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; [DCL GEN-11-14, Q&A #19](#)]

- 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 school requires its instructors or an outside entity requires the school to record attendance for a limited period of time, the school must use its attendance records to determine the withdrawal date for a student who ceases attendance during that limited period. If the school can document the student's attendance through the period of time during which the school records attendance but the student subsequently ceases attendance, the 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 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 its attendance records to determine the withdrawal date for only that specific group of students.

[§668.22(b)(3)(ii)]

If either the school requires its instructors or an outside entity requires the school to ~~take-record~~ attendance on only one specified day to meet a census reporting requirement, the school is not considered one that is required to record attendance. If the program is offered in modules, the school is not considered to be required to record attendance if the requirement is to record attendance for one specified day in each module.

[§668.22(b)(3)(iv); [DCL GEN-11-14, Q&A #21](#)]<sup>1</sup>

### 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 multiple official notifications of his or her intent to withdraw, the earliest date must be used.

[§668.22(c)(1)(ii); DCL GEN-98-28]

The school may allow a student to rescind his or her official notification to withdraw if the student signs a written statement that he or she is continuing to participate in academically related activities and intends to complete the

<sup>1</sup> Policy 1253 (Batch 180), approved October 20, 2011

payment period or period of enrollment, as applicable. If the student subsequently fails to attend or ceases attendance without completing the payment period or period of enrollment, the student’s withdrawal date is the original date of notification of intent to withdraw, unless the school records a later date on which the student participated in an academically related activity.

[§668.22(c)(2)(i)(A) and (B)]

#### *Official Notification of Withdrawal Not Provided by Student*

If the student does not initiate the withdrawal process, the withdrawal date is one of the following:

- The midpoint of the [payment period](#) (or [period of enrollment](#), if applicable).  
[§668.22(c)(1)(iii); [DCL GEN-98-28](#)]
- The date the student began an approved [leave of absence](#), if the student fails to return from the leave of absence.  
[§668.22(c)(1)(v)]
- The date that the student begins an unapproved leave of absence (i.e., a leave of absence that does not comply with [Title IV](#) requirements).  
[§668.22(c)(1)(vi)]
- The date related to any of the following conditions that result in the student’s withdrawal:
  - Illness.
  - Accident.
  - Grievous personal loss.
  - Death.
  - Other circumstances beyond the student’s control. For instance, an administrative withdrawal is considered to be “beyond the student’s control” and the withdrawal date would be no later than the first day of the period of nonattendance that resulted in the administrative withdrawal.

[§668.22(c)(1)(iv); [10-11 FSA Handbook, Volume 5, Chapter 2, p. 5-76](#); [DCL GEN-11-14, Q&A #7](#)]<sup>1</sup>

As an alternative to the preceding dates, the school may use one of the following as a withdrawal date when a student does not initiate the withdrawal process:

- The last date of attendance by the student in an academically related activity as documented by the school. Attendance at an “academically-related activity” includes, but is not limited to:
  - Physically attending a class where there is an opportunity for a direct interaction between the instructor and the student.
  - Submitting an academic assignment.
  - Taking an exam.
  - Participating in an interactive tutorial.
  - Engaging in computer-assisted instruction.
  - Attending a study group that is assigned by the school.
  - Participating in an online discussion about academic matters.
  - Initiating contact with a faculty member to ask a question about the academic subject studied in the course.

[§668.22(l)(7)(i)(A)]

Attendance at an “academically-related activity” does not include an activity in which a student may be present but not academically engaged, including, but not limited to:

- Living in school housing.
- Participating in the school’s meal plan.
- Logging into an online class without active participation.
- Participating in academic counseling or advisement.

[§668.22(l)(7)(i)(B)]

The school must confirm and document the student’s attendance at an academically-related activity. A school may not rely solely on a student’s self-certification that he or she attended an academically-related activity.

[§668.22(c)(3)(i) and (ii); §668.22(l)(7)(ii)]

- The date, as determined by the school, when circumstances beyond the student’s control occurred (such as illness, accident, or grievous personal loss),

<sup>1</sup> Policy 1253 (Batch 180), approved October 20, 2011

prevented him or her from providing official notification to the school.

[§668.22(c)(1)(iv); DCL GEN-98-28]

A school must have procedures in place to identify and resolve instances in which a student's attendance cannot be confirmed through the end of the payment period or period of enrollment, as applicable. These instances constitute unofficial withdrawals.

If a student does not earn a passing grade in at least one class that he or she was scheduled to attend in a [payment period](#) or [period of enrollment](#), as applicable, the school may not presume that the student completed that period. If the school cannot confirm the student's attendance through the end of that period, the school must treat the student as an unofficial withdrawal. The school must establish a [withdrawal date](#) for the student that is either the midpoint of the period or the student's last date of attendance at an academically related activity, as documented by the school. [DCL GEN-04-03; 10-11 FSA Handbook, Volume 5, Chapter 2, pp. 5-77 to 5-78]

For a student enrolled in a credit-hour program offered in modules, a school must apply different rules for determining whether a student has unofficially withdrawn based on a failing grade(s). See the subheading *Withdrawal from a Credit-Hour Program Offered in Modules*, below.

#### Withdrawal From a ~~Credit-Hour~~ Program Offered in Modules

A school determines if a student enrolled in a program comprised of modules is considered withdrawn and whether a [return of Title IV funds](#) calculation is necessary based on the date the student ceases attendance, the structure of the [program of study](#), whether the student was scheduled to attend a subsequent [module](#) at the time he or she ceased attendance, and, in some cases, the student's course grade(s) or stated intent to attend a subsequent module in the same program and [payment period](#) or, as applicable, [period of enrollment](#).

- A student enrolled in a ~~credit-hour~~ program offered in modules is considered to have withdrawn if the student does not complete:
  - = In the case of a credit-hour program, all of the calendar days in the payment period or period of enrollment that the student was scheduled to complete.
  - = In the case of a clock-hour program, all of the clock hours and weeks of instructional time in the payment period or period of enrollment that the student was scheduled to complete.

- A course that a student officially drops prior to ceasing attendance is not considered a course that the student was scheduled to attend, unless the student remained enrolled in another concurrent course(s).

- A course offered in a module that a student officially adds prior to ceasing attendance is considered a course that the student was scheduled to attend.

- A module in which the student does not enroll is not considered a module that the student was scheduled to attend.

[§668.22(a)(2)(i)(A); *Federal Register* dated October 29, 2010, p. 66895]

- If a student enrolled in a ~~credit-hour~~ program offered in modules does not earn at least one passing grade in the last course(s) that he or she was scheduled to attend, and the school cannot demonstrate that the student completed the last course(s), the school must assume that the student unofficially withdrew.

[*Federal Register* dated October 29, 2010, p. 66896]

- A student enrolled in a non-term-based or nonstandard term-based program offered in modules is considered to have withdrawn—regardless of whether the student notifies the school of his or her intent to withdraw—if the student is not scheduled to attend another module in the same program and payment period or, as applicable, period of enrollment that begins ~~within~~ not later than 45 days after the end of the module that the student last attended, unless the student is on an approved [leave of absence](#). (See [Section 9.3](#) for more information about leaves of absence.)

[§668.22(a)(2)(i)(C); DCL GEN-11-14, Q&A #7]

- A student who ceases attendance in a ~~credit-hour~~ program offered in modules is *not* considered to have withdrawn if the school obtains written confirmation from the student at or close to the time of his or her withdrawal that the student will attend a subsequent module in the same program and payment period or, as applicable, period of enrollment. The school may not rely solely on the student's enrollment or registration in a subsequent module prior to his or her withdrawal unless the student registered for that subsequent module at the time he or she withdrew.<sup>1</sup> For a student who ceases attendance in a non-term-based or nonstandard term-based program offered in modules, the subsequent module must begin within 45 days after the end of the module that the student last attended.

<sup>1</sup> Policy 1253 (Batch 180), approved October 20, 2011

[§668.22(a)(2)(ii)(A)(1) and (2); *Federal Register* dated October 29, 2010, p. 66893; [DCL GEN-11-14, Q&A #3 and #4](#)]<sup>1</sup>

- A student who ceases attendance in a ~~credit hour~~ program offered in modules and who provides written confirmation of the intent to attend a subsequent module in the same program and payment period or, as applicable, period of enrollment may change the date that he or she will return to a module that begins later in the same period. In such a case, the student is not considered to have withdrawn if the school obtains—prior to the original return date that the student previously confirmed—written confirmation from the student that he or she will resume attendance in the later module. For a student who ceases attendance in a non-term-based or nonstandard term-based program offered in modules, the later module must begin within 45 days after the end of the module that the student last attended.

[§668.22(a)(2)(ii)(B)(1) and (2)]

- If a student who ceases attendance in a ~~credit hour~~ program offered in modules provides written confirmation of the intent to attend a subsequent **module** in the same program and **payment period** or, as applicable, **period of enrollment** but then fails to do so, the student is considered to have withdrawn as of the date that would have applied if the student had not indicated his or her intent to return in a subsequent module.

[§668.22(a)(2)(ii)(C)]<sup>2</sup>

A school should use the following decision-making process to determine whether a student enrolled in a credit-hour program offered in modules has withdrawn:

Step 1: After beginning attendance in the payment period or, as applicable, period of enrollment, did the student cease to attend or fail to begin attendance in a course he or she was scheduled to attend?

- No: This is not a withdrawal.
- Yes: Go to Step 2.

Step 2: When the student ceased to attend or failed to begin attendance in a course he or she was scheduled to attend, was the student still attending any other course(s)?

- Yes: This is not a withdrawal, but the school may be required to recalculate the student’s eligibility for Pell grant and campus-based funds (see below).

- No: Go to Step 3.

Step 3: Did the school obtain, at the time the student ceased attendance, written confirmation that the student would attend another course in the same program that begins later in the same payment period or, as applicable, period of enrollment? (Note: in a non-term-based or nonstandard term-based program, the subsequent course must begin no later than 45 calendar days after the ending date of the module that the student last attended.)

- Yes: This is not a withdrawal, unless the student does not resume attendance as previously confirmed.

- No: This is a withdrawal.

[*Federal Register* dated October 29, 2010, pp. 66895 and 66896]

If a student enrolled in a credit-hour program offered in modules withdraws before beginning attendance on at least a half-time basis, the school must not make a **post-withdrawal disbursement** of Stafford or PLUS loan funds to the student. However, a school must include in aid that could have been disbursed for the purpose of the **return of Title IV funds** calculation an undelivered Stafford or PLUS loan disbursement intended for the payment period or as applicable, period of enrollment in which the student withdrew, if the conditions for making a **late disbursement** were met as of the date of the student’s withdrawal. A school that calculates a return of Title IV funds on a period of enrollment basis may be required to include a subsequent undelivered disbursement(s) of Stafford or PLUS loan funds in aid that could have been disbursed for the purpose of the return of Title IV funds calculation. See [Subsection 9.5.A.](#)

[10-11 FSA Handbook, Volume 5, Chapter 2, pp. 5-67 to 5-71]

If a student’s withdrawal results in the student’s failure to begin attendance in the number of credit hours for which a Pell grant was awarded, the school must recalculate the student’s eligibility for a Pell grant and campus-based funds based on a revised **cost of attendance** and enrollment status before the school performs the return of Title IV funds calculation. The school then performs a return of Title IV funds calculation using the student’s revised Pell grant and campus-based award.

[*Federal Register* dated October 29, 2010, p. 66895]

<sup>1</sup> Policy 1253 (Batch 180), approved October 20, 2011

<sup>2</sup> Policy 1253 (Batch 180), approved October 20, 2011

A school that established a [withdrawal date](#) for a student may be required to treat the student as if he or she had not withdrawn, and may be required to disburse Title IV aid that was previously returned or canceled if any of the following events occur:

- A student withdraws from a standard term-based program offered in modules, fails to confirm the intent to attend a subsequent module within the same program and payment period, but the student resumes attendance in a subsequent module in the same program and payment period.
- A student withdraws from a non-term-based or nonstandard term-based program, fails to confirm the intent to attend a subsequent [module](#) in the same program and [payment period](#) or, as applicable, [period of enrollment](#), but the student resumes attendance in a subsequent module in the same program and period that begins no later than 45 days after the end of the module that the student last attended.
- A student enrolled in a non-term-based or nonstandard term-based program offered in modules is not scheduled to attend a subsequent module in the same program and payment period or, as applicable, period of enrollment that begins no later than 45 days after the end of the module that the student last attended, and the student resumes attendance in a module in the same program and period that begins within that 45-day timeframe.

In the instances noted above, the school must apply the following rules to determine a student's eligibility for Title IV aid that the school may have previously returned or canceled due to the student's withdrawal:

- For a student who resumes attendance in the same standard term-based program or a nonstandard term-based program offered in modules, the school must determine the student's eligibility for Title IV aid in accordance with the rules for a student who withdraws from and resumes attendance in the same term-based credit-hour program offered in modules before the end of the payment period or, as applicable, period of enrollment. See [Subsection 8.7.G](#) for further information.
- For a student who resumes attendance in the same non-term-based credit-hour program offered in modules, the school must determine the student's eligibility for Title IV aid in accordance with the rules for a student

who withdraws from and resumes attendance in the same non-term-based credit-hour program within 180 days. See [Subsection 6.3.F](#) for more information.

[§668.22(a)(2)(iii); *Federal Register* dated October 29, 2010, p. 66894]

See [Subsection 9.5.A](#) for additional information about the values used to calculate the percentage of the [payment period](#) completed when a student withdraws from a credit-hour program offered in modules.

### Documenting and Reporting Withdrawal Dates

The school must maintain documentation of the [withdrawal date](#) as of the date the school determines the student withdrew.

[§668.22(c)(4)]

The school must report the withdrawal date to the lender. This date determines the beginning of the borrower's [grace period](#) or [repayment period](#). A withdrawal date must consist of month, day, and year.

[§682.605(b) and (c)]

### Date of Determination of a Student's Withdrawal Date

The date of determination (i.e., the date on which the school makes the determination that the student has withdrawn) is a critical component in the return of Title IV funds calculation. This date is determined as follows:

- For a student who provides official notification of his or her withdrawal, the date of determination is the later of:
  - The student's [withdrawal date](#), as determined by a school that is not required to take attendance.
  - The date the student notified the school that he or she withdrew.
 

[§668.22(1)(3)(i)]
- For a student who does not provide notification of his or her withdrawal to the school, the date of determination is the date on which the school becomes aware that the student ceased attendance.
 

[§668.22(1)(3)(ii)]
- For a student who does not return from an approved [leave of absence](#), the date of determination is the earlier of:
  - The date the leave of absence ends.

- The date the student notifies the school that he or she will not be returning. [§668.22(l)(3)(iii)]
- For a student who rescinds his or her official notification of withdrawal and subsequently does not complete the [payment period](#) or [period of enrollment](#), the date of determination is the date the school becomes aware that the student did not or will not complete the payment period or period of enrollment. [§668.22(l)(3)(iv)]
- For a student who takes an unapproved [leave of absence](#), the date of determination is the date that the student begins the leave of absence. [§668.22(l)(3)(v)]

#### *Time Frames Applicable to the Date of Determination*

For a student who does not provide official notification of his or her withdrawal, the school must determine the student's [withdrawal date](#) within 30 days from the earliest of:

- The end of the payment period or period of enrollment for which the student was charged.
- The end of the [academic year](#) during which the student withdrew.
- The end of the educational program from which the student withdrew.

| *Note:* Special rules may apply to the maximum time frame for a school's determination that a student withdrew from a ~~non-term based or nonstandard-term based~~ program offered in modules. See the subheading *Withdrawal from a ~~Credit Hour~~ Program Offered in Modules* in this subsection for more information.<sup>1</sup>

A school must return [Title IV](#) program funds no later than 45 days after the date of determination. If the student is eligible for a [post-withdrawal disbursement](#), it must be offered to the student or, in the case of a [parent PLUS loan](#), the [parent](#), within 30 days of the date of determination.

#### *Treatment of a Title IV Credit Balance When a Student Withdraws*

If a student withdraws and has a Title IV credit balance on his or her account, the school must not deliver any portion of the credit balance to the student or return any portion of the credit balance to the Title IV student aid programs before it completes a [return of Title IV funds](#) calculation (see [Subsection 8.8.D](#)).

#### *For Schools Required to Record Attendance*

A school that is required to record attendance must have procedures in place to determine when a student withdraws. If a student notifies the school of his or her intent to withdraw prior to the date that the school would normally determine that the student withdrew, the withdrawal date is the date that the student notified the school of his or her intent to withdraw. In addition, if the school has a policy that indicates when absences will be treated as withdrawals, the date of determination is the date specified in school policy as long as that date is no later than 14 days after the student's withdrawal date.

Except in unusual cases, if a student is absent without explanation, a school must determine whether the student withdrew no later than 14 days after the student's last date of academic attendance as determined from the school's attendance records. The school does not have to make a withdrawal determination if, during that 14-day period, the student verifies that he or she plans to return to school. [DCL GEN-04-12; 10-11 FSA Handbook, Volume 5, Chapter 2, p. 5-43]

## 9.5 Return of Title IV Funds

For each Title IV aid recipient who withdraws, the school must calculate the amount of Title IV assistance the student has earned. This amount is based upon the length of time the student was [enrolled](#). The school must return any portion of unearned Title IV funds for which the school is responsible. The school must also advise the student of the amount of unearned Title IV grant aid that he or she must return, if applicable. The student (or [parent](#), in the case of a [parent PLUS loan](#)) must repay any unearned funds that the school did not return according to the normal terms of the loan. To assist schools, the Department has provided Return of Title IV Funds worksheets.

| <sup>1</sup> Policy 1253 (Batch 180), approved October 20, 2011

## 11.8.B Deferment Documentation—Military Service

If a borrower requests a military service deferment or a post-active duty student deferment, the lender should make available to the borrower the following common deferment form:

**MIL**  
Military Service Deferment Request  
Post-Active Duty Student Deferment Request<sup>1</sup>

A borrower or a borrower's representative must request the deferment and provide the lender with documentation of the borrower's active duty status. The documentation must include a copy of the borrower's military orders, or a written statement from the borrower's commanding or personnel officer that the borrower is serving on active duty during a war or other military operation, or a national emergency, or that the borrower is performing qualifying National Guard duty during a war or other military operation, or a national emergency, as those terms are defined in [Subsection 11.8.A](#). The lender may also grant a borrower a deferment using the simplified deferment processing outlined in [Subsection 11.8.D](#).

[HEA §428(b)(1)(M); §682.210(t)(7); DCL GEN-06-02; DCL FP-08-01]

If a borrower's military deferment eligibility expired due to the previous 3-year limitation and the borrower was still serving on qualifying active duty service on or after October 1, 2007, a lender may grant expanded deferment benefits without receiving a new deferment request from the borrower or borrower's representative. If a deferment is granted in this manner, the lender must notify the borrower of the additional benefits and provide the borrower the opportunity to decline the deferment.

[DCL GEN-08-01]

If a lender grants a military deferment based on a request from the borrower's representative, the lender must notify the borrower that the deferment has been granted and that the borrower has the option to cancel the deferment and continue to make payments on the loan. The lender may also notify the borrower's representative of the outcome of the deferment request.

[§682.210(t)(7)]

## 11.8.C Length of Deferment—Military Service

The deferment begins on the date the condition entitling the borrower to the deferment first existed, as determined by the lender. The deferment ends on the date on which the borrower's qualifying service is certified to end or actually ends.

[HEA §428(b)(1)(M)(ii) and (iii); §682.210(t); DCL GEN-06-02]

Without supporting documentation, a lender may grant a military service deferment to an otherwise eligible borrower for a period not to exceed the initial 12 months from the date the qualifying eligible service began based on a request from the borrower or the borrower's representative.

[§682.210(t)(9)]

For a borrower whose qualifying service includes October 1, 2007, or begins on or after that date, the deferment is extended for an additional 180 days after the date the borrower is demobilized from that qualifying service. The additional 180-day deferment is available to a borrower each time a borrower is demobilized from qualifying active duty service. The additional 180-day deferment period may not be granted unless the lender receives documentation of the date the borrower was demobilized from qualifying service.

[§682.210(t)(2); DCL FP-08-01]

## 11.8.D Simplified Deferment Processing

A lender may grant an [eligible borrower](#) a military deferment based on information that the borrower has been granted a military deferment by another FFELP loan holder or the Department (for a Direct loan) for the same time period. The borrower, or the borrower's representative, must request the deferment either verbally or in writing but does not have to provide a completed military deferment form.

In granting the deferment in this manner, the lender may rely in good faith on the information obtained from another FFELP loan holder, the Department, or an authoritative electronic database maintained or authorized by the Department, unless the lender has information indicating that the borrower does not qualify for the military deferment. The lender must resolve any discrepant information before granting a military deferment in this manner.

<sup>1</sup> Policy 1257 (Batch 181), approved November 17, 2011



or state duty) while enrolled at least half time in an eligible school at the time of, or within 6 months prior to, his or her activation.

[§682.210(u)(1); DCL FP-08-01]

Prior to receiving a post-active duty student deferment, a borrower may be eligible to receive a military service deferment (see [Section 11.8](#)) or mandatory forbearance (see [Subsection 11.24.C](#)), depending upon the type of military service being performed.

## 11.12.A Eligibility Criteria—Post-Active Duty Student

This deferment is available to a Stafford, PLUS, or Consolidation loan borrower who is called or ordered to active duty on or after October 1, 2007, or for a period of service that includes that date, and who satisfies both of the following criteria:

- Is a member of the National Guard or Armed Forces Reserve, including a member who was in a retired status when activated.
- Was enrolled on at least a half-time basis in a [program of study](#) at an eligible school at the time of, or within 6 months prior to, being called or ordered to active duty.  
[§682.210(u)(1); DCL FP-08-01]

### Definitions Applicable to Post-Active Duty Student Deferment

In the context of the post-active duty student deferment, the following definitions apply:

- *Active duty* means serving in full-time duty in the active military service of the United States for at least 30 consecutive days, including active state duty for members of the National Guard, for either of the following:
  - Activities authorized by the governor, and approved by the president or Secretary of Defense, that are supported by federal funds.
  - Activities authorized by the governor based on state statute or policy that are supported by state funds.

*Active duty* does not include:

- Training or attendance at a service school.
- Employment in a full-time, permanent position in the National Guard unless that position is reassigned as part of a Title 32 call to state active duty service.

[§682.210(u)(2); DCL FP-08-01]

## 11.12.B Deferment Documentation—Post-Active Duty Student

If a borrower requests a military service deferment or a post-active duty student deferment, the lender should make available to the borrower the following common deferment form:

MIL  
Military Service Deferment Request  
Post-Active Duty Student Deferment Request<sup>1</sup>

A borrower must request the deferment and provide the lender with documentation of his or her duty status. The documentation must show that the borrower was a member of the National Guard or Reserves (including a member in a retired status), and establish an end-of-military service date and the borrower's enrollment status at an eligible school at the time of, or within six months prior to, military activation.

[§682.210(u)(5); DCL FP-08-01]

If the borrower has already received a military service deferment (see [Section 11.8](#)), a lender may grant a post-active duty student deferment without an additional request from the borrower if the lender has all the required eligibility documentation. If a deferment is granted in this manner, the lender must notify the borrower of the deferment and provide the borrower the opportunity to decline the deferment.

[§682.210(u)(5); DCL FP-08-01]

The lender may also grant a borrower a deferment using the simplified deferment processing outlined in [Subsection 11.12.D](#).

<sup>1</sup> Policy 1257 (Batch 181), approved November 17, 2011

### 3. *Assignment of a Loan*

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

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

### 4. *Out-of-School Date Information*

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

### 5. *Cure Documentation*

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

### 6. *Reduced Interest Rate Documentation*

Documentation supporting the granting of a reduced interest rate under the Servicemembers Civil Relief Act if, at the time the lender files a claim with the guarantor, the borrower, **comaker**, or **endorser** is receiving this benefit. This documentation must include the borrower's written request for the reduced interest rate and the applicable military orders.

### 7. *Bankruptcy Documentation*

If the lender filed any required document with the bankruptcy court, either manually or in an electronic format, it must include a printed copy of that document in any claim that it submits.

#### Additional Documentation Requirements

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

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

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

##### *Ineligible Borrower Claims*

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

#### Additional Documentation Requirements

##### *Bankruptcy Claims*

For a **bankruptcy claim**, the lender must submit—in addition to the preceding items 1 through 5—notification of the bankruptcy filing, such as the Notice of the First Meeting of Creditors (the Notice) or other proof of filing directly received from the borrower's attorney, the bankruptcy court, or from another source; a copy of the Proof of Claim filed by the lender, if required; and all other pertinent documents sent to or received from the bankruptcy court. If the lender filed any required document with the bankruptcy court in an electronic format, it must include a printed copy of that document in any claim that it files. [[§682.402\(f\)\(3\)](#); [§682.402\(g\)\(1\)\(v\)\(A\)](#)]<sup>1</sup>

<sup>1</sup> Policy 1252 (Batch 180), approved October 20, 2011

## 13.8.A Bankruptcy

The [bankruptcy discharge](#) is intended for certain borrowers who have filed a petition for relief under the [bankruptcy code](#). Bankruptcy is a judicial action to halt the normal collection of debts against the petitioner, and cause those debts to be satisfied at the direction of the court. Generally, student loans may not be discharged due to bankruptcy. However, if a borrower qualifies for the bankruptcy discharge, the loan [holder](#) is reimbursed for the unpaid principal and interest on the borrower's loan(s), but the borrower is not reimbursed for any payments made on the loan(s) prior to discharge.

A lender may be advised of a borrower's [bankruptcy](#) by the borrower, but must make its determination to file a [claim](#) based on the receipt of the Notice of the First Meeting of Creditors (the Notice) or other proof of filing from the borrower's attorney or the bankruptcy court (either directly from the court or from another source).

[§682.402(f)(3); §682.402(g)(1)(v)]

If a borrower [defaults](#) on a loan and then files a bankruptcy petition, the lender must file a [default claim](#) on the loan no later than the 360th day of [delinquency](#). The lender must clearly note its receipt of bankruptcy [documentation](#) in the claim file. Before filing the default claim, the lender—as [holder](#) of the loan—is responsible for performing any and all bankruptcy activity required by the court and responding to all bankruptcy correspondence.

If the bankruptcy action requires the lender to file a claim with the guarantor, the lender must file a bankruptcy claim within the applicable timely filing deadlines defined in this subsection. The lender must file the claim for the balance outstanding on the date that the lender receives the bankruptcy notice, less any funds returned by the school prior to the date on which the claim is filed. (If a lender holds loans that are not yet disbursed or are partially disbursed at the time the lender is notified of the borrower's bankruptcy filing, see [Subsection 7.7.I](#) for processing information related to subsequent disbursements.) If, after claim filing, the lender receives funds returned from the school, the lender must credit those amounts to the borrower's loan and notify the guarantor of the revised claim amount.

Some guarantors have different requirements regarding the treatment of disbursements when a lender is notified of a borrower's filing for bankruptcy. These requirements are noted in [Appendix C](#).

### Suspending Collection

If the lender is notified that a borrower has filed a petition for relief in [bankruptcy](#), the lender must immediately suspend any collection efforts against the borrower that are outside the bankruptcy proceeding. If the borrower filed a Chapter 12 or 13 bankruptcy, the lender must also suspend any collection efforts against any [comaker](#) or [endorser](#). Suspension of collection efforts against any comaker or endorser is optional if the borrower filed a Chapter 7 or 11 bankruptcy.

[§682.402(f)(2)(i)]

If the lender is notified that a comaker or endorser has filed a petition for relief in bankruptcy, the lender must immediately suspend any collection efforts against the comaker or endorser that are outside the bankruptcy proceeding. If the comaker or endorser filed a Chapter 12 or 13 bankruptcy, the lender must also suspend any collection efforts against the borrower and any other parties to the note. Suspension of collection activities against the borrower and any other parties to the note is optional if the comaker or endorser filed a Chapter 7 or 11 bankruptcy.

[§682.402(f)(2)(ii)]

### Filing a Proof of Claim

A [lender](#) must file a proof of claim with the [bankruptcy court](#) no later than 30 days after it receives the Notice—unless the Notice specifically states that a proof of claim is not required. If required, the proof of claim must be filed, even if a [default claim](#) has already been filed on the loan and the lender has not yet received payment from the [guarantor](#). If a proof of claim is required, the lender must immediately forward a copy of the bankruptcy notification, proof of claim, and all other pertinent documents sent to or received from the bankruptcy court to the guarantor. If the lender filed any required document with the bankruptcy court in an electronic format, it must include a printed copy of that document in any claim that it files. Upon claim payment, the guarantor will file a Transfer of Claim Other Than For Security form with the court to complete the transfer of the proof of claim. Once the court processes the transfer, the Notice of Transfer of Claim Other Than For Security form will be sent to the lender/[servicer](#) acknowledging the transfer of the proof of claim.

[§682.402(f)(4); §682.402(g)(1)(v)(A)]<sup>1</sup>

- ▲ Lenders may contact individual guarantors for information on filing a proof of claim on behalf of the guarantor. Also, some guarantors may file a proof of

<sup>1</sup> Policy 1252 (Batch 180), approved October 20, 2011

**Submitting the Fee**

A holder may send its monthly Consolidation loan rebate fee payment to the Department electronically using the Automated Clearinghouse (ACH). The holder may remit payments electronically through Federal Student Aid's Financial Management System using the Pay.gov functionality, and including the FFEL Consolidation Loan Rebate Fee Report and Remittance Form.

[Financial Management System FFEL Lender Reporting System Pay.gov Funds Remittance Guide, Version 3.2, dated September 22, 2008]

Alternatively, a holder may remit its monthly fee by check payable to the "U.S. Department of Education," with the notation "Consolidation loan fee." The check and the FFEL Consolidation Loan Rebate Fee Report and Remittance Form should be mailed to:

U.S. Department of Education  
P.O. Box 979066  
St. Louis, MO 63197-9000

[Financial Management System FFEL Lender Reporting System Pay.gov Funds Remittance Guide, Version 3.2, dated September 22, 2008]

Payments must be received within 30 days of the end of the month for which the fee is calculated. For example, fees for the month of February must be submitted by March 30. [HEA §428C(f); DCL 93-G-248; DCL FP-07-11]

**If a loan holder receives a payoff that is:**

- Less than the amount needed to pay in full a borrower's underlying loan(s), the loan holder may apply its own policy for write-off and may apply to the Direct Loan Consolidation Center for any underpayment amount that exceeds the loan holder's policy. Whether the balance is written off or the loan holder requests the additional funds from the Department, the loan holder may not bill the borrower for the underpayment amount and, in both instances, the loan holder must notify the borrower that the loan(s) is paid in full.
- More than the amount needed to pay in full a borrower's underlying loan(s) and that overpayment amount is less than \$10.00, the loan holder may retain the overpayment.
- More than the amount needed to pay in full a borrower's underlying loan(s) and that overpayment amount is \$10.00 or more, the loan holder must promptly return the full overpayment amount to the Direct Loan Consolidation Center.

All requests for funds and returns of funds to the Direct Loan Consolidation Center must be made promptly and must include identifiers for each borrower and the specific loan type(s).

[Department letter to loan holders dated July 1998 and Electronic Announcement dated June 28, 2011]<sup>1</sup>

## **15.8**

### **Direct Consolidation Loan Program**

#### **Treatment of Underpayments and Overpayments**

Information in this section describes the Department's policy on underpayment and overpayment tolerances of Direct Consolidation Loan payoff amounts sent to the holder(s) of the underlying loan(s). The tolerances described below apply to the aggregate eligible balance of principal, interest, fees, and collection costs. This policy does not apply to payoffs of federally-owned loans serviced by the Department's federal loan servicers.

The underpayment and overpayment tolerances apply to the total of all of the borrower's loans by loan program type (subsidized Stafford loans, unsubsidized Stafford loans, PLUS loans, and Federal Consolidation loans). In other words, there is a tolerance amount for the borrower's subsidized Stafford loan(s), a separate tolerance amount for the borrower's unsubsidized Stafford loan(s), etc.

<sup>1</sup> Policy 1254 (Batch 180), approved October 20, 2011

**Permanent-Standard:** A repayment schedule available to a borrower under the income-based repayment plan. The payment amount is calculated on the basis of both of the following:

- The borrower’s outstanding loan balance when the borrower begins repayment under an IBR plan.
- A 10-year repayment period.

**PLUS MPN:** See [Federal PLUS Loan Application and Master Promissory Note](#)

**Post-Deferment Grace Period:** A 6-month period following a deferment during which payments are not required. The 6-month post-deferment grace period applies only to loans disbursed before October 1, 1981, and, in some cases, to loans for borrowers who participated on active-duty status in certain emergency military mobilizations, such as Operations Desert Shield/Desert Storm. See [Subsection 11.1.H](#). See [Section H.1](#), under April 9, 1991, for information on the post-deferment grace period applicable to Operations Desert Shield/Desert Storm.

**Post-Withdrawal Disbursement:** A disbursement made when the calculations for the school’s return of Title IV funds result in the student being eligible to receive more Title IV aid than was disbursed or delivered prior to his or her withdrawal. A post-withdrawal disbursement must meet certain conditions for late disbursement. See [Subsection 9.5.A](#).

**PPA:** See [Program Participation Agreement \(PPA\)](#)

**Preaccredited School:** A public or private nonprofit school that is progressing towards accreditation within a reasonable period of time, as certified by an accrediting agency. The status must be recognized by the Department for purposes of Title IV program eligibility. See also [Accrediting Agency](#).

**Preclaim Assistance:** See [Default Aversion Assistance \(DAA\)](#)

**Preferred Lender Arrangement:** An arrangement or agreement between a lender and a school or an institution-affiliated organization, under which the lender provides or otherwise issues FFELP or private education loans to students attending the school (or the students’ families) and under which involves the school or institution-affiliated organization ~~in~~ recommends, promotes, or endorses the lender’s education loan products. Such an arrangement

does not apply to a school participating in the Federal Direct Loan Program or arrangements or agreements under the PLUS auction pilot program.<sup>1</sup>

**Prehearing Conference (as used in Chapter 18):**

Contact by any method, including telephone, between the parties for the purpose of settling or narrowing a dispute related to limitation, suspension, and termination proceedings.

**Prepayment:** A payment received when the borrower is not required to make either principal or interest payments; when a borrower is required to make interest payments, but previously authorized the lender to capitalize accruing interest; or when the borrower makes a payment that is greater than the amount of the borrower’s regular installment or the amount due. See [Subsection 10.11.B](#) for more information on prepayments.

**Principal Balance:** The outstanding amount of the loan, on which the lender charges interest. As the loan is repaid, a portion of each payment is used to satisfy interest that has accrued, and the remainder of the payment is used to reduce the outstanding principal balance.

**Professional Degree:** A degree that signifies both completion of the academic requirements for beginning practice in a given profession and a level of professional skill beyond that normally required for a bachelor’s degree. Professional licensure is also generally required. Examples of a professional degree include, but are not limited to: Pharmacy (Pharm. D.), Dentistry (D.D.S. or D.M.D.), Veterinary Medicine (D.V.M.), Chiropractic (D.C. or D.C.M.), Law (L.L.B. or J.D.), Medicine (M.D.), Optometry (O.D.), Osteopathic Medicine (D.O.), Podiatry (D.P.M., D.P., or Pod. D.), and Theology (M. Div. or M.H.L.).

**Professional Judgment:** The flexibility given to a financial aid administrator (FAA) under the Higher Education Act to make adjustments to student eligibility for federal aid on a case-by-case basis. See [Subsections 6.5.D](#) and [6.6.B](#).

**Professional Student:** See [Graduate or Professional Student](#), and [Professional Degree](#).

**Program of Study:** A Department-authorized postsecondary educational program that leads to a degree, certificate, or other educational credential.

<sup>1</sup> [Policy 1255 \(Batch 181\), approved November 17, 2011](#)