

Summary of Changes Approved through February 2012

This summary lists changes made since the 2011 Annual Update of the *Common Manual*.
Change bars denote the latest policy changes, which were approved December 15, 2011, January 19, 2012, and February 16, 2012.
Changes made before the 2011 Annual Update are noted in Appendix H.

Common Manual Section	Description of Change	Effective Date/Triggering Event	Policy/Batch
Chapter 2: About the FFELP			
2.3.B U.S. Department of Education Publications	Incorporates a definition of “proprietary institution” and “postsecondary vocational institution.” Manual text has been revised to use these terms consistently, as applicable, and to ensure the accurate use of existing, defined terms such as “institution of higher education” and “school.” Additional corrections of the same nature will be accomplished through the technical editing process.	Retroactive to the implementation of the <i>Common Manual</i> , except that provisions regarding a postsecondary program for students with intellectual disabilities are effective July 1, 2010.	1262/184
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
Chapter 4: School Participation			
4.1 School Eligibility 4.1.A Establishing Eligibility 4.1.C Maintaining Eligibility 4.1.D Loss of Eligibility	Incorporates a definition of “proprietary institution” and “postsecondary vocational institution.” Manual text has been revised to use these terms consistently, as applicable, and to ensure the accurate use of existing, defined terms such as “institution of higher education” and “school.” Additional corrections of the same nature will be accomplished through the technical editing process.	Retroactive to the implementation of the <i>Common Manual</i> , except that provisions regarding a postsecondary program for students with intellectual disabilities are effective July 1, 2010.	1262/184
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
Chapter 5: Borrower Eligibility			
5.1.B Student Eligibility Requirements 5.1.C Graduate or Professional Student and Parent PLUS Loan Borrower 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
Chapter 6: School Certification			
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

Common Manual Section	Description of Change	Effective Date/Triggering Event	Policy/Batch
6.7 Determining the Amount of Estimated Financial Assistance (EFA)	<p>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.</p> <p>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.</p>	<p>For deletion of the reference to the Academic Competitiveness Grant Program and National SMART Grant Program, the 2011-2012 award year.</p> <p>For insertion of a reference to the TEACH Grant Program, July 1, 2008.</p>	1250/179
Chapter 7: Loan Origination			
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.	<p>For the multiple disbursement exemption, loan disbursements made on or after October 1, 2011.</p> <p>For the delayed delivery exemption, Stafford loans first disbursed on or after October 1, 2011.</p>	1249/179
Chapter 8: Loan Delivery			
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.	<p>For the multiple disbursement exemption, loan disbursements made on or after October 1, 2011.</p> <p>For the delayed delivery exemption, Stafford loans first disbursed on or after October 1, 2011.</p>	1249/179
8.7.G Delivery to Borrowers in Special Circumstances	<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>	<p>July 1, 2011, for students who withdraw from payment periods or periods of enrollment that begin on or after that date.</p>	1253/180

Common Manual Section	Description of Change	Effective Date/Triggering Event	Policy/Batch
8.7.H Delivery to Transfer Students	<p>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.</p> <p>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.</p>	<p>For deletion of the reference to the Academic Competitiveness Grant Program and National SMART Grant Program, the 2011-2012 award year.</p> <p>For insertion of a reference to the TEACH Grant Program, July 1, 2008.</p>	1250/179
Chapter 9: School Reporting Responsibilities and the Return of Title IV Funds			
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
Chapter 11: Deferment and Forbearance			
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			
11.21.0 Repayment Alignment	Add that lenders must monitor the enrollment status of the dependent student on both the forbore and/or deferred PLUS loan(s) or the lender must find another basis for granting a forbearance on the non-deferred PLUS loan(s).	For PLUS borrowers who have loans first disbursed prior to July 1, 2008, and subsequently obtained loans disbursed on or after July 1, 2008.	1260/183

Common Manual Section	Description of Change	Effective Date/Triggering Event	Policy/Batch
11.24.B Medical or Dental Internship or Residency	No longer states that a borrower in any internship or residency program is eligible to receive a mandatory forbearance for the length of time remaining in the borrower's internship or residency that is required for the borrower to successfully complete his or her degree or to begin professional practice or service. This benefit is only available to borrowers in a medical or dental internship or residency program.	Retroactive to the implementation of the <i>Common Manual</i> .	1259/182
Chapter 13: Claim Filing, Discharge, and Forgiveness			
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
13.9.A Teacher Loan Forgiveness Program	Clarifies that a qualified borrower's underlying loans of a spousal Consolidation loan may be eligible for teacher loan forgiveness regardless of the status of the spouse's underlying loans.	Teacher loan forgiveness for new borrowers on or after October 1, 1998.	1261/183
13.9.A Teacher Loan Forgiveness Program	Adds information regarding the Department's waiver of the statutory and regulatory requirements for an interruption in required teaching service under the Teacher Loan Forgiveness Program due to the borrower being affected by Hurricane Katrina or Hurricane Rita. The waiver applies to any period beginning on the date of the relevant hurricane and continues through June 30, 2006.	Interruptions in required Teacher Loan Forgiveness Program teaching service for an affected borrower for any period beginning on the date of the relevant hurricane, Katrina or Rita, continuing through June 30, 2006.	1258/182
Chapter 15: Federal Consolidation Loans			
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
Appendix G: Glossary			
Institution of Higher Education (Institution) Postsecondary Vocational Institution Proprietary Institution (of Higher Education)	Incorporates a definition of "proprietary institution" and "postsecondary vocational institution." Manual text has been revised to use these terms consistently, as applicable, and to ensure the accurate use of existing, defined terms such as "institution of higher education" and "school." Additional corrections of the same nature will be accomplished through the technical editing process.	Retroactive to the implementation of the <i>Common Manual</i> , except that provisions regarding a postsecondary program for students with intellectual disabilities are effective July 1, 2010.	1262/184
Preferred Lender Arrangement	Removes reference to the PLUS loan auction pilot program.	Upon approval by the <i>Common Manual</i> Governing Board.	1255/181

being waived. This guidance will specify time frames and other conditions applicable to these waivers, such as military mobilizations.

2.3.B U.S. Department of Education Publications

The following Department publications are available upon request by calling the Federal Student Aid Customer Service Call Center at (800) 433-7327. Some of these publications are also available for download on the Internet. See each publication below for its applicable Website. Additional Department publications are available from the Information for Financial Aid Professionals (IFAP) Website at www.ifap.ed.gov.

Federal Student Aid Handbook

This publication provides guidance to schools and lenders that offer federal student aid to students and [borrowers](#). It is updated annually by the Department. The current and archived versions of the *Federal Student Aid Handbook (FSA Handbook)* are available for download from the IFAP Website at www.ifap.ed.gov.

Application and Verification Guide

This publication is a component of the [FSA Handbook](#) and is intended for [financial aid administrators](#) (FAAs) to help students begin the student aid process. It contains guidance on filing the [Free Application for Federal Student Aid \(FAFSA\)](#), verifying information, and making corrections and other changes to the information reported on the FAFSA. This publication is available as part of the latest version of the [FSA Handbook](#), which is available for download from the IFAP Website at www.ifap.ed.gov.

Cohort Default Rate Guide

This publication is the primary resource used by the student loan community to enhance understanding and application of [cohort default rate](#) regulations and their associated processes. It includes the deadlines and processes for challenging a draft cohort default rate or for requesting an adjustment to or appealing official cohort default rate data. This guide combines the previous *Draft* and *Official Cohort Default Rate Guides* into one comprehensive publication. The *Cohort Default Rate Guide* is available for download from the IFAP Website at www.ifap.ed.gov.

Expected Family Contribution Formula Worksheets and Tables

This publication is provided to inform schools of how the [expected family contribution \(EFC\)](#) is calculated for students and families when they apply for student financial

aid. It is generally published annually. The current and archived versions of the *Expected Family Contribution Worksheets and Tables* are available for download from the IFAP Website at www.ifap.ed.gov.

Counselors and Mentors Handbook on Federal Student Aid

This publication provides information to help high school counselors, TRIO and GEAR UP staff, and other mentors advise students about financial aid for postsecondary education. It is generally published annually. The current and archived versions of the *Counselors and Mentors Handbook on Federal Student Aid* are available for download from the IFAP Website at www.ifap.ed.gov.

Audit Guide (School)

This publication is provided to assist schools in preparing for required audits of their student loan programs. The latest version of the publication is available for download from the IFAP Website at www.ifap.ed.gov/iposguidance/attachments/PRGall.pdf.

Audit Guide (Lender)

This publication is updated periodically by the Department to assist lenders in preparing for required audits of their student loan programs. The latest version of the publication is available for download from the Department's Financial Partners Website at www.fp.ed.gov/fp/attachments/publications/LSRGuide326041.doc.

LaRS External User Guide

This publication is provided to assist lenders in reporting loan information and collecting [interest benefits](#) and [special allowance](#) payments on FFELP loans using the [Lender's Interest and Special Allowance Request and Report \(LaRS report\)](#). This document is available for download from the Department's Financial Partners Website at www.fp.ed.gov/PORTALSWebApp/fp/proj1.jsp.

The Blue Book

This publication provides guidance to those offices and individuals responsible for managing, keeping records of, accounting for, and reporting on the use of federal funds at ~~institutions~~ [schools](#) that participate in the Title IV programs. The *Blue Book* is available for download from the IFAP Website at www.ifap.ed.gov.¹

¹ Policy 1262 (Batch 184), approved February 16, 2012

- *A school established by federal government or an Indian tribe.* A public, nonprofit, or for-profit school that is authorized by the federal government or an Indian tribe by name to provide postsecondary educational programs is exempt from state approval or licensure requirements. A federal school must comply with applicable federal requirements and laws. If a school is authorized by an Indian tribe, the school must be located on tribal lands and the tribal government must have a process to review and act on complaints regarding the school and to enforce applicable tribal requirements or laws.

If an institution offers postsecondary education through distance or correspondence education to students in a state in which it is not physically located as determined by the state, the institution must meet any state requirements for it to legally offer postsecondary distance or correspondence education in that state.

[§600.9]

4.1

Institutional School Eligibility

The following types of schools may apply for participation as an eligible institution of higher education in the Title IV programs:

- Public or private nonprofit institutions of higher education.
[§600.4; §600.9]
- Proprietary institutions of higher education (private and for-profit).
[§600.5; §600.9]¹
- Public or private nonprofit postsecondary vocational institutions.
[§600.6; §600.9]

In addition, a school's **branch campus** may seek designation as a main campus or freestanding institution if the branch campus has been in existence for at least two years following certification as a branch campus by the Department.

[§600.8]

4.1.A Establishing Eligibility

To participate in any **Title IV** program, a school must establish its eligibility under the Higher Education Act of 1965, as amended, in accordance with the procedures specified by the Department. These procedures are as follows:

- The school must submit an Application for Approval to Participate in the Federal Student Financial Aid Programs (E-App) to the Department to request a determination that it qualifies as an eligible institution.
[§600.20(a); GEN-05-14]
- The school must include in the E-App a request for certification to participate in the program and must submit all the documentation indicated on that application. To be certified for participation, a school must meet the following standards:
 - The school must meet the qualifications of an eligible institution (see **Section 4.1**).
 - The school must meet administrative capability and financial responsibility requirements (see **Sections 4.2 and 4.3**).
 - If the school is participating for the first time in Title IV programs, and it has not requested and been granted a training waiver, designated school administrators defined by the Department must complete Title IV training within 12 months after the school executes the Program Participation Agreement (PPA). A school that is currently participating in some Title IV programs is not required to have certification training if it is only requesting approval to participate in additional Title IV programs.
[§668.13(a)(2)]

By entering into a **Program Participation Agreement (PPA)**, the school agrees to comply with all requirements specified in statute and federal regulations, including, but not limited to the following:

- The school will not charge a student a fee for processing or handling any **application**, form, or data required to determine the student's eligibility for assistance, including the amount of the Title IV assistance.
[§668.14(b)(3)]

¹ Policy 1262 (Batch 184), approved February 16, 2012

(See subheading “Incentive Compensation” later in this subsection for more information, including a discussion of permissible activities that do not violate this provision.)

[§668.14(b)(22)]

- 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.F](#). 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-institution 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~~ for participation in the Title IV programs. The [Department](#) also notifies 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 for participation in the Title IV programs, the Department will specify in the notice each location and/or educational program that qualifies.

~~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.~~¹

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.

Prior to March 30, 2010, a school was permitted to participate in both the [FFELP](#) and the [Federal Direct Loan Program \(FDLP\)](#) simultaneously but was not permitted to certify a loan of the same type (either a [Stafford](#) loan or a [PLUS](#) loan) under both programs for the same borrower. The school was permitted to certify a [Stafford](#) loan under one program and a [PLUS](#) loan to benefit the same student under the other program for the same [loan period](#).

For the period between March 30, 2010, and June 30, 2010, a school was permitted to certify for the same student or parent borrower loans of the same type—either [Stafford](#) or [PLUS](#)—under both the loan programs even if those loans were for the same [period of enrollment](#).

Incentive Compensation

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

¹ Policy 1262 (Batch 184), approved February 16, 2012

Eligible Programs

To qualify as ~~an eligible institution of higher education~~ a school that is eligible to participate in the Title IV programs, ~~at the school~~ must offer at least one eligible program, although not all programs ~~at an institution that the school offers~~ may be eligible. A school may offer programs that meet different eligible-program definitions.¹

A school may use direct assessment instead of credit hours or clock hours, as a measure of student learning. The assessment must be consistent with the school's or program's accreditation. The Department must determine whether such a program is an eligible program for Title IV purposes.

[HEA §481(b)(4); DCL GEN-06-05]

A public or private nonprofit institution of higher education must meet the eligibility requirements noted in the introduction to Chapter 4, must be a nonprofit school, must meet academic-year requirements (see Section 6.1), and must offer one or more of the following:

- A program that leads to an associate, bachelor's, professional, or graduate degree.
[§668.8(c)(1)]
- A program of at least two academic years in duration that is acceptable for full credit toward a bachelor's degree.
[§668.8(c)(2)]
- A program of at least one academic year in duration that leads to a certificate, degree, or other recognized credential and that prepares students for gainful employment in a recognized occupation.
[§668.8(c)(3)]

Proprietary institutions of higher education and public and private nonprofit postsecondary vocational institutions must meet all eligibility criteria in the introduction to Chapter 4; must provide training for gainful employment in a recognized occupation; must have been legally authorized to give (and have been giving) postsecondary instruction for at least two consecutive years; and must offer one of three types of eligible programs:

- A program that provides at least 600 clock hours, 16 semester or trimester hours, or 24 quarter hours of undergraduate instruction offered during a minimum of 15 weeks, beginning on the first day of classes and ending on the last day of classes or examinations. The

program may admit as regular students persons who have not completed an associate degree or the equivalent.

[§668.8(d)(1)]

- A program that provides at least 300 clock hours, 8 semester or trimester hours, or 12 quarter hours of instruction offered during a minimum of 10 weeks, beginning on the first day of classes and ending on the last day of classes or examinations. The program must be a graduate or professional program or must admit as regular students only persons who have completed an associate degree or the equivalent.
[§668.8(d)(2)]
- A “short-term” program that provides at least 300 but less than 600 clock hours of instruction during a minimum of 10 weeks, beginning on the first day of classes and ending on the last day of classes or examinations. The program must admit as regular students some persons who have not completed an associate degree or the equivalent. These programs are eligible only for FFELP purposes. The institution must have a substantiated completion rate and a placement rate of at least 70%. The number of clock hours provided in the program must not exceed by more than 50% the minimum number of clock hours required for training in the recognized occupation for which the program prepares students, as established by the state in which the program is offered, if the state has such a requirement, or as established by any federal agency. (See the 09-10 FSA Handbook, Volume 2, Chapter 2, p. 2-13, and §668.8(c) through (g) for more information on completion rate and placement rate calculations.)
[§668.8(d)(3)]

The above programs that qualify at an otherwise eligible proprietary institution or a postsecondary vocational institution are required to have a minimum number of weeks of instruction (see Section 6.2 for determining the period of enrollment). A “week of instruction” is any period of 7 consecutive days in which the school provides for at least one day of regularly scheduled instruction, examinations, or preparation for final examinations. Any time frame allotted to preparation for final examinations must occur after the last scheduled day of classes for the term or payment period. Instructional time does not include periods of orientation, counseling, vacation, or homework.
[§668.3(b); §668.8(b)(2) and (3)]

¹ Policy 1262 (Batch 184), approved February 16, 2012

A program offered by a proprietary ~~school-institution~~ and leading to a baccalaureate degree in liberal arts is also an eligible program if the school has provided the program continuously since January 1, 2009, and if the school has been continuously accredited by a recognized regional [accrediting agency](#) or association since October 1, 2007, or earlier. The baccalaureate degree in liberal arts must be a regular program that the ~~school's-proprietary institution's~~ recognized regional accreditation agency or organization determined to be a general instructional program in the liberal arts subjects, the humanities disciplines, or the general curriculum, falling within one or more of the following instructional categories:¹

- A program that is a structured combination of the arts, biological and physical sciences, social sciences, and humanities that emphasizes a breadth of study.
- An undifferentiated program that includes instruction in the general arts or general science.
- A program that focuses on combined studies and research in the humanities emphasizing languages, literatures, art, music, philosophy, and religion.
- Any single instructional program in liberal arts and sciences, general studies, and humanities not listed above.

Independently-designed, individualized, and unstructured programs and studies in the liberal arts offered by proprietary schools are not eligible.
[§600.5(e); §668.8(d)(4)]

Eligibility of Credit-Hour Programs

Schools that measure progress in credit hours must determine the Title IV eligibility of their undergraduate programs using the formulas listed below, except in the following cases:

- The program is at least 2 [academic years](#) in length and provides an associate, bachelor's, or [professional degree](#) or the equivalent, as determined by the [Department](#). (Note: This exception does not permit a school to ask for a determination that a nondegree program is equivalent to a degree program).
[§668.8(k)(1)]
- Each course within the program is acceptable for full credit toward that school's associate, bachelor's, or professional degree, or a degree that the Department

has determined to be equivalent at the school, and the degree requires at least 2 academic years of study.
[§668.8(k)(2)]

- The program is offered by a public or private nonprofit hospital-based school of nursing that awards a diploma at the completion of the program.
[§668.9(b)]

If the program does not meet one of the preceding three criteria, the school must use the appropriate formula, as follows. Clock hours used in the formula must comply with the regulatory definition.

To determine the number of credit hours in a program for [Title IV](#) eligibility purposes, schools must use the appropriate formula, as follows:

For programs measured in semesters or trimesters

$$\frac{\text{Number of clock hours in the credit-hour program}}{30}$$

For programs measured in quarters

$$\frac{\text{Number of clock hours in the credit-hour program}}{20}$$

[§668.8(l)]

The school must use the resulting number of equivalent credit hours to determine if a program is eligible under the program requirements. For a program to qualify as eligible by providing at least 16 semester or trimester credit hours or 24 quarter credit hours, the program must include at least 480 clock hours of instruction. For a program to qualify as eligible by providing at least 8 semester or trimester credit hours or 12 quarter credit hours, the program must include at least 240 clock hours of instruction.

A program that fails to include the minimum number of equivalent semester, trimester, or quarter credit hours of instruction does not qualify as an eligible program regardless of whether the [Department](#) previously designated that program as an eligible program. A school may not deliver the proceeds of any loan to a student [enrolled](#) in such a program regardless of when that program began. The school must return to the lender any loan funds delivered to or on behalf of students enrolled in a program that does not qualify as an eligible program.
[DCL GEN-95-38; 09-10 FSA Handbook, Volume 2, Chapter 2, pp. 2-17 to 2-18]

¹ Policy 1262 (Batch 184), approved February 16, 2012

90/10 Rule for Proprietary ~~Schools~~ Institutions

Federal regulations stipulate that a proprietary ~~school~~ institution must receive no more than 90% of its revenue from Title IV funds. This requirement is known as the 90/10 rule. The methods for determining the revenue percentages are found in §668.28(a) and (b). The definitions for the revenue components in the 90/10 calculation are provided in §668.28(a) and (b) and the formula for calculating the revenue percentage is detailed in Appendix C to Subpart B of Part 668.

If a proprietary ~~school~~ institution fails to satisfy the 90/10 rule during its most recently completed fiscal year, ~~the school~~ it has no more than 45 days after the end of that period to report to the Department and each applicable guarantor that it did not satisfy the 90/10 rule for that period. A proprietary ~~school's~~ institution's certification becomes provisional at the start of a fiscal year after ~~the school~~ it fails to satisfy the 90/10 rule for the preceding fiscal year. The ~~school's~~ institution's provisional certification ends on either of the following:

- The expiration date of the ~~school's~~ proprietary institution's program participation agreement, in effect on the date that the ~~school~~ institution failed to satisfy the 90/10 rule.
- The date the ~~school~~ proprietary institution loses its eligibility to participate in Title IV programs. The ~~school~~ institution loses its eligibility on the last day of the second consecutive fiscal year for which ~~the school~~ it failed to satisfy the 90/10 rule.

To regain eligibility to participate in the Title IV programs, a proprietary ~~school~~ institution must demonstrate that it has complied with the state, federal, or tribal licensing and/or authorization, the accreditation, and the financial responsibility requirements for a minimum of two fiscal years after the end of the fiscal year in which ~~the school~~ it became ineligible.

[§600.9; §668.28(c)]¹

Close-Out Procedures

When a school closes or otherwise loses its eligibility for continued participation, federal regulations require that the school perform a series of close-out procedures. The school also is required to implement the close-out procedures of the appropriate state licensing authority.

[§600.5; §600.7; §600.40; §668.26]

Delivery of Proceeds in Cases of Loss of School Eligibility

A school's loss of eligibility impacts its ability to deliver Title IV funds to students. See Subsection 7.7.H and Section 8.11 for additional information regarding the disbursement and delivery of funds in the case of loss of school eligibility or certification.

4.1.E School Misrepresentation

Misrepresentation is defined as any false, erroneous, or misleading statement by an eligible school; one of its representatives; or any ineligible school, organization, or person with whom the eligible school has an agreement to provide educational programs; or marketing, advertising, recruiting, or admissions services, made directly or indirectly to a student, a prospective student, any member of the public, an accrediting agency, a state agency, or the Department. A misleading statement is any communication made in writing, visually, orally, or through another means that has the capacity, likelihood, or tendency to deceive or confuse.

“Substantial misrepresentation” is defined as any misrepresentation on which the person to whom it was made could reasonably be expected to rely, or has reasonably relied, to that person's detriment. If the Department determines that an eligible school has engaged in substantial misrepresentation, the Department may:

- Revoke the school's Title IV program participation agreement;
- Impose limitations on the school's participation in the Title IV programs;
- Deny a participation application made on behalf of a school; and
- Initiate an LS&T action against the school under §668, Subpart G. [§668.71]

For detailed information on specific activities that constitute substantial misrepresentation, see §668.72, §668.73, §668.74, and §668.75.

¹ Policy 1262 (Batch 184), approved February 16, 2012

When granting an administrative forbearance in this situation, the lender must notify the borrower that forbearance has been granted on the PLUS loan. The notice must inform the borrower that he or she may cancel the forbearance and continue paying on the PLUS loan. If a forbearance is granted based on the dependent student's enrollment to align PLUS loan repayment, the lender must monitor the dependent student's enrollment status for both the forbore and deferred PLUS loan(s) or the lender must find an alternative basis for granting a forbearance on the pre-July 1, 2008 PLUS loan(s) that is not eligible for deferment.¹

[§682.211(f)(15)]

11.21.P Repurchase of a Non-Bankruptcy Claim

In the case of a [repurchase](#), the lender may administratively forbear the loan during the period the loan was held by the [guarantor](#) due to a [claim](#) purchase. The [capitalization](#) may include interest accrued from the date of the claim payment through the repurchase date. The lender must document that the capitalization was the result of a repurchase. If the repurchase is due to the loan's loss of [guarantee](#), see [Subsection 13.3.D](#).

11.21.Q Spouses and Parents of Victims of September 11, 2001

If a lender receives information from a borrower or a borrower's representative that the borrower claims to qualify for [discharge](#) under the spouses and parents of victims of September 11, 2001, (September 11, 2001) discharge provisions, the lender must grant a [forbearance](#) for the borrower, or any [endorser](#) as applicable, on the borrower's eligible loan(s). The lender must advise the borrower, or the borrower's representative, to submit a Loan Discharge Application: Spouses and Parents of September 11, 2001, Victims form and all required documentation.

[§682.407(c)(2)]

If the lender determines that the borrower does not qualify for a discharge, or the lender does not receive the required documentation within 60 days of the notification that the borrower claims to qualify for the discharge, the lender must resume collection. The lender is considered to have exercised forbearance from the date of the borrower's

notification. The lender may capitalize any interest accrued and not paid during the forbearance period.

[§682.407(c)(3)]

If the lender receives the required documentation and determines that the borrower qualifies for a discharge, the lender must file a discharge claim with the guarantor and the lender must continue the forbearance until the date that the guarantor makes the discharge determination.

[§682.407(c)(7)]

11.21.R Total and Permanent Disability

If the lender receives information indicating that a borrower has become [totally and permanently disabled](#), the lender must continue collection activities until it receives either the certification of total and permanent disability from a physician or a letter from a physician stating that the borrower has requested the certification and that the physician needs additional time to determine if the borrower is totally and permanently disabled.

If the lender receives a written request from the borrower's physician (who is a doctor of medicine or osteopathy and is legally authorized to practice in a [state](#)) that additional time is needed either to determine if the borrower is totally and permanently disabled or to complete the [borrower's discharge documentation](#), the [lender](#) must grant an [administrative forbearance](#) to the borrower and, if applicable, the [endorser](#). This period of required administrative forbearance cannot exceed 60 days from the date the lender receives the physician's request for additional time. The lender may not require the borrower to submit a request for the [forbearance](#). For more information on the suspension of collection activities in the event of the total and permanent disability of a borrower, see [Subsection 13.8.G](#).

[§682.402(c)(5)(i)]

If a [comaker](#) of a joint Consolidation loan or PLUS loan applies for a total and permanent disability loan discharge, the lender must continue servicing the loan for the non-disabled comaker. The lender must protect the status of the loan during the conditional discharge period so that the loan does not become delinquent or more delinquent. The lender may apply an [administrative forbearance](#) on the entire loan if the non-disabled comaker is not eligible for or does not choose another repayment option, [deferment](#), discretionary forbearance, or reduced-payment forbearance. The administrative forbearance may not begin prior to the date the lender receives the disabled comaker's loan discharge application, or the date the lender receives the notification

¹ Policy 1260 (Batch 183), approved January 19, 2012

If teacher loan forgiveness may be applicable to any Stafford loan(s) that was paid in full by a Consolidation loan, the lender must grant this [forbearance](#) on the entire Consolidation loan.

See [Subsection 13.9.A](#) for more information about teacher loan forgiveness.

11.24 Mandatory Forbearance

Upon receiving a borrower's request and documentation required to support the borrower's eligibility, a [lender](#) must grant a [forbearance](#) in any of the situations listed below. A lender and the borrower may agree to the terms of the forbearance verbally or in writing. A lender that grants a forbearance based on a verbal agreement with the borrower must record the forbearance terms in the borrower's file and send a notice to the borrower confirming the terms of the forbearance agreement.

11.24.A Debt Exceeds Monthly Income

The [lender](#) must grant forbearance in increments of up to one year, for periods that collectively do not exceed three years, if the borrower or [endorser](#) is currently obligated to make payments on [Title IV](#) loans and the amount of those payments each month—or a proportional share, if the payments are due less frequently than monthly—is collectively equal to or greater than 20% of the borrower's or endorser's total monthly income.

Before granting a forbearance to a borrower or endorser, in this case, the lender must require the borrower or endorser to submit at least the following [documentation](#):

- Evidence of the amount of the most recent total monthly gross income received by the borrower or endorser from employment and other sources.
- Evidence of the amount of the monthly payments owed by the borrower or endorser to other entities for the most recent month for the borrower's or endorser's Title IV loans.
[§682.211(h)(2) and (4)]

11.24.B Medical or Dental Internship or Residency

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

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

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

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

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

For a borrower in an internship or residency that is not in the medical or dental field, the borrower may qualify for a mandatory forbearance based on the criterion that the borrower's debt payments exceed his or her monthly income (see [Subsection 11.24.A](#)) or for a discretionary forbearance (see [Section 11.22](#)).

For any other internship or residency, the forbearance must cover one of the following:¹

¹ Policy 1259 (Batch 182), approved December 15, 2011

- ~~The length of time remaining in the borrower's internship or residency that must be successfully completed before the borrower may begin professional practice or service.~~
 - ~~The length of time the borrower is serving in an internship or residency program leading to a degree or certificate awarded by an institution of higher education.~~
- [HEA §428(e)(3)(A)(i)(I); §682.211(h)]¹

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

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

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

cancellation. Before granting a [forbearance](#) to a borrower, the lender must require the borrower to submit the following:

- Documentation showing the beginning and anticipated ending dates of the period during which the borrower expects to perform the qualifying teacher service for that year (see [Subsection 13.9.A](#)).
- A self-certifying statement of the borrower's intent to satisfy the teacher loan [forgiveness](#) requirements.
[§682.211(h)(2)(ii)(C); §682.211(h)(4)(iii); §682.215(e)(1)(i)]
- Serves on active military state duty as a member of the National Guard (including a member in retired status) during a time when the governor activates National Guard personnel for active state duty for a period of more than 30 consecutive days, and the Guard's activities are paid with state or federal funds. The forbearance is for a borrower who qualifies for a post-active duty student [deferment](#), but who does not qualify for a military service deferment or other deferment while engaged in active military state duty (see [Section 11.12](#) for more information on the post-active duty student deferment). The forbearance begins on the day after the end of the [grace period](#) for a Stafford loan that has not entered repayment, or begins on the day after the end of the in-school deferment for a FFELP loan in repayment.

Note: Lenders may offer discretionary forbearance to borrowers who do not qualify for [mandatory forbearance](#).

11.24.D Applying a Mandatory Forbearance Retroactively

A lender may grant [mandatory forbearance](#) retroactively, but single periods of forbearance may not exceed 12 months. The forbearance ends on the date that is 12 months after the date on which it began, or the date on which the borrower's eligibility ends, whichever is earlier.

¹ Policy 1259 (Batch 182), approved December 15, 2011

13.9 Forgiveness

Loan **forgiveness** is the release of a borrower's or any comaker's, as applicable, obligation to repay his or her loan, either in whole or in part. Congress has authorized programs that provide loan forgiveness, as a result of public service, to qualified FFELP borrowers. These programs and their corresponding borrower eligibility criteria are outlined in **Subsections 13.9.A and 13.9.B. Subsection 13.9.C** provides eligibility criteria regarding loan repayment for civil legal assistance attorneys. **Subsection 13.9.D** outlines eligibility criteria and lender activities with regard to loan forgiveness under **income-based repayment (IBR)**.

[§682.215(f)]

13.9.A Teacher Loan Forgiveness Program

The Teacher Loan Forgiveness Program is intended to encourage individuals to enter and continue in the teaching profession in certain eligible elementary and secondary schools that serve low-income families. The amount of loan **forgiveness** for which a **borrower** is eligible depends on all of the following criteria:

- When the borrower begins his or her qualifying teaching service.
- The borrower's qualifications.
- The subject area in which the borrower teaches.

Under this program, **the Department** repays a maximum of \$5,000 or \$17,500, as applicable, (combined total for loans obtained under both the FFELP and the FDLP) of a qualified borrower's Stafford loan obligations, and Consolidation loan obligations (including a spousal Consolidation loan) to the extent that a Consolidation loan repaid a borrower's qualifying Stafford loan(s). In the case of a spousal Consolidation loan, the status of the spouse's underlying loans does not impact the qualified borrower's eligibility for forgiveness. No borrower may receive benefit for the same qualifying period of teaching service under both the Teacher Loan Forgiveness Program and the Public Service Loan Forgiveness Program, the Loan Forgiveness Program for Service in Areas of National Need, or subtitle D of Title I of the National and Community Service Act of 1990 (**AmeriCorps**).

[§HEA 428J(g)(2); §682.216(a) and (c)(9); DCL GEN-05-02/FP-05-02; DCL GEN-08-12/FP-08-10]¹

¹ Policy 1261 (Batch 183), approved January 19, 2012

A borrower who completes the qualifying teaching service may request loan forgiveness by completing a Teacher Loan Forgiveness Application and forwarding it to the lender or **guarantor**. The lender must forward the borrower's completed loan forgiveness application, including any supporting **documentation**, to the guarantor no later than 60 days after its receipt. The guarantor determines the borrower's eligibility for loan forgiveness and advises the lender of its determination. The lender must notify the borrower of the guarantor's determination within 30 days of receiving that determination. If loan forgiveness is granted and the borrower has an outstanding loan balance, the lender also must provide the borrower with information regarding any new repayment terms.

[§682.216(f)(2) and (4)]

Unless instructed otherwise by the borrower, the lender must apply a teacher loan forgiveness payment received on the borrower's behalf first to any outstanding unsubsidized Federal Stafford loan balances, next to any outstanding subsidized Federal Stafford loan balances, and then to any eligible outstanding Federal Consolidation loan balances.

[§682.216(f)(5)]

Receipt of a benefit under this program does not entitle the borrower to a **refund** of any payments made on the loan(s).

[§682.216(d)(3)]

Eligibility Criteria

To be eligible for loan forgiveness under this program, a borrower must meet all of the following criteria:

- The borrower must have had no outstanding balance on a **FFELP** or FDLP loan on October 1, 1998, or had no outstanding balance on a FFELP or a FDLP loan on the date he or she obtained a loan after October 1, 1998. A borrower must pay in full or obtain a full loan discharge on a FFELP or FDLP loan(s) that has an outstanding balance as of October 1, 1998, in order to qualify for teacher loan forgiveness on a subsequent loan(s) that the borrower obtains after October 1, 1998. In addition, if a borrower obtains a FFELP or FDLP loan(s) after October 1, 1998, while an outstanding balance remains on a loan the borrower obtained on or before October 1, 1998, the borrower must pay in full or obtain a full loan discharge on all of the borrower's outstanding loans prior to obtaining a subsequent loan in order to qualify for teacher loan forgiveness on the subsequent loan.

For the purpose of the Teacher Loan Forgiveness Program, paid in full does not include paid in full through consolidation.

An interruption in the borrower's teaching service for any one of the above reasons (even if not counted as part of an eligible academic year for the purpose of the forgiveness), along with the time required to return to qualifying teaching service at the beginning of the next regularly [scheduled academic year](#), is not considered an interruption in the required 5 consecutive years of service.

[§682.216(c)(7)]

The Department waives the statutory and regulatory requirements pertaining to an interruption in a borrower's teaching service if the borrower was affected by Hurricane Katrina or Hurricane Rita. The waiver applies to any period beginning on the date of the relevant hurricane and continues through June 30, 2006.

[DCL GEN-06-07]¹

Loan Forgiveness Amounts

The total amount of loan forgiveness applicable to a borrower's outstanding eligible loans depends on when the [borrower](#) begins his or her period of teaching service and the type of teaching service the borrower performs.

For a borrower who begins a period of qualifying teaching service prior to October 30, 2004, the borrower may be eligible for loan forgiveness of a maximum of up to \$5,000 if he or she is either:

- A full-time elementary school teacher who demonstrates knowledge and teaching skills in reading, writing, mathematics, and other areas of the elementary school curriculum.
- A full-time secondary school teacher teaching in a subject area that is relevant to his or her academic major.

A borrower may also complete the 5-year teaching service requirement by combining years of full-time service at qualifying elementary and secondary schools in order to qualify for teacher loan forgiveness, provided that he or she is otherwise eligible.

For a borrower who begins a period of qualifying teaching service prior to October 30, 2004, the borrower may be eligible for up to \$17,500 in loan forgiveness (less any forgiveness amount received under the previous criteria) if the borrower has completed the period of qualifying teaching service as a highly qualified full-time mathematics or science teacher in a qualifying secondary school or as a highly qualified special education teacher.

For a borrower who began a period of teaching service on or after October 30, 2004, his or her loans may be eligible for loan forgiveness of either:

- A maximum of \$5,000 for teaching as a highly qualified, full-time teacher in an eligible elementary or secondary school.
- A maximum of \$17,500 for teaching as a highly qualified full-time mathematics or science teacher in an eligible secondary school or as a highly qualified special education teacher.

[§682.216(d); GEN-05-02/FP-05-02]

A borrower may also complete the 5-year teaching service requirement by combining years of full-time service at qualifying elementary and secondary schools in order to qualify for teacher loan forgiveness, provided that he or she is otherwise eligible.

Definitions Applicable to Teacher Loan Forgiveness

In the context of the teacher loan [forgiveness](#) provisions, the following definitions apply:

- A *qualifying school* is an elementary or secondary school operated by the Bureau of Indian Education (BIE) or operated on an Indian reservation by an Indian tribal group under contract with the BIE, or a school that meets all of the following criteria:
 - Is in a school district that qualifies for funds under [Title I of the Elementary and Secondary Education Act of 1965](#), as amended. [§682.216(c)(1)(i)]
 - Has been selected by the Department based on a determination that more than 30% of the school's total enrollment is made up of children who qualify for services provided under Title I. [§682.216(c)(1)(ii)]
 - Is listed in the *Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits*. (If this directory is not available before May 1 of any year, the previous year's directory may be used.) [§682.216(c)(1)(iii)]
- An *educational service agency* is a regional public multi-service agency authorized by state statute to develop, manage, and provide services or programs to

¹ Policy 1258 (Batch 182), approved December 15, 2011

recognized by five or more states for the purpose of fulfilling the highly qualified teacher requirements, and the score achieved by a teacher on each test must equal or exceed the average passing score of those five states. If a nonprofit private school teacher is subject to state certification, the teacher is not required to further demonstrate the knowledge and skills noted in this paragraph or to take additional competency tests.

[HEA §428J(g)]

- *Full time* means the standard used by a state in defining full-time employment as a teacher. For a borrower teaching in more than one school, the determination of full time is based on the combination of all qualifying employment. A borrower may combine service at multiple qualifying schools to equal full-time teaching service.
- *Elementary school* means a public or nonprofit private school that provides elementary education as determined by state law or the Department if that school is not in a state.
- *Secondary school* means a public or nonprofit private school that provides secondary education as determined by state law or the Department if the school is not in a state.
- *Teacher* means a person who provides direct classroom teaching or classroom-type teaching in a non-classroom setting, including special education teachers.

[§682.216(b); GEN-05-02/FP-05-02]

Suspending Collection Activity

If the **borrower** requests a **forbearance** for the period during which he or she is performing the qualifying teaching service, the lender must grant the forbearance if the lender believes that the anticipated forgiveness amount will satisfy the outstanding loan balance at the time the borrower will complete the qualifying period of teaching service. Teacher loan forgiveness forbearance may be granted in 12-month increments during periods in which the borrower is performing qualifying teaching service if the borrower applies for the forbearance. See [Subsection 11.24.C](#) for more information regarding **mandatory forbearance** applicable to loans for which the borrower anticipates loan forgiveness.

[§682.216(e)(1)(i)]

If a **guarantor** notifies a lender, or the lender receives reliable information from another source (such as a telephone call or letter from the borrower) that a borrower may be eligible for teacher loan forgiveness, the lender

must grant an **administrative forbearance** for a period not to exceed 60 days while waiting for the borrower to complete and return the Teacher Loan Forgiveness Application. If teacher loan forgiveness may be applicable to any Stafford loan(s) that was paid in full by a Consolidation loan, the lender must grant this forbearance on the entire Consolidation loan. The lender must place a **mandatory administrative forbearance** on the borrower's account for the period from which the forgiveness application is received until the forgiveness application is approved or denied by the **guarantor**. See [Subsection 11.23.D](#) for information regarding the mandatory administrative forbearance on loans for which the borrower is applying for loan forgiveness due to qualifying periods of teaching service.

[§682.216(e)(1)(ii) and (iii)]

Requirements Pertaining to Request for Payment

The lender must forward the borrower's completed loan forgiveness application, including any supporting **documentation**, to the guarantor no later than 60 days after its receipt of the documentation. If the lender files a request for payment later than 60 days after it receives the completed Teacher Loan Forgiveness Application and the guarantor approves the loan for forgiveness in whole or in part, the lender must repay all interest and **special allowance** received on the forgiven loan amount for periods after the expiration of the 60-day filing period. The lender is prohibited from collecting this interest from the borrower.

[§682.216(f)(2)]

FFELP Teacher Loan Forgiveness Request Form

The FFELP Teacher Loan Forgiveness Request form is designed to be used by a lender to request payment for all or a portion of the balance on a Stafford loan or a Consolidation loan (including a spousal Consolidation loan) with an ~~eligible~~ underlying Stafford loan(s) that is eligible for teacher loan **forgiveness**. In the case of a spousal Consolidation loan, the status of the spouse's underlying loans does not impact the qualified borrower's eligibility for forgiveness.¹

FFELP Teacher Loan Forgiveness Request Form Instructions

[Figure 13-5](#) helps a lender determine what information must be provided on the FFELP Teacher Loan Forgiveness Request form. Detailed descriptions of these items are located in the Instructions for Completing the FFELP Teacher Loan Forgiveness Request form.

¹ Policy 1261 (Batch 183), approved January 19, 2012

independent if a financial aid administrator determines and documents that the student is independent based on his or her professional judgment of the student's unusual circumstances. See [Section 6.8](#) for additional information regarding the determination of a student's dependency status.

Ineligible Borrower: A borrower who does not meet federal eligibility criteria for a Federal Stafford loan or, in the case of a parent borrower, a Federal PLUS loan. See [Subsection 5.1.A](#) for specific eligibility criteria, and [Subsections 12.4.F](#) and [13.6.B](#) for more information.

In-School Period: The time during which a student is enrolled on at least a half-time basis at a participating school. See [Section 10.2](#).

Institution of Higher Education (Institution): A public or private nonprofit school that:

- Is located in a state (see [State](#)).
[[§600.4\(a\)\(1\)](#)]
- Admits as a regular student only a person who meets any one of the following conditions:
 - Has a certificate of graduation from a secondary school or a recognized equivalent.
[[HEA §101\(a\)\(1\)](#); [§600.4\(a\)\(2\)\(i\)](#) and (ii)]
 - Is beyond the age of compulsory school attendance in the state in which the school is physically located ~~and has demonstrated the ability to benefit (see Ability to Benefit (ATB)) from the school's education or training program.~~
[[HEA §101\(b\)\(2\)\(A\)](#); [§600.4\(a\)\(2\)\(iii\)](#)]
 - Has completed a secondary school education in a home school setting that is treated as a home school or private school under state law.
[[HEA §101\(a\)\(1\)](#)]
 - Will be dually or concurrently enrolled in the institution and a secondary school. However, a school must not award Title IV aid for postsecondary enrollment to a student who is concurrently enrolled in a secondary school (see [Section 5.12](#)).
[[HEA §101\(b\)\(2\)\(B\)](#)]
- Is legally authorized in each state in which it is physically located to provide a program of education beyond secondary school. See the subheading “State Authorization” in the introduction to Chapter 4 for

information about requirements that may apply to an institution of higher education that offers postsecondary education through distance or correspondence education.

[[HEA §101\(a\)\(2\)](#); [§600.4\(a\)\(3\)](#); [§600.9](#)]

- Provides any one of the following:
 - A program that awards an associate, bachelor's, graduate, or professional degree; or provides a program of not less than two years in length that is acceptable for full credit toward such a degree.
[[HEA §101\(a\)\(3\)](#); [§600.4\(a\)\(4\)\(i\)\(A\)](#) and (B)]
 - ~~At a public or other nonprofit school, a~~ training program of at least one academic year that leads to a certificate, degree, or other recognized credential and prepares students for gainful employment in a recognized occupation.
[[HEA §101\(a\)\(4\)](#) and (b)(1); [§600.4\(a\)\(4\)\(i\)\(C\)](#)]
 - At a school that does not offer a bachelor's degree or a two-year degree, a program that leads to a degree that is acceptable for admission to a graduate or professional degree program, subject to review and approval by the Department.
[[HEA §101\(a\)\(3\)](#); [DCL GEN-08-12](#)]
- May provide a comprehensive transition and postsecondary program for students with intellectual disabilities.
[[§600.4\(a\)\(4\)\(ii\)](#); [11-12 FSA Handbook, Volume 2, Chapter 1, p. 2-2](#) and [Chapter 2, p. 2-20](#)]
- Meets either of the following conditions:
 - ~~Is a public or other nonprofit school and is~~ The school is accredited by a nationally recognized accrediting agency or association approved by the Department for this purpose, or if not so accredited, is a school that the Department determines will meet the accreditation standards of such an agency or association within a reasonable period of time.
[[HEA §101\(a\)\(4\)](#) ~~and~~ (5); [§600.4\(a\)\(5\)\(i\)](#)]
 - The school is approved by a state agency listed in the *Federal Register* if the school is a public postsecondary vocational institution that seeks to participate only in federal assistance programs.
[[§600.4\(a\)\(5\)\(ii\)](#); [§603](#)]¹

¹ Policy 1262 (Batch 184), approved February 16, 2012

Also see [Proprietary Institution](#) and [Postsecondary Vocational Institution](#). For more general definitions, see [Participating School](#) and [School](#). See [Subsection 4.1.A](#) for more information about school eligibility conditions.¹

Institution-Affiliated Organization: Any organization directly or indirectly related to a school that is engaged in the practice of recommending, promoting, or endorsing education loans for students attending that school or their families. Such an organization may include an alumni organization; athletic organization; foundation; or social, academic, or professional organization of a school. An institution-affiliated organization does not include a lender with respect to any education loan the lender secures, makes, or otherwise extends to the school's students or their families.

Institutional Student Information Record (ISIR): The electronic output record provided to the school by the Department's Central Processing System that includes information provided by the student on the Free Application for Federal Student Aid (FAFSA). The ISIR also contains the student's expected family contribution (EFC) and the results of federal database matches. The paper version that is sent to the student is called a Student Aid Report (SAR).

Insurance Premium: See [Federal Default Fee and Guarantee Fee](#)

Intensive Collection Activities (ICA): A series of collection activities performed within an abbreviated time frame. Performance of the activities within the time frames prescribed reestablishes the guarantee on loans on which the lender's noncompliance with due diligence requirements has resulted in the cancellation of the guarantee. See [Section 14.6](#).

Interest: The charge made to a borrower for use of a lender's money. Past and present applicable interest rates for FFELP loans are included in [Section 7.4](#).

Interest Benefits: See [Federal Interest Benefits](#)

Interim Period: The period during which a Stafford loan borrower is in the in-school or grace period. If the borrower returns to school before the grace period is fully used, the borrower continues to qualify for in-school status and to be considered in the interim period.

Invalid Telephone Number: For purposes of lender due diligence requirements in the collection of loans, a functioning telephone number that has been assigned to someone who has no knowledge of or relationship with the borrower.

IRS Offset: See [Treasury Offset](#)

ISIR: See [Institutional Student Information Record \(ISIR\)](#)

L

LaRS: See [Lender's Interest and Special Allowance Request and Report \(LaRS Report\)](#)

Last Date of Attendance: The last day the student was physically present in class, as confirmed by the student's attendance records.

Late Charges: Charges that the lender may require the borrower to pay if the borrower fails to pay all or a portion of a required installment payment within 15 days after it is due. This charge may not exceed 6 cents for each dollar of each late installment.

Late Conversion: The scheduling of a Stafford, SLS, PLUS, or Consolidation loan borrower's first payment due date beyond the normal regulatory time limits for establishing that date. See [Subsection 10.5](#) for information on the regulatory time frames.

Late Disbursement or Delivery: A disbursement made by a lender or delivered by a school after the end of the loan period or the date on which the student ceased to be enrolled on at least a half-time basis. See [Subsections 7.7.G](#) and [8.7.E](#).

Leader, Summer Term: A summer term that comes at the beginning of a school's Scheduled Academic Year.

Leave of Absence: For purposes of the *Common Manual*, a leave of absence is a status in which the student is considered to be continuously enrolled for Title IV program purposes, as approved by the school. An approved leave of absence is a break in enrollment, not including a semester or spring break, that is requested by the student and approved by the school based upon the school's published leave of absence policy. The student's request must be in writing and must include the reason for the leave. In an approved leave of absence, the student does not incur any additional charges. The total number of days of all approved leaves of absence may never exceed 180 days in any 12-month period.

¹ Policy 1262 (Batch 184), approved February 16, 2012

academic term established by the school for which the school's charges are generally assessed, i.e., semester, trimester, quarter, length of the student's program or the school's academic year. The period of enrollment is also referred to as the loan period (see [Section 6.2](#)). In addition, the term "period of enrollment" is commonly used by the financial aid community to refer to the period of time during an academic year when a student is enrolled at the school.

[§682.200(b); §682.603(f)(1) and (2)]

Permanent Resident of the United States: A person who meets certain requirements of the Department of Homeland Security, United States Citizenship and Immigration Service (USCIS). Valid documentation of permanent residency includes the following: I-551, I-151, I-181, I-94, or a passport stamped processed for I-551, "Temporary evidence of lawful admission for permanent residence."

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.

Postsecondary Vocational Institution: A public or nonprofit private educational institution that:

- Provides an eligible program of training to prepare students for gainful employment in a recognized occupation.
[[HEA §102\(c\)\(1\)\(A\)](#); [§600.6\(4\)\(i\)](#)]

- May provide a comprehensive transition and postsecondary program for students with intellectual disabilities.
[[§600.6\(a\)\(4\)\(ii\)](#); [11-12 FSA Handbook, Volume 2, Chapter 1, p. 2-2 and Chapter 2, p. 2-20](#)]
- Is located in a state (see [State](#)).
[[§600.6\(a\)\(1\)](#)]
- Admits as a regular student only a person who meets any one of the following conditions:
 - = Has a certificate of graduation from a secondary school or a recognized equivalent.
[[§600.6\(a\)\(2\)\(i\) and \(ii\)](#)]
 - = Is beyond the age of compulsory school attendance in the state in which the school is physically located.
[[HEA §102\(c\)\(2\)\(A\)](#); [§600.6\(a\)\(2\)\(iii\)](#)]
 - = Has completed a secondary school education in a home school setting that is treated as a home school or private school under state law.
[[HEA §101\(a\)\(1\)](#); [HEA §102\(c\)\(1\)\(B\)](#)]
 - = Will be dually or concurrently enrolled in the postsecondary vocational institution and a secondary school. However, a school must not award Title IV aid for postsecondary enrollment to a student who is concurrently enrolled in a secondary school (see [Section 5.12](#)).
[[HEA §101\(c\)\(2\)\(B\)](#)]
- Is legally authorized in each state in which it is physically located to provide a program of education beyond secondary school. See the subheading "[State Authorization](#)" in the introduction to [Chapter 4](#) for information about requirements that may apply to a postsecondary vocational institution that offers postsecondary education through distance or correspondence education.
[[§600.6\(a\)\(3\)](#); [§600.9](#)]
- Meets either of the following conditions:¹
 - = The institution is accredited by a nationally recognized accrediting agency or association approved by the Department for this purpose, or if not so accredited, is an institution that the Department determines will meet the

¹ Policy 1262 (Batch 184), approved February 16, 2012

- accreditation standards of such an agency or association within a reasonable period of time.
[§600.6(a)(5)(i)]
- = The institution is approved by a state agency listed in the *Federal Register* if it is a public postsecondary vocational educational institution that seeks to participate only in federal assistance programs.
[§600.6(a)(5)(ii); §603]
 - Has been legally authorized to provide and has been continuously providing the same postsecondary educational program(s) to prepare students for gainful employment in a recognized occupation for at least 2 years prior to the date of the institution’s application to participate in the Title IV programs. See 34 CFR 600.6(b) and the FSA Handbook, Volume 2, Chapter 1 for additional information.
[HEA §102(c)(1)(C); §600.6(a)(6); 11-12 FSA Handbook, Volume 2, Chapter 1, p. 2-7]
 - Provides any one of the following:
 - = An undergraduate program of at least 15 weeks of instructional time and 600 clock hours, 16 semester or trimester hours, or 24 quarter hours. The postsecondary vocational institution may admit students without an associate degree or equivalent.
 - = A program of at least 10 weeks of instructional time and 300 clock hours, 8 semester or trimester hours, or 12 quarter hours. The program must be a graduate or professional program, or the institution may admit only students with an associate degree or equivalent.
 - = An undergraduate program of at least 10 weeks of instructional time and 300 to 599 clock hours. The postsecondary vocational institution must admit at least some students who do not have an associate degree or the equivalent, and the program must meet additional conditions as described in Subsection 4.1.C.
[11-12 FSA Handbook, Volume 2, Chapter 1, p. 2-2]
- Also see [Institution of Higher Education and Proprietary Institution](#). For more general definitions, see [Participating School and School](#). See [Subsection 4.1.A](#) for more information about school eligibility conditions.¹

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.~~²

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.

¹ Policy 1262 (Batch 184), approved February 16, 2012

² Policy 1255 (Batch 181), approved November 17, 2011

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.

Program Participation Agreement (PPA): An agreement that a school and the U.S. Department of Education must sign, permitting participation in one or more of the Title IV federal student aid programs. This agreement also states that the initial and continued eligibility to participate in the Title IV federal student aid programs is conditional upon compliance with the provisions of applicable laws and program regulations. The agreement includes a school's participation in the following federal programs: Federal Pell, Federal Supplemental Educational Opportunity Grant, Federal Work-Study, Federal Family Education Loans, and Direct Loans.

Program Review: A comprehensive review of a lender's, school's, or servicer's administrative procedures for handling Federal Stafford, PLUS, SLS, and Consolidation loans. The review is conducted to ensure that those procedures are in compliance with federal regulations and with the guarantor's policies and procedures. Chapter 17 addresses several aspects of program reviews.

Promissory Note: A legally binding agreement the borrower signs to obtain a loan under the FFELP, in which the borrower promises to repay the loan, with interest, in periodic installments. The agreement also includes information about any grace period, deferment, or cancellation provisions and the student's rights and responsibilities with respect to the loan.

Proprietary Institution (of Higher Education): A for-profit educational institution that:

- Provides a program(s) that meets either of the following conditions:
 - = The program trains students for gainful employment in a recognized occupation.
 - = The program leads to a baccalaureate degree in liberal arts that the institution has provided since January 1, 2009, and that has been continuously accredited by a recognized regional accrediting agency since October 1, 2007.
[\[§600.5\(i\)\]](#)
- May provide a comprehensive transition and postsecondary program for students with intellectual disabilities.
[\[§600.5\(a\)\(5\)\(ii\); 11-12 FSA Handbook, Volume 2, Chapter 1, p. 2-2 and Chapter 2, p. 2-20\]](#)
- Is located in a state (see [State](#)).
[\[§600.5\(a\)\(2\)\]](#)
- Admits as a regular student only a person who meets any one of the following conditions:
 - = Has a certificate of graduation from a secondary school or a recognized equivalent.
[\[§600.5\(a\)\(3\)\(i\) and \(ii\)\]](#)
 - = Is beyond the age of compulsory school attendance in the state in which the school is physically located.
[\[§600.5\(a\)\(3\)\(iii\)\]](#)
 - = Has completed a secondary school education in a home school setting that is treated as a home school or private school under state law.
[\[HEA §101\(a\)\(1\); HEA §102\(b\)\(1\)\(B\)\]](#)
 - = Will be dually or concurrently enrolled in the proprietary institution and a secondary school. However, a school must not award Title IV aid for postsecondary enrollment to a student who is concurrently enrolled in a secondary school (see [Section 5.12](#)).
[\[HEA §102\(b\)\(2\)\(B\)\]¹](#)

¹ Policy 1262 (Batch 184), approved February 16, 2012

- Is legally authorized in each state in which it is physically located to provide a program of education beyond secondary school. See the subheading “[State Authorization](#)” in the introduction to [Chapter 4](#) for information about requirements that may apply to an proprietary institution that offers postsecondary education through distance or correspondence education.
[\[§600.5\(a\)\(4\); §600.9\]](#)
- Is accredited by a nationally recognized accrediting agency or association approved by the Department for this purpose.
[\[HEA §102\(b\)\(1\)\(D\); §600.5\(a\)\(6\)\]](#)
- Has been legally authorized to provide and has been continuously providing the same postsecondary educational program(s) to prepare students for gainful employment in a recognized occupation for at least 2 years prior to the date of the institution’s application to participate in the Title IV programs. See [34 CFR 600.6\(b\)](#) and the [FSA Handbook, Volume 2, Chapter 1](#) for additional information.
[\[HEA §102\(b\)\(1\)\(E\); §600.5\(a\)\(7\) and §600.5\(b\); 11-12 FSA Handbook, Volume 2, Chapter 1, p. 2-7\]](#)
- Provides any one of the following:
 - = An undergraduate program of at least 15 weeks of instructional time and 600 clock hours, 16 semester or trimester hours, or 24 quarter hours. The proprietary institution may admit students without an associate degree or equivalent.
 - = A program of at least 10 weeks of instructional time and 300 clock hours, 8 semester or trimester hours, or 12 quarter hours. The program must be a graduate or professional program, or the institution may admit only students with an associate degree or equivalent.
 - = A short-term undergraduate program of at least 10 weeks of instructional time and 300 to 599 clock hours. The proprietary institution must admit at least some students who do not have an associate degree or the equivalent, and the program must meet additional conditions as described in [Subsection 4.1.C](#).
[\[11-12 FSA Handbook, Volume 2, Chapter 1, p. 2-2\]](#)

Also see [Institution of Higher Education and Postsecondary Vocational Institution](#). For more general definitions, see [Participating School](#) and [School](#). See [Subsection 4.1.A](#) for more information about school eligibility conditions.¹

Proration: A reduction of the standard annual loan limit for an undergraduate student. Proration of the loan amount is required if the student’s program or the remainder of the student’s program is less than a full academic year in length.

Proportional Proration: A required calculation performed to determine the applicable annual Stafford loan limit for an undergraduate student whose program of study is less than an academic year, or whose remaining program of study is less than an academic year. See [Figure 5-1](#).

Public Service Loan Forgiveness Program: A program intended to encourage individuals to enter and continue in full-time public service employment by forgiving the remaining balance of their Direct loan(s) after they satisfy the public service and loan payment requirements of the program.

Q

Qualified Education Benefit: Refers to qualified tuition programs (e.g., 529 prepaid tuition plans and savings plans), prepaid tuition plans offered by a state, and Coverdell education savings accounts.

R

Reaffirmation: A borrower’s acknowledgment of a loan repayment obligation—including all principal, interest, collection costs, court costs, attorney fees, and late charges—in a legally binding manner.

Reauthorization: Refers to the legislative process—generally carried out every 5 years in the case of the Higher Education Act—whereby Congress reviews and either renews, terminates, or amends existing programs.

Recall (of a claim): A lender request that the guarantor return a default claim that has already been filed before claim reimbursement because the claim no longer qualifies for default. (Please refer to [Subsection 13.2.B](#) for the definition of recall (of a claim) for CCI purposes.)

¹ Policy 1262 (Batch 184), approved February 16, 2012