

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
929	Return of Title IV Funds	<p><u>5.2.D Prior Overpayment</u> <u>9.5.A Return Amounts for Title IV Grant and Loan Programs</u> <u>9.5.B Processing Returned Funds</u></p> <p>Revised policy clarifies that if the return of Title IV funds calculation for a withdrawn student shows that the student owes an original grant overpayment amount of \$50 or less, the student remains eligible to receive Title IV, HEA program assistance. Revised policy also clarifies that this \$50 "de minimus" amount is applied on a program-by-program basis.</p> <p>Subsection 9.5.B has been updated with the 45-day deadline for a school's timely return of unearned FFELP funds, and clarifies that if funds are returned by check, the check must be endorsed by the lender's bank no more than 60 days after the date the school determined that the student withdrew.</p> <p>Finally, the ACG, SMART Grant, and Grad PLUS programs are included in the order in which unearned funds must be returned to Title IV programs.</p>	Federal	Withdrawals that occur on or after July 1, 2006.
930	PLUS Loans for Graduate or Professional Students	<p><u>6.15.C PLUS Loan Certification</u></p> <p>Revised policy adds that if the school participates in both FFEL and Direct Loan Programs, the school must determine the student's maximum Stafford loan eligibility under the program in which the school is participating in for Stafford loan purposes.</p>	Federal	Loans certified by the school on or after December 1, 2006.
931	Return of Title IV Funds	<p><u>8.2.B School Notice of Credit to Student Account</u> <u>9.5.A Return Amounts For Title IV Grant and Loan Programs</u></p> <p>Revised policy provides additional information about a school's time frame for providing a post-withdrawal disbursement confirmation notice to a student or parent borrower, the content of that notice, the time frame for the borrower's timely response to the notice, and the actions a school must take based on the borrower's timely or untimely response.</p>	Federal	<p>For post-withdrawal disbursement confirmations, withdrawals that occur on or after September 8, 2006.</p> <p>For aid types to be included in the return of Title IV funds calculation, withdrawals that occur on or after July 1, 2006.</p>

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
932	Forbearance	<p><u>11.19.B Documentation Required for Authorized Forbearance</u></p> <p>Revised policy adds the requirement that the lender must send a notice confirming the terms of a forbearance agreement to the borrower within 30 days of when the verbal agreement was made between the lender and the borrower.</p>	Federal	Borrower requests processed by the lender on or after July 1, 2003, unless implemented earlier by the lender. Lenders may have implemented this provision no earlier than November 1, 2002.
933	Combining Teaching for Teacher Loan Forgiveness	<p><u>13.9.B Teacher Loan Forgiveness Program</u></p> <p>Revised policy states that an eligible borrower may combine eligible periods of teaching service at an eligible elementary school with teaching service at an eligible secondary school, and that the aggregate service at the two types of schools may qualify the borrower for loan forgiveness.</p>	Federal	Teacher loan forgiveness determinations made by the lender on or after October 30, 2004.
934	Loans Eligible for Consolidation	<p><u>15.2 Borrower Eligibility and Underlying Loan Holder Requirements</u></p> <p>Revised policy clarifies that a borrower who has either a Federal or Direct Consolidation loan may obtain a subsequent Federal or Direct Consolidation loan if the borrower is consolidating an existing Consolidation loan with at least one other eligible loan, including another eligible Consolidation loan.</p>	Federal	Consolidation applications received on or after December 1, 2006, unless implemented earlier by the guarantor.
935	Late Delivery	<p><u>8.7.E Late Delivery</u></p> <p>Revised policy clarifies that a school <i>must</i> offer a late delivery of Stafford or PLUS loan funds the student or parent borrower was eligible to receive while the student was still enrolled during a payment period or period of enrollment that the student successfully completed, but <i>may</i> offer a late delivery of Stafford or PLUS loan funds to the student or parent borrower if the student drops to less than half-time enrollment but does not withdraw.</p> <p>Revised policy also deletes the requirement for the school to contact the borrower, obtain confirmation that the borrower still requires the loan funds, and explain the borrower's obligation to repay any loan funds that the school delivers late.</p>	Correction	Late delivery of FFELP loan proceeds by the school on or after July 1, 2003, unless implemented earlier by the school. Schools may have implemented these provisions no earlier than November 1, 2002.

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
936	Comaker Definition	<p><u>11.1.A General Deferment Eligibility Criteria</u> <u>Chapter 12 Introduction</u> <u>13.8 Discharge</u> <u>appendix G</u></p> <p>Revised policy describes a comaker, in the context of a Consolidation loan, as one of two married individuals who jointly borrowed a Federal Consolidation loan made from an application received by the consolidating lender prior to July 1, 2006.</p>	Correction	Consolidation loan applications received by the lender on or after July 1, 2006.
937	Military Deferment	<p><u>Figure 11-1 - Deferment Eligibility Chart</u></p> <p>Revised policy updates the Deferment Eligibility Chart, Figure 11-1 with the military deferment which is available to cover a borrower's loan(s) that is first disbursed on or after July 1, 2001. In addition, the chart has been revised to indicate that all deferments are borrower-based, except for the military deferment that is loan-based.</p>	Correction	Military deferments granted on or after July 1, 2006, for loans for which the first disbursement is made on or after July 1, 2001.
938	Clarification to Cohort Default Rates Calculation	<p><u>16.2 Calculation of Cohort Default Rates</u> <u>appendix G</u></p> <p>Revised policy clarifies that the cohort for a fiscal year consists of all former students who, during that fiscal year, entered repayment on any Federal Stafford loan, Federal SLS loan, or Direct Stafford loan that they received, or on the portion of a loan made under the Federal Consolidation Loan Program or the Federal Direct Consolidation Program that is used to repay those loans.</p>	Correction	Retroactive to the implementation of the <i>Common Manual</i> .

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: March 15, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Mar 15

SUBJECT: Return of Title IV Funds

AFFECTED SECTIONS: 5.2.D Prior Overpayment
9.5.A Return Amounts for Title IV Grant and Loan Programs
9.5.B Processing Returned Funds

POLICY INFORMATION: 929/Batch 139

EFFECTIVE DATE/TRIGGER EVENT: Withdrawals that occur on or after July 1, 2006.

BASIS:

Higher Education Act of 1965, Sections 484B(b)(3)(B), 484B(b)(1), and 484B(b)(2)(C), as amended by the Higher Education Reconciliation Act (HERA) of 2005; electronic announcement *Return to Title IV Funds Worksheets* posted by the Department on June 30, 2006; *Federal Register* dated August 9, 2006, pages 45671-45672 and 45694-45696, §668.22(i)(2), §668.35(e), §668.173(b); *Federal Register* dated November 1, 2006, pages 64380-64381 and 64397, §668.22(h)(3)(ii)(B); *Dear Colleague Letter* GEN-06-09.

CURRENT POLICY:

Current policy states that if there are unearned grant funds that must be repaid as a result of the return of Title IV funds calculation, the student is not required to return a grant overpayment of \$50 or less. Current policy regarding the effect of a prior overpayment on student eligibility does not reflect the new \$50 de minimus amount for grant overpayments resulting from the return of Title IV funds calculation.

Current policy in subsection 9.5.B also states that a school's return of FFELP funds is considered timely if performed within 30 days of the date the school determined that the student withdrew. If the funds are returned by check, the check must be endorsed by the lender's bank no more than 45 days after the date the school determined that the student withdrew.

In addition, current policy does not include the Academic Competitiveness Grant (ACG), the National Science and Mathematics Access to Retain Talent (SMART) Grant, or the Grad PLUS programs in the order in which unearned funds must be returned to the Title IV programs.

REVISED POLICY:

Revised policy clarifies that if there are unearned grant funds that must be repaid as a result of the return of Title IV funds calculation, the student is not required to return a grant overpayment for which the original balance was \$50 or less, on a program-by-program basis. Furthermore, a student who owes a grant overpayment for which the original balance was \$50 or less as a result of a return of Title IV funds calculation remains eligible to receive Title IV program assistance.

Revised policy aligns text in subsection 9.5.B with section 9.4 to state that a school's return of FFELP funds is considered timely if performed within 45 days of the date the school determined that the student withdrew. If the funds are returned by check, the check must be endorsed by the lender's bank within 60 days of the date the school determined that the student withdrew.

In addition, revised policy includes the ACG, SMART Grant, and Grad PLUS programs in the order in which unearned funds must be returned to Title IV programs.

REASON FOR CHANGE:

The *Common Manual* is being revised to reflect clarifications published by the Department in an electronic announcement dated June 30, 2006, and in the *Federal Register* on August 9, 2006, and November 1, 2006, regarding a student's repayment responsibility for grant overpayments, a school's requirements for the timely return of FFELP funds, and the required order of return of funds resulting from the return of Title IV funds calculation.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 5.2.D, page 6, column 1, paragraphs 1 and 2, as follows:

**5.2.D
Prior Overpayment**

A borrower is ineligible for a FFELP loan if he or she is liable for an overpayment to any Title IV program. By certifying a Stafford or PLUS loan, a school certifies that the student borrower—or the parent and dependent student, in the case of a parent PLUS loan—does not, to its knowledge, owe an grant overpayment with an original balance of more than \$50 to a grant program resulting from a return of Title IV funds calculation, or of \$25 or more under the Federal Perkins Loan Program or under a Title IV grant program that resulted from a circumstance other than a return of Title IV funds calculation. The ~~less-than-\$25~~ tolerance does not apply to the remaining balance of an original overpayment amount of ~~\$25 or more~~ that ~~is~~ has been reduced by payments received to less than \$25 the applicable tolerance amount based on payments received. In this case, even though the remaining balance of the original overpayment is less than ~~\$25 the applicable tolerance amount,~~ the borrower is responsible for repaying the overpayment in full or making satisfactory arrangements to repay it before the borrower can regain Title IV eligibility.
[§668.22(h)(3)(ii)(B); §668.32(g)(4); §668.35(e)(3)]

A school must not certify a loan for a borrower who owes an grant overpayment for which the original balance exceeded the applicable tolerance amount of \$25 or more unless one of the following occurs:

...

Revise subsection 9.5.A, page 15, column 1, paragraph 2, as follows:

If the amount of unearned aid exceeds what the school must return, the student is responsible for returning unearned Title IV loan and grant aid. If there are unearned loan funds that must be repaid to a Title IV loan program, the student (or parent, in the case of a parent PLUS loan) returns those funds by normal repayment of the loan according to the terms and conditions of the promissory note. If there are unearned grant funds that must be repaid to a Title IV grant program, the student is obligated to return the grant overpayment amount that exceeds 50% of the total Title IV grant funds that the student received for the payment period or period of enrollment. The student is not required to return a grant overpayment for which the original balance was ~~of~~ \$50 or less. The \$50 tolerance applies on a program-by-program basis.

Revise subsection 9.5.B, page 17, column 1, paragraph 2, as follows:

The school's return of FFELP funds is considered timely if, ~~no later than 30~~ within 45 days ~~after~~ after of the date the school determines that the student withdrew, the school does one of the following:
[§668.173(b)]

- ...
- ...
- ...
- Issues a check for the returned funds. In this case, the school's records must show that the lender's bank endorsed that check ~~no more than 45~~ within 60 days ~~after~~ after of the date the school determined that the student withdrew.
[§668.173(b)(4)]

Revise subsection 9.5.B, page 17, column 2, paragraph 2, as follows:

Applying Returned Funds

The Higher Education Act and federal regulations specify the order in which unearned funds must be returned to the Title IV programs. ~~The Sschools~~ must ensure that returned funds are applied to eliminate outstanding balances on loans and grants for the payment period, or period of enrollment, in the following order:

- ~~FFELP U~~unsubsidized Stafford loans.
- ~~FFELP S~~subsidized Stafford loans.
- Direct ~~U~~unsubsidized Stafford loans.
- Direct ~~S~~subsidized Stafford loans.
- Federal Perkins ~~L~~loans.
- ~~FFELP parent or Grad PLUS loans received on behalf of the student.~~
- Direct ~~parent or Grad PLUS loans received on behalf of the student.~~
- Federal Pell ~~G~~grants.
- ~~Academic Competitiveness Grants.~~
- ~~National SMART Grants.~~
- Federal SEOG Program aid.
- ~~Other Title IV grant or loan assistance.~~

...

PROPOSED LANGUAGE - COMMON BULLETIN:

Return of Title IV Funds

The *Common Manual* has been revised to incorporate regulatory clarifications to the return of Title IV funds requirements provided in an electronic announcement posted by the Department on June 30, 2006, and the *Federal Registers* published August 9, 2006, and November 1, 2006. Revised policy clarifies that, if there are unearned grant funds that must be repaid as a result of the return of Title IV funds calculation, the student is not required to return a grant overpayment for which the original amount was \$50 or less on a program-by-program basis. Furthermore, a student who owes a grant overpayment for which the original balance was \$50 or less as a result of a return of Title IV funds calculation remains eligible to receive Title IV program assistance.

Revised policy also states that a school's return of FFELP funds is considered timely if performed within 45 days of the date the school determined that the student withdrew. If the funds are returned by check, the check must be endorsed by the lender's bank within 60 days of the date the school determined that the student withdrew.

In addition, revised policy includes the ACG, SMART Grant, and Grad PLUS programs in the order in which unearned funds must be returned to the Title IV programs.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

The school has an additional 15 days to return FFELP loan funds to the lender to comply with timely return requirements.

Lender/Service:

The lender may need to modify policies and procedures to allow a school additional time to return FFELP loan funds.

Guarantor:

The guarantor may need to modify program review procedures.

U.S. Department of Education:

The Department may need to modify program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

November 16, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

March 8, 2007

PROPOSAL DISTRIBUTED TO:

CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others
CM Governing Board Representatives

Comments Received From:

AES/PHEAA, ASA, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

Responses to Comments

Note: Most commenters supported this policy as written. Other commenters recommended word smithing changes that made no substantive changes to the policy statement but that added clarity to the proposed language, and were incorporated without comment. We appreciate the review of all commenters, their careful consideration of the policy, and their assistance in crafting clear, concise policy statements.

COMMENT:

Two commenters recommended adding DCL GEN-06-09, pages 45694-45696 of the August 9, 2006, *Federal Register*, and page 64397 of the November 1, 2006, *Federal Register* to the basis.

Response:

The Committee agrees.

Change:

The suggested references have been added to the basis.

COMMENT:

One commenter recommended the use of a single effective date of "Withdrawals that occur on or after July 1, 2006." The Department provided a July 1, 2006, effective date for the \$50 *de minimus* policy on a per program basis (as reflected in the revised Return to Title IV Funds worksheets released by the Department on June 30, 2006); therefore, the August 9, 2006, Interim Final Rules merely clarified the policy.

Response:

The Committee agrees.

Change:

The effective date has been changed to "Withdrawals that occur on or after July 1, 2006."

COMMENT:

One commenter requested the following revision to subsection 5.2.D, page 6, column 1, paragraphs 1 and 2:

A borrower is ineligible for a FFELP loan if he or she is liable for an overpayment to any Title IV program. By certifying a Stafford or PLUS loan, a school certifies that the student borrower—or the parent and dependent student, in the case of a parent PLUS loan—does not, to its knowledge, owe ~~an original overpayment of more than~~ a grant overpayment with an original balance of \$50 to a grant program resulting from a return of Title IV funds calculation, or of \$25 or more under the Federal Perkins Loan Program or under a Title IV grant program that resulted from a circumstance other than a return of Title IV funds calculation. The \$50 tolerance does not apply to the remaining balance of an ~~original~~ overpayment amount that is reduced to less than the applicable tolerance amount based on payments received. In this case, even though the remaining balance of the ~~original~~ overpayment is less than the applicable tolerance amount, the borrower is responsible for repaying the overpayment in full or making satisfactory arrangements to repay it before the borrower can regain Title IV eligibility. [§668.22(h)(3)(ii)(B); §668.32(g)(4); §668.35(e)(3)]

A school must not certify a loan for a borrower who owes ~~an original overpayment~~ a grant overpayment for which the original balance was in excess of the applicable tolerance unless one of the following occurs:

Response:

The Committee agrees that the suggested wording regarding the original balance of a grant overpayment lends clarity to the text. However, the reference to a tolerance in the third sentence is meant to apply to both the \$25 tolerance and the \$50 tolerance amounts.

Change:

The policy has been revised to incorporate the suggested wording regarding the original balance of a grant overpayment.

ke/edited-chh

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: March 15, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Mar 15

SUBJECT: PLUS Loans for Graduate and Professional Students

AFFECTED SECTIONS: 6.15.C PLUS Loan Certification

POLICY INFORMATION: 930/Batch 139

EFFECTIVE DATE/TRIGGER EVENT: Loans certified by the school on or after December 1, 2006.

BASIS:

Preamble to the *Federal Register* dated November 1, 2006, page 64383; §682.201(b)(3).

CURRENT POLICY:

Current policy states that before a student applies for a Grad PLUS loan, the school is required to determine the student's maximum eligibility for subsidized and unsubsidized Stafford loan funds.

REVISED POLICY:

Revised policy adds that if the school participates in both the FFELP and the Direct Loan Program, the school must determine the student's maximum Stafford loan eligibility under the program in which the school is participating for Stafford loan purposes.

REASON FOR CHANGE:

This change aligns the manual's current language with the Department's final rule clarification provided in the *Federal Register* dated November 1, 2006, page 64383.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 6.15.C, page 29, column 2, paragraph 1, as follows:

Note: This subsection was previously updated by Proposal 893, Batch 133 approved by the Governing Board on July 27, 2006.

Graduate and Professional Student Borrowers

A school may certify a Grad PLUS loan for a graduate or professional student only if the student meets the eligibility criteria for both a student and a PLUS loan borrower. These eligibility criteria are outlined in subsections 5.1.A, 5.1.B, and 5.1.C.

A school determines a graduate or professional (Grad) student borrower's maximum eligibility for a Grad PLUS loan by subtracting from the cost of attendance (COA) the estimated financial assistance (EFA) that the student is expected to receive for the loan period.

Before applying for a Grad PLUS loan, the student is required to complete a Free Application for Federal Student Aid (FAFSA) and the school is required to determine the student's maximum eligibility for subsidized and unsubsidized Federal Stafford loan funds in the program (FFELP or Direct) in which the school is participating for Stafford loan purposes. However, the student may decline the Federal Stafford loan funds and the school may not require the student to accept Federal Stafford loan funds as a condition of applying for a Grad PLUS loan. [§682.201(b)(3); DCL GEN-06-02/FP-06-01; DCL FP-06-05]

PROPOSED LANGUAGE - COMMON BULLETIN:

PLUS Loans for Graduate and Professional Students

The *Common Manual* has been updated to provide additional clarification that in the case of a school that participates in both the FFELP and the Direct Loan Program, the school must determine the student's maximum Stafford Loan eligibility under the program in which the school is participating for Stafford loan purposes before the student may apply for a Grad PLUS loan.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

A school is required to determine the student's maximum Stafford loan eligibility in the program in which the school is participating for Stafford loan purposes before the student may apply for a Grad PLUS loan.

Lender/Service:

None.

Guarantor:

None.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

November 22, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

March 8, 2007

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

CM Governing Board Representatives

Comments Received from:

AES/PHEAA, ASA, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

Responses to Comments

Note: Most commenters supported this policy as written. Other commenters recommended several word smithing changes that made no substantive changes to the policy statement but that added clarity to the proposed language and were inserted without acknowledgment. We appreciate the review of all commenters, their careful consideration of the policy, and their assistance in crafting clear, concise policy statements.

COMMENT:

Two commenters requested alignment of the new text to provide more consistency with regulatory language. One of these commenters also asked to change the basis to reflect only the regulatory citation.

Response:

The Committee agrees. However, *Common Manual* convention uses the program names “FFELP” and “Direct” in reference to loans made under the two major loan programs. The language is being revised to comply with the commenter’s suggestion in context of *Common Manual* convention. The Committee believes that the *Federal Register* citation in the basis is appropriate and follows the format the Committee has consistently used for policies developed from the HERA interim and final rule changes.

Change:

The new text has been revised to more closely parallel regulatory language, and the regulatory citation has been given as the basis as suggested by the commenters.

COMMENT:

One commenter questioned how necessary this change is as it should not matter which program (FFELP or Direct Loan Program) the school is participating in for the school to determine Stafford eligibility.

Response:

It is the Committee’s understanding that schools previously expressed concerns that this issue be codified in federal guidance, and as a school concern, the Committee believes that the clarification is a beneficial addition to the manual.

Change:

None.

om/edited-rb

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: March 15, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Mar 15

SUBJECT: Return of Title IV Funds

AFFECTED SECTIONS: 8.2.B School Notice of Credit to Student Account
9.5.A Return Amounts For Title IV Grant and Loan Programs

POLICY INFORMATION: 931/Batch 139

EFFECTIVE DATE/TRIGGER EVENT: For post-withdrawal disbursement confirmations, withdrawals that occur on or after September 8, 2006.

For aid types to be included in the return of Title IV funds calculation, withdrawals that occur on or after July 1, 2006.

BASIS:

Higher Education Act of 1965, Sections 484B(a)(3)(C)(i) and 484B(a)(4), as amended by the Higher Education Reconciliation Act (HERA) of 2005; *Federal Register* dated August 9, 2006, pages 45669-45670, 45694-45695; *Federal Register* dated November 1, 2006, pages 64379-64380, 64397; §668.164(g)(4)(i); *Dear Colleague Letter* GEN-06-05; electronic announcement *Return to Title IV Funds Worksheets* posted by the Department on June 30, 2006.

CURRENT POLICY:

Current policy states that, prior to making a post-withdrawal disbursement of loan funds, a school must determine that the student qualifies for a late delivery of loan funds. In addition, the school must contact the borrower and obtain confirmation that the loan funds are still required. The school must explain the borrower's obligation to repay any loan funds delivered as a post-withdrawal disbursement, and must document in the student's file the result of the contact and the final determination regarding the post-withdrawal disbursement.

Current policy also indicates that the school must notify the borrower of the credit of a disbursement to outstanding school charges, as required in the cash management regulations in 34 CFR 668.165.

REVISED POLICY:

Revised policy specifies that, in order to credit loan funds to outstanding school charges or to deliver a credit balance of loan funds directly to the student, or parent in the case of a parent PLUS loan, the school must provide a written notice within 30 days of determining that the student has withdrawn. In this notice, the school must request confirmation for the credit of a post-withdrawal disbursement of loan funds to outstanding school charges, or for the direct delivery of loan funds to the student or parent, in the case of a parent PLUS loan. For a post-withdrawal disbursement of loan funds, the school must explain that a borrower who does not confirm that a post-withdrawal disbursement of loan funds may be credited to outstanding school charges may not receive the direct delivery of any of those loan funds unless the school concurs. The school must explain that the student, or parent in the case of a parent PLUS loan, may accept or decline some or all of the funds, and must explain the obligation of the borrower to repay any loan funds he or she chooses to have delivered.

The notice must inform the loan recipient of the deadline to respond, which may be set by school policy, and may be not less than 14 days after the date the school sent the notification. Further, the notice must state that the school will not deliver the funds if the school does not receive a timely response to the notice, unless the school opts to make a post-withdrawal disbursement based on a late response. The deadline must be the same for funds to be applied to outstanding school charges and for funds to be directly delivered to the borrower.

If the school receives no response to the post-withdrawal disbursement notice, the school may not deliver any of those funds. If the school receives a timely response to the post-withdrawal disbursement notice, the school must deliver the funds in the manner specified by the student, or parent in the case of a parent PLUS loan. A post-withdrawal disbursement may not be delivered later than 120 days after the date of the school's determination that the student withdrew, unless an exception is granted by the Department. If the school

receives a late response to the notice, the school may deliver the disbursement, provided that the school delivers all of the funds accepted, or may decline to deliver any funds. If the school declines to honor a late acceptance of the post-withdrawal disbursement, the school must provide the borrower with written notification of the denial of the post-withdrawal disbursement.

The school must document in the student's file the result of any notification made of the student's right to cancel or accept all or a portion of the funds, and the final determination made concerning the post-withdrawal disbursement.

Revised policy clarifies that the school is not required to provide additional notice to the student or parent borrower of the credit of a post-withdrawal loan disbursement to outstanding school charges.

In addition, several changes were made to existing text to reduce redundancy and improve clarity.

REASON FOR CHANGE:

These changes are being incorporated into the *Common Manual* to reflect regulatory changes and clarifications published in the *Federal Register* on August 9, 2006, and November 1, 2006, regarding the return of Title IV funds and post-withdrawal disbursements.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 8.2.B, page 2, column 2, paragraph 1, as follows:

**8.2.B
School Notice of Credit to Student Account**

Except in the case of a post-withdrawal disbursement made as a result of the return of Title IV funds calculation, (see subsection 9.5.A), the school must notify the student or parent borrower if the school credits a student's school account with Stafford or PLUS loan proceeds to outstanding school charges. This notice must be issued no earlier than 30 days before and no later than 30 days after the school credits the student's account. The notice may be written or electronically transmitted and must include:
[§668.165(a)(2)]

- . . .

Revise subsection 9.5.A, page 13, column 1, by inserting a new subheading and paragraph 4, as follows:

Aid Types to Be Included in the Return Calculations

When calculating the return of Title IV funds, the school must include the following Title IV funds, as applicable:

- Federal Perkins Loan
- Direct Loan
- FFELP
- Federal Pell Grant
- Academic Competitiveness Grant
- National SMART Grant
- FSEOG (not including the nonfederal share of an FSEOG award if the school meets its matching share by the individual recipient method or the aggregate method).

[§668.22(a)(2)]

Aid Types to Be Excluded from the Return Calculations

...

Revise subsection 9.5.A, page 13, column 2, paragraph 1, as follows:

Percentage of Title IV Aid Earned

The percentage of Title IV loan and grant aid earned by the student is equal to the percentage of the payment period or period of enrollment that the student completed as of the date of the student's withdrawal. (See the explanation of this calculation under the subheading "Determining the Percentage of the Payment Period/Period of Enrollment Completed" earlier in this subsection.) The percentage of the period completed is determined as follows:

- ~~In a term-based or non-term-based program that is measured in credit hours, by dividing the number of calendar days completed (as of the day the student withdrew) in the payment period or period of enrollment for which assistance is awarded by the total number of calendar days in that same period.~~
- ~~In a program that is measured in clock hours, by dividing the total number of clock hours scheduled to be completed (as of the day the student withdrew) in the payment period or period of enrollment for which assistance is awarded by the total number of clock hours in that same period. For more information on withdrawal dates, see section 9.4.~~

~~If the student completes more than 60% of the payment period or period of enrollment for which aid is awarded, the student is considered to have earned 100% of the aid awarded. [HEA 484B; §668.22(e)(2)(i)(B); DCL GEN-06-05; 2006-2007 Federal Student Aid Handbook, Volume 5, Chapter 2, pp. 5-70 to 5-72]~~

Revise subsection 9.5.A, page 14, column 1, paragraph 5, by inserting a new sub-subheading, as follows:

Aid to Be Returned by the School

~~The school is responsible for returning~~ must return the portion of unearned Title IV aid for which the school is responsible. The amount the school must return is the lesser of the following amounts to ~~applicable Title IV programs:~~

- The total amount of unearned aid.
- The amount that is equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of unearned aid. The percentage of unearned aid is calculated by subtracting the percentage of funds earned from 100%.
[2006-2007 Federal Student Aid Handbook, Volume 5, Chapter 2, p. 5-80]

Institutional Charges

...

Revise subsection 9.5.A, page 14, column 2, paragraph 5, as follows:

~~A school must return to the appropriate program its share of Title IV funds. The amount that must be returned is the lesser of:~~

- ~~The amount of Title IV funds that the student did not earn.~~
- ~~The amount of institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of funds not earned. (This amount is calculated by subtracting the percentage of funds earned from 100%.)~~

...

Revise subsection 9.5.A, page 15, column 1, paragraph 2, by inserting a new sub-subheading, as follows:

Aid to Be Returned by the Student

If the amount of unearned aid exceeds what the school must return, the student is responsible for returning unearned Title IV loan and grant aid. . . .

Revise subsection 9.5.A, page 15, column 1, paragraph 5, as follows:

Post-Withdrawal Disbursements

A post-withdrawal disbursement is a disbursement made to a student who has withdrawn but who has earned more aid than has been disbursed. If the student ~~has earned more Title IV aid than has been disbursed and is otherwise~~ eligible to receive a post-withdrawal disbursement of funds, the school must offer to deliver a post-withdrawal disbursement to the student (or parent, in the case of a parent PLUS loan). Neither the school nor the student is required to return funds when the student is eligible to receive a post-withdrawal disbursement. ~~If the post-withdrawal disbursement is composed of loan funds, prior to delivering the disbursement, the school must contact the borrower and obtain confirmation that the borrower still requires the loan funds. In making this contact, the school must explain the borrower's obligation to repay any loan funds that the school delivers. The school must document in the student's file the result of the contact and the final determination made concerning the post-withdrawal disbursement.~~

[§668.22(a)(4)]

~~No return of funds is required when the student is eligible to receive a post-withdrawal disbursement. The school may credit all or a portion of the post-withdrawal disbursement to the student's account, up to the amount of outstanding authorized charges. To assist schools, the Department has provided a Post-Withdrawal Disbursement Tracking Sheet.~~
[HEA 484B(a)(4)(A); 668.22(a)(3) and (4)(i)(A); DCL GEN-06-05]

A post-withdrawal disbursement is different from a late disbursement (as described in subsection 7.7.G) in the following ways:

- A late disbursement may be made if a student ceases to be enrolled at least half time but has not withdrawn. A post-withdrawal disbursement must be offered and, if accepted, must be made after an eligible student withdraws from all classes for the payment period or period of enrollment, as applicable.
[§668.164(g)(3)(i),(ii), and (iii)]
- A ~~The~~ post-withdrawal disbursement must ~~be made from exhaust~~ available Title IV grant funds before utilizing available loan funds. A late disbursement has no such requirement.
[§668.22(a)(5)(i)]
- A late disbursement must be delivered within 120 days from the earlier of the end of the loan period or the date on which the student ceased to be enrolled at least half time. The 120-day period for the school to ~~disburse~~ deliver the post-withdrawal disbursement is calculated from the date of the school's *determination* that the student withdrew ~~rather than from the student's withdrawal date.~~
[§668.164(g)(4)]

Post-Withdrawal Disbursement of Loan Funds

If the post-withdrawal disbursement includes ~~Before delivering a post-withdrawal disbursement of~~ loan funds, the school must first determine that the borrower is eligible for a late delivery under the provisions in subsection 8.7.E. (See also subsection 7.7.G for the late disbursement provisions applicable to lenders.) A student may receive all or a portion of an

initial disbursement as a post-withdrawal disbursement provided that all of the following conditions are met:

- The student is not a first-year, first-time undergraduate Stafford loan borrower subject to delayed delivery requirements who withdrew prior to the completion of the first 30 days of his or her program of study.
- Except in the case of a parent PLUS loan, the department processed a valid SAR or ISIR with an official EFC on or before the date of the student's withdrawal.
- The school certified the loan on or before the date of the student's withdrawal.
[DCL GEN-04-03]
- The borrower signed the Master Promissory Note (MPN) for the loan subject to return of Title IV funds prior to the date the return of Title IV funds calculation was completed.
[DCL GEN-05-16]
- The disbursement is not a second or subsequent FFELP loan disbursement, even if it was included in the return of Title IV funds calculation as aid that could have been disbursed.
- Within 30 days of the date of the school's determination that the student withdrew and prior to delivering the loan disbursement, the school must contact notified the borrower in writing to: prior to delivering the disbursement and obtain confirmation that the borrower still requires the loan funds. In making this contact the school must explain the borrower's obligation to repay any loan funds that the school delivers. The school must document in the student's file the result of the contact and the final determination concerning the post-withdrawal disbursement.
[HEA 484B(a)(4)(A); DCL GEN-06-05]
 - Request confirmation for any post-withdrawal disbursement of loan funds that the school wishes to credit to outstanding school charges, identifying the type and amount of those loan funds and explaining that the borrower may accept or decline some or all of those funds.
 - Request confirmation for any post-withdrawal disbursement of loan funds that can be delivered directly to the borrower, identifying the type and amount of loan funds and explaining that the borrower may accept or decline some or all of those funds.
 - Explain that if the borrower does not confirm that loan funds may be applied to outstanding school charges, the borrower may not receive the direct delivery of any loan funds unless the school concurs.
 - Explain the obligation of the borrower to repay any loan funds he or she chooses to have applied to outstanding school charges or delivered directly to the borrower.
 - Explain that, if the borrower does not respond within 14 days of the date the notice was sent (or a later deadline set by school policy), the school will not deliver the loan funds, unless the school chooses to deliver the funds based on a late response.

The deadline for a borrower to accept a direct delivery of a post-withdrawal disbursement and the deadline to accept the delivery of a post-withdrawal disbursement to cover outstanding school charges must be the same. If the borrower submits a timely response that confirms that the loan funds may be credited to outstanding charges, or that he or she wishes to receive all or a portion of a direct delivery of funds, the school must deliver all loan funds, not only those used to pay school charges. If the borrower submits a late response, the school may deliver the funds as requested (provided the school delivers all of the funds accepted by the borrower), or the school may decline to deliver any funds. A post-withdrawal disbursement may not be delivered later than 120 days after the date of the school's determination that the student withdrew, unless an exception is granted by the Department. If the borrower submits a late response and the school opts not to

deliver the post-withdrawal disbursement, the school must notify the borrower in writing of that decision. If the borrower does not respond to the notice of the availability of the post-withdrawal disbursement, no portion of the disbursement may be delivered. The school must document in the student's file the result of the post-withdrawal disbursement notification, and the final determination made concerning the disbursement.
[§668.22(a)(5)(iii) and (iv); §668.164(g)(4)(i)]

- ~~The borrower signed the Master Promissory Note (MPN) prior to the date the return of Title IV funds calculation is completed.~~
[DCL GEN-05-16]

A first-year, first-time undergraduate Stafford loan borrower who is subject to delayed delivery and withdraws before completing the 30th day of his or her program of study is prohibited from receiving any Stafford loan funds as a post-withdrawal disbursement even if the amount of the initial disbursement was included in the return of Title IV funds calculation as aid that could have been disbursed. In addition, when a student withdraws prior to completing the period for which the loan is intended, no portion of any second or subsequent FFELP loan disbursement may be delivered as a post-withdrawal disbursement even if the amount of the second or subsequent disbursement was included in the return of Title IV funds calculation as aid that could have been disbursed.

[DCL GEN-00-24; DCL GEN-04-03; 2006-2007 *Federal Student Aid Handbook*, Volume 5, Chapter 2, p. 5-98]

After delivery of a post-withdrawal disbursement of funds, the school is *not* required to provide the notice to the borrower that is outlined in subsection 8.2.B.
[§668.165(a)(2)]

~~If any amount of a post-withdrawal disbursement remains after the student's charges are paid, the school must offer that amount to the borrower within 30 days of determining that the student withdrew. The school must provide a written notice to the borrower indicating the following:~~

~~[§668.22(a)(4)(ii)(A)]~~

- ~~The type and amount of aid that has been credited to the student's account.~~
~~[§668.22(a)(4)(ii)(A)(1)]~~
- ~~That the borrower has the right to cancel all or a portion of a post-withdrawal disbursement of loan funds.~~
~~[§668.22(a)(4)(ii)(A)(2)]~~
- ~~The amount of the post-withdrawal disbursement(s) that will be applied to charges and the amount that will be provided to the student (or parent) as a credit balance, if applicable.~~
~~[§668.22(a)(4)(ii)(A)(1)]~~
- ~~That the school may not make the post-withdrawal disbursement of the credit balance, if applicable, if the borrower does not respond within 14 days of the date the school sends the notice.~~
~~[§668.22(a)(4)(ii)(A)(3)]~~

See section H.4 for information about a statutory or regulatory waiver authorized by the HEROES Act that may impact these requirements.

~~If the borrower responds to the notice within 14 days and instructs the school to make all or a portion of the post-withdrawal disbursement, the school must make the post-withdrawal disbursement of the credit balance within 120 days of determining that the student withdrew and in the manner specified by the borrower. If the borrower does not respond to the notice, the post-withdrawal disbursement of the credit balance cannot be made. If the borrower responds to the school's notice after the 14 days have expired, the school may, but is not required to, make the post-withdrawal disbursement of the credit balance to the borrower. If the school chooses not to make the post-withdrawal disbursement of the credit balance, it~~

~~must provide written or electronic notice to the borrower of the outcome of his or her post-withdrawal disbursement request.~~

~~[\$668.22(a)(4)(ii)(B)]~~

~~The school must have written permission from the student or parent borrower to automatically apply a post-withdrawal disbursement to charges other than current institutional charges or minor prior-year charges. Permission obtained from the borrower while the student was enrolled is acceptable, or the school may obtain the permission with the post-withdrawal disbursement notice.~~

~~[\$668.164(g)]~~

PROPOSED LANGUAGE - COMMON BULLETIN:

Return of Title IV Funds

The *Common Manual* has been revised to incorporate regulatory changes and clarifications to the post-withdrawal disbursement requirements provided in the *Federal Register* published August 9, 2006 and November 1, 2006. Revised policy specifies that, in order to credit loan funds to outstanding school charges or to deliver a credit balance of funds directly to the student, or borrower in the case of a parent PLUS loan, the school must provide a written notice within 30 days of determining that the student has withdrawn. In this notice, the school must request confirmation of the borrower's consent for the credit of a post-withdrawal disbursement of loan funds to the student's account, or for the direct delivery of loan funds to the student or parent, in the case of a parent PLUS loan. For a post-withdrawal disbursement of loan funds, the school must explain that a borrower who does not confirm that a post-withdrawal disbursement of loan funds may be credited to outstanding school charges may not receive the direct delivery of any of those loan funds unless the school concurs. The school must explain that the student, or parent in the case of a parent PLUS loan, may accept or decline some or all of the funds, and must explain the obligation of the borrower to repay any loan funds he or she chooses to have delivered.

The notice must inform the loan recipient of the deadline to respond and that the school will not deliver the funds if the school does not receive a timely response to the notice, unless the school opts to deliver a post-withdrawal disbursement based on a late response. The deadline may be set by school policy, but may not be less than 14 days after the date the school sent the notification. The deadline must be the same for funds to be applied to outstanding school charges and for funds to be directly delivered to the borrower.

If the school receives no response to the post-withdrawal disbursement notice, the school may not deliver any of those funds. If the school receives a timely response to the post-withdrawal disbursement notice, the school must deliver the funds in the manner specified by the student, or parent in the case of a parent PLUS loan. If the school receives a late response to the notice, the school may deliver the disbursement, provided that the school delivers all of the funds accepted, or the school may decline to deliver any funds. A post-withdrawal disbursement may not be delivered later than 120 days after the date of the school's determination that the student withdrew, unless an exception is granted by the Department. If the school decides not to deliver a post-withdrawal disbursement due to the untimely response of the borrower, the school must provide written notification to the borrower of the denial of the post-withdrawal disbursement.

The school must document in the student's file the result of any notification made of the student's right to cancel or accept all or a portion of the funds, and the final determination made concerning the post-withdrawal disbursement.

Revised policy clarifies that the school is not required to provide additional notice to the student or parent borrower of the credit of a post-withdrawal loan disbursement to outstanding school charges.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

The borrower will have the opportunity to accept or decline the post-withdrawal disbursement of loan funds.

School:

The school must ensure that all appropriate types of funding are included in the return of Title IV funds calculation and implement procedures to ensure proper notification to the borrower. The school is not required

to provide additional notice to the student or parent borrower of the credit of a post-withdrawal loan disbursement to outstanding school charges.

Lender/Service:

None.

Guarantor:

The guarantor may need to modify program review procedures.

U.S. Department of Education:

The Department may need to modify program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

August 8, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

March 8, 2007

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

CM Governing Board Representatives

Comments Received From:

AES/PHEAA, ASA, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

Responses to Comments

Note: Most commenters supported this policy as written. Other commenters recommended word smithing changes that made no substantive changes to the policy statement but that added clarity to the proposed language, and were incorporated without comment. We appreciate the review of all commenters, their careful consideration of the policy, and their assistance in crafting clear, concise policy statements.

COMMENT:

One commenter requested that subsection 9.5.A, page 13, column 2, paragraph 1 be revised, as follows:

The percentage of Title IV loan and grant aid earned by the student is equal to the percentage ~~portion~~ of the payment period or period of enrollment that the student completed as of the date of the student's withdrawal, ~~divided by the total length of that same period.~~ (See the explanation of this calculation above in subsection 9.5.A

The commenter felt that "percentage" is the more appropriate, precise term here, and since the proposed language refers readers to the full explanation of the return of Title IV calculation in 9.5.A, it seemed redundant to define it here as well.

A second commenter stated that the use of the word "portion" seemed to refer to a fraction.

Response:

The Committee agrees.

Change:

The proposed language has been revised as requested by the commenter.

COMMENT:

Three commenters requested a clarification in subsection 9.5.A under the subheading "*Aid to Be Returned by the School*," second bullet, second sentence: "This amount is calculated by subtracting the percentage of funds earned from 100%." The commenters noted that, as originally proposed, the use of the phrase "this amount" may be unclear.

One of these commenters also requested a change in the paragraph that introduces this bullet to further clarify that the text refers to the portion of unearned Title IV aid that the school is responsible for returning.

Response:

The Committee agrees.

Change:

The proposed policy text has been changed to reflect the commenters' suggestions, as follows:

The school must return ~~to the appropriate programs the applicable share of Title IV funds~~ the portion of unearned Title IV aid for which the school is responsible. The amount the school must return is the lesser of:

- . . .
- . . . ~~This amount~~ The percentage of unearned aid is calculated by subtracting the percentage of funds earned from 100%.

COMMENT:

One commenter suggested a revision to the first paragraph under the bolded sub heading "Post-Withdrawal Disbursements" to clarify that neither the school nor the student is required to return funds when the student is eligible to receive a post-withdrawal disbursement.

Response:

The Committee agrees that this is a useful clarification.

Change:

The commenter's suggestion has been incorporated into the proposed policy text.

COMMENT:

One commenter requested that the first set of bullets under the bolded subheading "Post-Withdrawal Disbursements," which is meant to detail the differences between a post-withdrawal disbursement and a late disbursement, clearly show in each bullet the contrast between the two types of disbursements.

Another commenter requested that the word "completely" be stricken from the first of these bullets. The commenter indicated that since withdrawal is, by definition, a complete cessation of enrollment, the modifier "complete" is unnecessary.

Response:

The Committee agrees that the use of contrast will add clarity to these bullets. The Committee also agrees that, in the context of the proposed policy, a withdrawal connotes a complete cessation of enrollment. However, the Committee believes it is important to emphasize that a post-withdrawal disbursement applies only in the event that a student withdraws from all coursework, and not when a student withdraws from some, but not all, coursework.

Change:

The proposed policy text has been modified as follows:

A post-withdrawal disbursement is different from a late disbursement (as described in subsection 7.7.G) in the following ways:

- A late disbursement may be made if a student ceases to be enrolled at least half-time but has not withdrawn. A post-withdrawal disbursement must be offered and, if accepted, must be made after an eligible student completely withdraws from all classes for the payment period or period of enrollment, as applicable.
[§668.164(g)(3)(i),(ii), and (iii)]
- ~~A~~ The post-withdrawal disbursement must ~~be made from exhaust~~ available Title IV grant funds before utilizing available loan funds. A late disbursement has no such requirement.
[§668.22(a)(5)(i)]
- A late disbursement must be delivered within 120 days from the earlier of the end of the loan period or the date on which the student ceased to be enrolled at least half time. The 120-day period for the school to ~~disburse~~ deliver the post-withdrawal disbursement is calculated from the date of the school's *determination* that the student withdrew ~~rather than from the student's withdrawal date.~~
[§668.164(g)(4)]

COMMENT:

Two commenters requested that the phrase "subject to delayed delivery requirements" be inserted in the first bullet under the sub-subheading "*Post-Withdrawal Disbursement of Loan Funds*," because some schools are exempt from the delayed delivery requirements. Two commenters also requested a similar insertion in subsection 9.5.A, paragraph 6.

Response:

The Committee agrees.

Change:

The proposed language has been modified as follows:

- The student is not a first-year, first-time undergraduate Stafford loan borrower subject to delayed delivery requirements who withdrew prior to the completion of the first 30 days of his or her program of study.

...

A first-year, first-time undergraduate Stafford loan borrower who is subject to delayed delivery and withdraws before completing the 30th day of his or her program of study is prohibited from receiving any Stafford loan funds as a post-withdrawal disbursement even if the amount of the initial disbursement was included in the return of Title IV funds calculation as aid that could have been disbursed.

COMMENT:

Three commenters requested that the word "parent" be inserted in the second bullet under the sub-subheading "*Post-Withdrawal Disbursement of Loan Funds*", to clarify that disbursement of loan funds, other than parent PLUS loan funds, requires a valid SAR or ISAR .

Response:

The Committee agrees.

Change:

The proposed language has been modified as follows:

- Except in the case of a parent PLUS loan, the Department processed a valid SAR or ISIR with an official EFC on or before the date of the student's withdrawal.

COMMENT:

Two commenters requested that the following bullet be included as a requirement for a school to make a post-withdrawal disbursement of loan funds:

- In the case of a second or subsequent disbursement, the student graduated or successfully completed the period of enrollment for which the loan was intended.

Response:

A post-withdrawal disbursement is a disbursement required by the return of Title IV funds calculation *after a student withdraws*; therefore, only *initial* disbursements of loan funds may be made as a post-withdrawal disbursement. If the student had graduated or successfully completed the period of enrollment for which the loan was intended, there would be no return of Title IV funds calculation, and the student would be eligible for a late delivery of funds, rather than a post-withdrawal disbursement.

Change:

None.

COMMENT:

One commenter requested that the proposed policy under the sub-subheading "*Post-Withdrawal Disbursement of Loan Funds*" be revised to 1) clarify the MPN signature requirement for a PLUS MPN non-serial endorser; 2) clarify that the deadline for a borrower's response to a post-withdrawal disbursement notice is based on a school policy and not on a case-by-case basis; 3) add the interim final rule requirement that the school must offer a direct delivery of any amount of a post-withdrawal disbursement not credited to the student's account; and 4) strike the word "initial" from the introductory sentence to the bullets listing the requirements for a post-withdrawal disbursement of loan funds and clarify that a post-withdrawal disbursement must not be delivered from a second or subsequent undelivered FFELP disbursement, even if it was included in the return of Title IV funds calculation as aid that could have been disbursed.

Response:

The Committee agrees with all of the commenter's suggestions.

Change:

The proposed language has been modified as follows:

Post-Withdrawal Disbursement of Loan Funds

If the post-withdrawal disbursement is composed of loan funds, the school must first determine that the borrower is eligible for a late delivery under the provisions in subsection 8.7.E. (See also subsection 7.7.G for the late disbursement provisions applicable to lenders.) A student may receive all or a portion of an ~~initial~~ disbursement as a post-withdrawal disbursement provided that all of the following conditions are met:

- ...
- ...
- ...
- The borrower signed the Master Promissory Note (MPN) for the loan subject to return of Title IV funds prior to the date the return of Title IV funds calculation ~~is~~ was completed.
- The disbursement is not a second or subsequent FFELP loan disbursement, even if it was included in the return of Title IV funds calculation as aid that could have been disbursed.
- Within 30 days of the date of the school's determination that the student withdrew and prior to delivering the loan disbursement, the school notified the borrower in writing to:
 - ...
 - ...
 - ...
 - ...

- Explain that, if the borrower does not respond within 14 days of the date the notice was sent (or a later deadline set by ~~the~~ school policy) . . .

The deadline for a borrower to accept a direct delivery of a post-withdrawal disbursement and the deadline to accept the delivery of a post-withdrawal disbursement to cover outstanding school charges must be the same. If the borrower submits a timely response that confirms that the loan funds may be credited to outstanding school charges, or that he or she wishes to receive all or a portion of a direct delivery of funds, the school must deliver ~~the~~ all loan funds, not only those used to pay school charges, within 120 days of the date the school determined that the student withdrew.

COMMENT:

One commenter stated that the proposal, in the set of subbullets describing the content of the post-withdrawal disbursement notice under the sub-subheading "*Post-Withdrawal Disbursement of Loan Funds*," the phrases "credit to the student's account" and "apply to outstanding school charges" are used interchangeably. The commenter requested that one phrase or the other be used consistently.

Response:

The Committee agrees.

Change:

The subbullets have been modified to use the term "apply to outstanding school charges" consistently.

COMMENT:

One commenter stated that, although the regulations do not provide this level of detail, the time frame for the delivery of a post-withdrawal disbursement of loan funds should be no more than 120 days after the date of the school's determination that the student withdrew, whether the borrower responds in a timely manner, or the school opts to deliver the loan funds based on a late response.

Response:

The Committee agrees that the intent was for the delivery time frame to apply to all post-withdrawal disbursements, regardless of whether or not the borrower's response was timely. The preamble to the August 9, 2006 interim final regulations, on page 45670, column 2, states:

As with current regulatory requirements for making a direct disbursement of a post-withdrawal disbursement, an institution must make a disbursement by crediting a student's account with a post-withdrawal disbursement of loan funds within 120 days of the date of the institution's determination that the student withdrew, as that term is defined in 34 CFR 668.22(l)(3).

As the regulations were written in 34 CFR 668.22(a), the time frame for delivery of a post-withdrawal disbursement was specifically stated only in the portion addressing a timely response to the notification of the availability of a post-withdrawal disbursement (34 CFR 668.22(a)(5)(iii)(C)). The portion addressing the post-withdrawal disbursement based on a late response by the borrower does not specify a time frame (34 CFR 668.22(a)(5)(iii)(D)). However, 34 CFR 668.164(g)(4)(i) states:

Generally, an institution may not make a late disbursement later than 120 days after the date of the institution's determination that the student withdrew, as provided in Sec. 668.22, or, for a student who did not withdraw, 120 days after the date the student otherwise became eligible. On an exception basis, and with the approval of the Secretary, an institution may make a late disbursement after the applicable 120-day period, if the reason the late disbursement was not made within the 120-day period was not the fault of the student.

Change:

The proposed policy language has been modified as follows:

The deadline for a borrower to accept a direct delivery of a post-withdrawal disbursement and the deadline to accept delivery of a post-withdrawal disbursement to cover outstanding school charges must be the same. If the borrower submits a timely response that confirms that the loan funds may be credited to outstanding school charges, or that he or she wishes to receive all or a portion of a direct delivery of funds, the school must deliver all loan funds, not only those used to pay school charges; ~~within 120 days of the date the school determined that the student withdrew~~. If the borrower submits a

late response, the school may deliver the funds as requested (provided the school ~~disburses~~ delivers all of the funds accepted by the borrower), or the school may decline to ~~do so~~ deliver any funds. A post-withdrawal disbursement may not be delivered later than 120 days after the date of the school's determination that the student withdrew, unless an exception is granted by the Department. If the borrower submits a late response and the school opts *not* to ~~make~~ deliver the post-withdrawal disbursement, the school must notify the borrower in writing of that decision. If the borrower does not respond to the notice of the availability of the post-withdrawal disbursement, no portion of the disbursement may be ~~made~~ delivered. The school must document in the student's file the result of the post-withdrawal disbursement notification, and the final determination made concerning the disbursement.

[§668.22(a)(5)(iii) and (iv); §668.164(g)(4)(i)]

In addition, the regulatory citation §668.164(g)(4)(i) has been added to the basis.

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: March 15, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Mar 15

SUBJECT: Forbearance

AFFECTED SECTIONS: 11.19.B Documentation Required for Authorized Forbearance

POLICY INFORMATION: 932/Batch 139

EFFECTIVE DATE/TRIGGER EVENT: Borrower requests processed by the lender on or after July 1, 2003, unless implemented earlier by the lender. Lenders may have implemented this provision no earlier than November 1, 2002.

BASIS:
§682.211(b)(1).

CURRENT POLICY:
Current policy states that if a lender grants a forbearance based on a verbal agreement with a borrower, the lender must send a notice to the borrower confirming the terms of the forbearance agreement.

REVISED POLICY:
Revised policy adds the requirement that the lender must send a notice confirming the terms of the forbearance agreement to the borrower within 30 days of when the verbal agreement was made between the lender and the borrower.

REASON FOR CHANGE:
This change aligns the manual with the current regulatory guidance contained in 34 CFR 682.211(b)(1).

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 11.19.B, page 24, column 2, paragraph 1, as follows:

11.19.B Documentation Required for Authorized Forbearance

In cases where a forbearance agreement is required, a lender and a borrower may agree to the terms of the forbearance verbally or in writing. A lender that grants a forbearance based on a written agreement with the borrower may use any form or format that is acceptable to the guarantor, and the lender must retain a copy of the agreement. A lender that grants a forbearance based on a verbal agreement with the borrower must send a notice confirming the terms of the forbearance agreement to the borrower within 30 days of the date that agreement was made confirming the terms of the forbearance agreement and record the forbearance terms in the borrower's file. In order to grant a forbearance after the date of default based on either a verbal or a written agreement with the borrower, the lender must also obtain a new signed agreement to repay the debt (see subsection 11.19.G). For each forbearance period, regardless of whether an agreement is required, the lender must document in the borrowers's file or the loan's servicing history the forbearance beginning and ending dates and the reason for granting forbearance.

[HEA 423(c)(3)(A) and (c)(10); §682.211(b)(1); §682.211(d); §682.414(a)(4)(ii)(G)]

PROPOSED LANGUAGE - COMMON BULLETIN: Forbearance

The *Common Manual* has been revised to include the requirement that when a lender and borrower verbally agree to the terms of a forbearance, the lender must send a notice confirming the terms of the forbearance agreement to the borrower within 30 days of the date that agreement was made with the borrower.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower will receive a notice from the lender confirming the terms of the forbearance agreement within 30 days of that agreement.

School:

None.

Lender/Service:

A lender/service needs to ensure compliance with the requirement that the notice confirming the terms of the forbearance agreement be sent to the borrower within 30 days of that agreement.

Guarantor:

A guarantor may need to update program review procedures.

U.S. Department of Education:

The Department may need to update program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

November 15, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

March 8, 2007

PROPOSAL DISTRIBUTED TO:

CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others
CM Governing Board Representatives

Comments Received From:

AES/PHEAA, ASA, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

Responses to Comments

Note: Most commenters supported this policy as written. Other commenters recommended word smithing changes that made no substantive changes to the policy statement but that added clarity to the proposed language, and were incorporated without comment. We appreciate the review of all commenters, their careful consideration of the policy, and their assistance in crafting clear, concise policy statements.

COMMENT:

Several commenters indicated the effective date/triggering event was incorrect, and that the requirement that a forbearance agreement be in writing was removed by the regulations that became effective on July 1, 2003, unless implemented earlier by the lender. Therefore this provision is not retroactive to the implementation of the *Common Manual*.

Response:

The Committee agrees.

Change:

The effective date/triggering event is revised as follows:

"Retroactive to the implementation of the *Common Manual*: Borrower requests processed by the lender on or after July 1, 2003, unless implemented earlier by the lender. Lenders may have implemented this provision no earlier than November 1, 2002."

COMMENT:

Two commenters suggested rewording the third sentence of the proposed policy language as well as the common bulletin to provide better clarity, as follows:

"A lender that grants a forbearance based on a verbal agreement with the borrower must send a notice confirming the terms of the forbearance agreement to the borrower within 30 days of that agreement ~~confirming the terms of the forbearance agreement~~ and record the forbearance terms in the borrower's file."

Another commenter suggested rewording the new phrase "within 30 days of that agreement" to read "within 30 days of that verbal agreement" to also provide clarity.

Response:

The Committee agrees that further clarification is needed, however, the Committee feels the use of the term "verbal" would be redundant.

Change:

The third sentence of the proposed policy language has been revised to read:

"A lender that grants a forbearance based on a verbal agreement with the borrower must send a notice confirming the terms of the forbearance agreement to the borrower within 30 days of the date that agreement was made ~~confirming the terms of the forbearance agreement~~ and record the forbearance terms in the borrower's file."

Corresponding changes have also been made to the common bulletin.

sf/edited-bb

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: March 15, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Mar 15

SUBJECT: Combining Teaching Service for Teacher Loan Forgiveness

AFFECTED SECTIONS: 13.9.B Teacher Loan Forgiveness Program

POLICY INFORMATION: 933/Batch 139

EFFECTIVE DATE/TRIGGER EVENT: Teacher loan forgiveness applications received by the lender on or after October 30, 2004.

BASIS:

Preamble to the *Federal Register* dated November 1, 2006, page 64386.

CURRENT POLICY:

Current policy does not state that a borrower may combine teaching at an eligible elementary school with teaching at an eligible secondary school and aggregate the years of teaching service to qualify for loan forgiveness.

REVISED POLICY:

Revised policy states that an eligible borrower may combine eligible periods of teaching service at an eligible elementary school with teaching service at an eligible secondary school, and that the aggregate service at the two types of schools may qualify the borrower for loan forgiveness.

REASON FOR CHANGE:

The Department clarified that a borrower may teach at both elementary and secondary schools that are otherwise eligible for purposes of teacher loan forgiveness, and that the combined service at the two types of schools will qualify the otherwise eligible borrower for teacher loan forgiveness.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 13.9.B, page 42, column 2, paragraph 3, as follows:

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.
- The borrower must have been employed as a full-time teacher for 5 consecutive, complete academic years at a qualifying school (see definition of *qualifying school* below) or a combination of qualifying schools, as certified by the chief administrative officer(s) at ~~that~~ the school(s).

...

Revise subsection 13.9.B, page 43, column 2, paragraph 1, as follows:

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.
[\$682.215(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.

PROPOSED LANGUAGE - COMMON BULLETIN:

Combining Teaching Service for Teacher Loan Forgiveness

The *Common Manual* has been revised to include language to state explicitly that an otherwise eligible borrower may qualify for teacher loan forgiveness by completing the 5-year teaching service requirement by combining years of full-time service at qualifying elementary and secondary schools.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

Borrowers who teach for some part of the 5-year period at a qualifying elementary school, and for the remainder of the period at a qualifying secondary school will consistently be considered eligible for teacher loan forgiveness based on the aggregate years of service at qualifying schools.

School:

None.

Lender/Service:

Lenders may be required to amend their teacher loan forgiveness evaluation procedures.

Guarantor:

Guarantors may be required to amend their teacher loan forgiveness evaluation procedures.

U.S. Department of Education:

The Department may see a small increase in the number of requests for loan forgiveness payments under the teacher loan forgiveness program.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

January 8, 2007

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

March 8, 2007

PROPOSAL DISTRIBUTED TO:

CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others
CM Governing Board Representatives

Comments Received From:

AES/PHEAA, ASA, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds and VSAC.

Responses to Comments

Note: Most commenters supported this policy as written. Other commenters recommended word smithing changes that made no substantive changes to the policy statement but that added clarity to the proposed language, and were incorporated without comment. We appreciate the review of all commenters, their careful consideration of the policy, and their assistance in crafting clear, concise policy statements.

COMMENT:

Three commenters suggested revising the effective date because the November 1, 2006. preamble discussion indicates that this is a clarification of pre-existing regulations that were effective since the implementation of the Taxpayer-Teacher Protection Act. The commenters also suggested revising the trigger event because a lender does not make final determinations for teacher loan forgiveness discharge.

Response:

The Committee agrees.

Change:

The effective date/trigger event now reads as follows:

"Teacher loan forgiveness applications received by the lender on or after October 30, 2004."

bg/edited-tmh

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: March 15, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Mar 15

SUBJECT: Loans Eligible for Consolidation

AFFECTED SECTIONS: 15.2 Borrower Eligibility and Underlying Loan Holder Requirements

POLICY INFORMATION: 934/Batch 139

EFFECTIVE DATE/TRIGGER EVENT: Consolidation applications received on or after December 1, 2006, unless implemented earlier by the guarantor.

BASIS:

Dear Colleague Letter GEN-06-20/FP-06-16.

CURRENT POLICY:

Current policy states that a borrower who has either a Federal or a Direct Consolidation loan may consolidate that existing Consolidation loan if the borrower includes at least one other eligible loan in the subsequent consolidation.

REVISED POLICY:

Revised policy clarifies that an eligible loan may be another Consolidation loan. As such, revised policy states that a borrower who has either a Federal or a Direct Consolidation loan may obtain a subsequent Federal or Direct Consolidation loan if the borrower is consolidating an existing Consolidation loan with at least one other eligible loan, including another eligible Consolidation loan.

REASON FOR CHANGE:

Regulations provide that a Federal or a Direct Consolidation loan borrower loses eligibility for a subsequent Consolidation loan unless he or she has eligible loans made *before or after* the date the Consolidation loan was made. Since Consolidation loans are eligible for consolidation, a pre-existing Consolidation loan qualifies as an "eligible loan made before or after the consolidation." In DCL GEN-06-20, the Department clarifies that a preexisting Consolidation loan qualifies as an eligible loan.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise section 15.2, page 4, column 2, paragraph 1, bullet 2, as follows:

Obtaining a Subsequent Consolidation Loan

A borrower who currently has either a Federal or a Direct Consolidation loan is not eligible for a subsequent Federal or Direct Consolidation loan unless the borrower meets one of the following conditions:

- The borrower has obtained a new eligible loan after the date the existing Consolidation loan was made.
- The borrower is consolidating an existing Consolidation loan with at least one other eligible loan, including another eligible Consolidation loan, regardless of whether it that eligible loan was made before or after the date the existing Consolidation loan was made. [HEA 428C(a)(3) and (a)(4); §682.201~~(d)~~(e)(2) and (3); DCL GEN-06-20/FP-06-16]

PROPOSED LANGUAGE - COMMON BULLETIN:

Loans Eligible for Consolidation

The *Common Manual* has been updated to clarify that a borrower who has either a Federal or a Direct Consolidation loan may obtain a subsequent Federal or Direct Consolidation loan if the borrower is consolidating an existing Consolidation loan with at least one other eligible loan. An eligible loan includes another eligible Consolidation loan, regardless of whether that eligible loan was made before or after the date

the most recent Consolidation loan was made.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower will now be able to consolidate multiple Consolidation loans.

School:

The school may need to revise counseling materials for Consolidation borrowers.

Lender/Service:

The lender/service may need to adjust procedures to allow for the consolidation of a borrower's multiple Consolidation loans.

Guarantor:

The guarantor may need to adjust procedures to allow the guarantee of a Consolidation loan that contains multiple Consolidation loans as the underlying loans.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

September 26, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

March 8, 2007

PROPOSAL DISTRIBUTED TO:

CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others
CM Governing Board Representatives

Comments Received from:

AES/PHEAA, ASA, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP, NLSP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

Responses to Comments

Note: Most commenters supported this policy as written. Other commenters recommended word smithing changes that made no substantive changes to the policy statement but that added clarity to the proposed language and were incorporated without comment. We appreciate the review of all commenters, their careful consideration of the policy, and their assistance in crafting clear, concise policy statements.

COMMENT:

One commenter suggested the following changes — with an effective date of September 8, 2006, based on the interim final rules of August 9, 2006, — to section 15.2, page 4, column 2, paragraph 1, bullet 1:

- The borrower ~~has obtained a new~~ receives an eligible loan before or after the date the existing Consolidation loan was made.

Response:

The commenter's suggestion is outside the scope of this proposal but the Committee will consider the suggestion for future policy proposal development.

Change:

None.

ce/edited-tmh

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: March 15, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Mar 15

SUBJECT: Late Delivery

AFFECTED SECTIONS: 8.7.E Late Delivery

POLICY INFORMATION: 935/Batch 139

EFFECTIVE DATE/TRIGGER EVENT: Late delivery of FFELP loan proceeds by the school on or after July 1, 2003, unless implemented earlier by the school. Schools may have implemented these provisions no earlier than November 1, 2002.

BASIS:

§668.164(g)(3)(ii) and (iii); preamble to the *Federal Register* dated November 1, 2006, page 64380.

CURRENT POLICY:

Current policy states that a school may deliver Stafford or PLUS loan funds to a student or parent borrower after the end of the loan period or the date on which the student ceased to be enrolled at least half time, provided certain conditions are met. In the case of a second or subsequent disbursement for a student who graduated or successfully completed the period of enrollment for which the loan was intended, the school must offer the borrower the amount of Stafford or PLUS funds the student or parent was eligible to receive while the student was enrolled at the school.

Current policy requires the school, prior to making a late delivery of loan funds, to contact the borrower, obtain confirmation that the borrower still requires the loan funds, and explain the borrower's obligation to repay any loan funds that the school delivers.

REVISED POLICY:

Revised policy states that a school must offer a late delivery of Stafford or PLUS loan funds the student or parent borrower was eligible to receive while the student was still enrolled during a payment period or period of enrollment that the student successfully completed. If a student ceases to be enrolled at least half time but does not withdraw, the school may, but is not required to, offer a late delivery of Stafford or PLUS loan funds to the student or parent borrower.

Revised policy also deletes the requirement for the school to contact the borrower, obtain confirmation that the borrower still requires the loan funds, and explain the borrower's obligation to repay any loan funds that the school delivers late.

REASON FOR CHANGE:

These changes are necessary to 1) conform the manual's text with federal regulations and clarify when a school *must* offer a late delivery of Stafford or PLUS loan funds versus cases when a school *may* make a late delivery, and 2) remove a HERA requirement that the Department determined to be applicable only to post-withdrawal disbursements for withdrawn students, and not to late deliveries for students who dropped to less-than-half-time enrollment but did not withdraw, or students who successfully completed a payment period or period of enrollment, as applicable.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 8.7.E, page 12, column 1, paragraph 1, as follows:

**8.7.E
Late Delivery**

After the end of the loan period or the date on which a student ceases to be enrolled at least half time, a student borrower, or in the case of a parent PLUS loan, a parent borrower, may be eligible to receive a late delivery of Stafford or PLUS loan funds, provided certain conditions

are met (see subheading “Conditions for Late Delivery” later in this subsection).

~~A school may deliver~~ must offer a late delivery of Stafford or PLUS loan funds ~~to a that the student or parent borrower was eligible to receive while the student was still enrolled during a payment period or period of enrollment that the student successfully completed, after the end of the loan period or the date on which the student ceased to be enrolled at least half time, provided that:~~ The school may credit the student’s account to pay for current and allowable charges as described in section 8.7, but must pay or offer any remaining amount to the borrower.

[§668.164(g)(3)(ii)]

If a student ceases to be enrolled at least half time but does not withdraw, a school may, but is not required to, offer a late delivery of Stafford or PLUS loan funds to the student or parent borrower to pay for educational costs the student incurred for the period in which the student was eligible.

[§668.164(g)(3)(iii)]

Conditions for Late Delivery

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

- The school certified the loan before the earlier of the end of the loan period or the date on which the student ceased to be enrolled at least half time.
[§668.164(g)(2)(ii); §682.207(f)(1)]
- Except in the case of a parent PLUS loan, the Department processed a Student Aid Report (SAR) or an Institutional Student Information Record (ISIR) with an official expected family contribution (EFC) before the date the student became ineligible.
[§668.164(g)(2)(i)]
- ~~Prior to delivering the disbursement, the school contacted the borrower and obtained confirmation that the borrower still required the loan funds. In making this contact, the school must explain the borrower’s obligation to repay any loan funds that the school delivers. The school must document in the student’s file the result of the contact and the final determination made concerning the late disbursement.~~
[HEA 484B(a)(4)(A); DCL GEN-06-05]
- In the case of a first-year, first-time borrower whose loan is subject to delayed delivery (see subsection 8.7.D), the student completed the first 30 days of his or her program of study.
[§668.164(g)(4)(iii); §682.207(f)(2)]
- In the case of a second or subsequent disbursement, the student graduated or successfully completed the period of enrollment for which the loan was intended. ~~In this circumstance, the school must offer the borrower the amount of Stafford or PLUS funds the student (or parent) was eligible to receive while the student was enrolled at the school. The school may credit the student’s account to pay for current and allowable charges as described in section 8.7, but must pay or offer any remaining amount to the student or, in the case of a parent PLUS loan, to the parent.~~
[§668.164(g)(4)(ii); §682.207(f)(3)]
- The loan funds will only be used to pay educational costs that the school determines the student incurred for the period in which the student was enrolled and eligible.
- The school delivers the funds no later than 120 days after the school determines the student withdrew (for additional information on post-withdrawal disbursements, see subsection 9.5.A; for additional information on required notices, see subsection 8.2.E), or if the student did not withdraw, 120 days after the earlier of the end of the loan period or the date on which the student ceased to be enrolled at least half time.
[§668.164(g)(4)(i)]

On an exception basis, and with the approval of the Department, the school may make a late delivery of loan funds after the applicable 120-day period, if the reason the late delivery was not made within the 120-day period ~~was~~ is not the fault of the student.

[§668.164(g)(4)(i)]

Revise subsection 8.7.E, page 12, column 2 to correct the format of the following text, to make it the new first paragraph of column 2, rather than a continuation of the previous bullet:

———The borrower is not required to sign the Master Promissory Note (MPN) prior to the end of the loan period or the date on which the student ceased to be enrolled at least half time (or lost eligibility for a reason other than a withdrawal) to be eligible for a late delivery of Stafford or PLUS loan funds, as applicable. However, the borrower must sign the MPN before a lender may make a late disbursement.
[DCL GEN-05-16]

PROPOSED LANGUAGE - COMMON BULLETIN:

Late Delivery Requirements Clarified

The *Common Manual* has been revised to clarify that a school must offer a late delivery of Stafford or PLUS loan funds the student or parent borrower was eligible to receive while the student was still enrolled during a payment period or period of enrollment that the student successfully completed. If a student ceases to be enrolled half time but does not withdraw, the school may, but is not required to, offer a late delivery of Stafford or PLUS loan funds to the student or parent borrower.

Revised policy also deletes the HERA-related requirement for a school to contact the borrower, obtain confirmation that the borrower still requires the loan funds, and explain the borrower's repayment obligation before making a late delivery of loan funds. In the preamble to the *Federal Register* dated November 1, 2006, the Department clarified that this requirement applies only to post-withdrawal disbursements for withdrawn students, and not to late deliveries for students who dropped to less-than-half-time enrollment but did not withdraw, or students who successfully completed a payment period or period of enrollment, as applicable.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:

None.

Guarantor:

None.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

July 10, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

March 8, 2007

PROPOSAL DISTRIBUTED TO:

CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others
CM Governing Board Representatives

Comments Received From:

AES/PHEAA, ASA, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

Responses to Comments

Note: Most commenters supported this policy as written. Other commenters recommended word smithing changes that made no substantive changes to the policy statement but that added clarity to the proposed language, and were incorporated without comment. We appreciate the review of all commenters, their careful consideration of the policy, and their assistance in crafting clear, concise policy statements.

COMMENT:

One commenter requested that the first paragraph of subsection 8.7.E be split into three paragraphs to add clarity and reinforce the intended message to a school to indicate the difference between what they “must” do and what they “may” do.

Response:

The Committee agrees.

Change:

The first paragraph of subsection 8.7.E has been divided into three paragraphs.

COMMENT:

One commenter requested that additional regulatory cites be added to the bullets of subsection 8.7.E.

Response:

The Committee agrees.

Change:

The requested regulatory cites have been added to the bullets of subsection 8.7.E.

COMMENT:

One commenter requested that an additional cross-reference to subsection 8.2.E be added to subsection 8.7.E, bullet 6.

Response:

The Committee agrees.

Change:

Subsection 8.7.E, bullet 6 has been modified as follows:

- The school delivers the funds no later than 120 days after the school determines the student withdrew (for additional information on post-withdrawal disbursements, see subsection 9.5.A; for additional information on required notices, see subsection 8.2.E), or if the student did not withdraw, 120 days after the earlier of the end of the loan period or the date on which the student ceased to be enrolled at least half time.

ke/edited-aes

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: March 15, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Mar 15

SUBJECT: Comaker Definition

AFFECTED SECTIONS: 11.1.A General Deferment Eligibility Criteria
Chapter 12 Introduction
13.8 Discharge
appendix G

POLICY INFORMATION: 936/Batch 139

EFFECTIVE DATE/TRIGGER EVENT: Consolidation loan applications received by the lender on or after July 1, 2006.

BASIS:

Higher Education Act of 1965, Section 428C(a)(3)(C), as amended by the Higher Education Reconciliation Act (HERA) of 2005; *Dear Colleague Letter* GEN-06-02.

CURRENT POLICY:

Current policy describes a comaker as one of two parents who obtained a PLUS loan prior to April 16, 1999, or one of two married individuals who jointly borrow a Federal Consolidation loan.

REVISED POLICY:

Revised policy describes a comaker as one of two parents who obtained a PLUS loan prior to April 16, 1999, or one of two married individuals who jointly borrow a Federal Consolidation loan made from an application received by the consolidating lender prior to July 1, 2006.

REASON FOR CHANGE:

This change is necessary to align manual text with HERA changes and updates made by policy 868 of Batch 131 to the Federal Consolidation loan borrower eligibility criteria in chapter 15.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 11.1.A, page 1, column 2, paragraph 3, bullet 4, as follows:

**11.1.A
General Deferment Eligibility Criteria**

There are several conditions under which borrowers qualify for deferment. In granting a deferment, the lender should be aware of the following general characteristics of deferments:

- ...
- ...
- ...
- If a PLUS loan is made to two parents as comakers (as applicable to a PLUS loans made prior to April 16, 1999), or a Consolidation loan is made to two spouses as comakers (as applicable to a Consolidation loan made from an application received by the consolidating lender prior to July 1, 2006), the loan may not be deferred unless each comaker requests deferment and satisfies applicable eligibility requirements for deferment. . .

Revise the introduction to chapter 12, page 1, column 1, paragraph 4, as follows:

Any reference to a borrower in this chapter also refers to any applicable comaker—one of two PLUS borrowers who are jointly and severally liable for repayment (as applicable to a PLUS loan made prior to April 16, 1999) or one of two Consolidation loan borrowers who are held jointly and severally liable for repayment (as applicable to a Consolidation loan made from an application received by the consolidating lender prior to July 1, 2006). Therefore, due diligence activities required for the borrower are also required for the comaker. For example, if the lender is required to send a letter at a certain point of delinquency, it must send the same letter to both borrowers. Failure to perform collection activities on one or both comakers is a violation of due diligence provisions and will result in interest penalties or the loss of the loan's guarantee.
[§682.507(a)(2)]

Revise section 13.8, page 16, column 1, paragraph 3, as follows:

Comakers

If a PLUS loan was obtained by two parents as comakers (as applicable to a PLUS loan made prior to April 16, 1999), or a Consolidation loan was obtained by ~~a married couple~~ two spouses as comakers (as applicable to a Consolidation loan made from an application received by the consolidating lender prior to July 1, 2006), and one of the borrowers is eligible for discharge, the other borrower remains obligated to repay the loan. However, if each comaker on a loan meets the eligibility criteria for a discharge—under the same type or a different discharge type—~~the loan holder may grant a discharge~~ can be granted on the loan.
[§682.402(a)(2) and (3)]

Revise appendix G, page 4, column 1, paragraph 8, as follows:

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

PROPOSED LANGUAGE - COMMON BULLETIN:

Comaker Definition Revised

The *Common Manual* has been revised to clarify that, in the context of a Federal Consolidation loan, the term comaker refers to one of two spouses who jointly borrowed a Federal Consolidation made from an application received by the consolidating lender prior to July 1, 2006. These borrowers are jointly and severally liable for the loan's repayment regardless of future marital status.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:

None.

Guarantor:

None.

U.S. Department of Education:
None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
October 11, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
March 8, 2007

PROPOSAL DISTRIBUTED TO:
CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others
CM Governing Board Representatives

Comments Received from:
AES/PHEAA, ASA, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

Responses to Comments

Note: Most commenters supported this policy as written. We appreciate the review of all commenters and their careful consideration of the policy.

COMMENT:

One commenter suggested changing this proposal from a Correction proposal to a Federal proposal as the change being made is similar in nature to the change reflected in proposal #932.

Response:

Proposal #932 reflects a change based on federal policy that is not already contained elsewhere in the *Common Manual*. As such, proposal #932 is designated as a Federal proposal. The nature of this proposal (#936) is simply to align (or correct) language in the manual that is based on federal policy already reflected in the manual. Therefore, it is designated as a Correction proposal.

Change:

None.

jcs/nm/edited-as

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: March 15, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Mar 15

SUBJECT: Military Deferment

AFFECTED SECTIONS: Figure 11-1 Deferment Eligibility Chart

POLICY INFORMATION: 937/Batch 139

EFFECTIVE DATE/TRIGGER EVENT: Military deferments granted on or after July 1, 2006, for loans for which the first disbursement is made on or after July 1, 2001.

BASIS:

Interim Final Rules published in the *Federal Register* dated August 9, 2006, pages 45701 - 45702.

CURRENT POLICY:

Although current policy in section 11.8 of the manual addresses the military deferment, the Deferment Eligibility Chart, Figure 11-1 does not include the military deferment.

REVISED POLICY:

Revised policy updates the Deferment Eligibility Chart, Figure 11-1, with the military deferment, which is available to cover a borrower's loan(s) that is first disbursed on or after July 1, 2001. In addition, the chart has been revised to indicate that all deferments are borrower-based, except for the military deferment which is loan-based.

REASON FOR CHANGE:

This change is necessary to align the Deferment Eligibility Chart with existing policy on the military deferment in section 11.8 of the manual.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Figure 11-1 Deferment Eligibility Chart, page 6, as follows:

See attached chart.

PROPOSED LANGUAGE - COMMON BULLETIN:

Deferment Eligibility Chart

The Deferment Eligibility Chart, Figure 11-1, has been revised to include the military deferment for Stafford and PLUS loans first disbursed on or after July 1, 2001, and for Consolidation loans in which all underlying Title IV loan balances were first disbursed on or after July 1, 2001. In addition, the chart has been revised to indicate that all deferments are borrower-based, except for the military deferment which is loan-based.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:

None.

Guarantor:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

October 11, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

March 8, 2007

PROPOSAL DISTRIBUTED TO:

CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others
CM Governing Board Representatives

Comments Received from:

AES/PHEAA, ASA, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP, NLSP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

Responses to Comments

Note: Most commenters supported this policy as written. We appreciate the review of all commenters and their careful consideration of the policy.

COMMENT:

Two commenters suggested a clarification of the eligibility language on the Deferment Eligibility Chart for the military deferment on a Consolidation loan(s). One of the commenters suggested the following text:

All underlying loans must have been first disbursed on or after July 1, 2001¹⁰.

Another commenter suggested a change to provide consistency with regulations by clarifying that military deferment eligibility is based only on the underlying Title IV loans in the Consolidation loan.

Response:

The Committee agrees that the suggested changes will add clarity. Based on 34 CFR 682.210(t)(5), "a borrower is eligible for a military service deferment on a Federal Consolidation Loan only if the borrower meets the conditions described in this section and all of the title IV loans included in the Consolidation Loan were first disbursed on or after July 1, 2001." In the preamble to the interim final rule, on page 45674 of the *Federal Register* dated August 9, 2006, the Department notes that "a borrower consolidating loans first disbursed on or after July 1, 2001, is eligible for the new deferment on the entire Consolidation Loan only if all of the borrower's Title IV loans included in the Consolidation Loan were first disbursed on or after July 1, 2001."

Change:

The eligibility text on the chart has been revised as follows:

All underlying Title IV loans must have been first disbursed on or after July 1, 2001⁴⁹.

As a result of the above revision to the eligibility text on the chart for a military deferment on a Consolidation loan, proposed footnote #10 was deleted because the text in the footnote became redundant with the revised text in the chart.

The common bulletin text has been revised as follows:

The Deferment Eligibility Chart, Figure 11-1 has been revised to include the military deferment for Stafford and PLUS loans first disbursed on or after July 1, 2001 and for Consolidation loans in which all underlying Title IV loan balances were first disbursed on or after July 1, 2001.

COMMENT:

Two commenters suggested adding the form abbreviation, MIL, to the Deferment Eligibility Chart.

Response:

When the Military Deferment Request form is approved and published by the Department for usage by the FFELP community, the Committee will update the manual with the approved form abbreviation.

Change:

None.

ce-/edited-tmh

Deferment Eligibility Chart

Figure 11-1

See section H.4 for information about a statutory or regulatory waiver authorized by the HEROES Act that may impact these requirements.

Form	Deferment Type	Time Limit	Stafford and SLS Loans			PLUS Loans				Consolidation Loans	
			Pre 7/1/87 Borrower	New ¹ Borrower 7/1/87 to 6/30/93	New ² Borrower 7/1/93	Loans Before 8/15/83	Pre 7/1/87 Borrower	New ¹ Borrower 7/1/87 to 6/30/93	New ² Borrower 7/1/93	Pre 7/1/93 Borrower ⁸	New Borrower 7/1/93 ⁹
Borrower-Based Deferments											
SCH	In-School: Full Time	None	•	•	•	•	•	•	•	•	•
	In-School: Half Time ⁷	None		•	•			•	•	•	•
EDU	Graduate Fellowship	None	•	•	•	•	•	•	•	•	•
	Rehabilitation Training	None	•	•	•	•	•	•	•	•	•
	Teacher Shortage	3 years		•							
	Internship/Residency Training	2 years	•	•		•					
TDIS	Temporary Total Disability ³	3 years	•	•		•	•	•		•	
PUB	Armed Forces or Public Health Services ⁴	3 years	•	•		•					
	National Oceanic and Atmospheric Administration Corps ⁴	3 years		•							
	Peace Corp. ACTION Program and Tax-Exempt Organization Volunteer	3 years	•	•		•					
UNEM	Unemployment	2 years	•	•		•	•	•		•	
	Unemployment	3 years			•				•		•
PLWM	Parental Leave ⁵	6 months	•	•							
	Mother Entering/Reentering Work Force	1 year		•							
HRD	Economic Hardship	3 years			•				•		•
PLUS ⁶	In School: Full Time	None						•			
	In School: Half Time	None						•			
	Rehabilitation Training	None				•	•	•			
Loan-Based Deferments			Stafford Loans			PLUS Loans				Consolidation Loans	
<u>Military Deferment</u>		<u>3 years</u>	<u>Loans first disbursed on or after 7/1/2001</u>			<u>Loans first disbursed on or after 7/1/2001</u>				<u>All underlying Title IV loans must have been first disbursed on or after 7/1/2001</u>	

¹ "New Borrower" 7/1/87 to 6/30/93: A borrower whose first FFELP loan was made on or after July 1, 1987, and before July 1, 1993, or who had an outstanding balance on a loan obtained on or after July 1, 1987, and before July 1, 1993, when he or she obtained a loan on or after July 1, 1993, or who had no outstanding balance on a Federal Consolidation loan made before July 1, 1993 that repaid a loan first disbursed before July 1, 1987.

² "New Borrower" 7/1/93: A borrower whose outstanding FFELP loans were all made on or after July 1, 1993, and when his or her first FFELP loan was made on or after July 1, 1993, had no outstanding FFELP loans that were made before July 1, 1993.

³ A deferment may be granted during periods when the borrower is temporarily totally disabled or during which the borrower is unable to secure employment because the borrower is caring for a dependent (including the borrower's spouse) who is temporarily totally disabled.

⁴ Borrowers are eligible for a combined maximum of 3 years of deferment for service in NOAA, PHS, and Armed Forces.

⁵ A parental leave deferment may be granted to a borrower in periods of no more than 6 months each time the borrower qualifies.

⁶ Deferment for parent borrower during which the dependent student for whom the parent obtained a PLUS loan meets the deferment eligibility requirements.

⁷ A borrower who received a Federal Consolidation loan before July 1, 1993, that repaid a loan made before July 1, 1987, or who had an outstanding balance on a FFELP loan obtained prior to July 1, 1987, when the Federal Consolidation loan was obtained, is eligible for in-school deferment only if the borrower attends school full time.

⁸ A borrower with a Federal Consolidation loan made before July 1, 1993, or a borrower who receives a Consolidation loan on or after July 1, 1993, who has any outstanding FFELP loan(s) at the time of consolidation that was first disbursed before July 1, 1993.

⁹ A borrower who receives a Federal Consolidation loan made on or after July 1, 1993, who has no outstanding FFELP loans at the time of consolidation that were made on or before July 1, 1993.

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: March 15, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Mar 15

SUBJECT: Clarification to Cohort Default Rate Calculation

AFFECTED SECTIONS: 16.2 Calculation of Cohort Default Rates
appendix G

POLICY INFORMATION: 938/Batch 139

EFFECTIVE DATE/TRIGGER EVENT: Retroactive to the implementation of the *Common Manual*.

BASIS:
§668.183(b).

CURRENT POLICY:

Current policy states that a cohort default rate is defined as the percentage of a school's student borrowers entering repayment on FFELP or FDLP loans during a specific fiscal year who default on those loans during the same or following fiscal year.

REVISED POLICY:

Revised policy clarifies that the cohort for a fiscal year consists of all former students who, during that fiscal year, entered repayment on any Federal Stafford loan, Federal SLS loan, or Direct Stafford loan that they received, or on the portion of a loan made under the Consolidation Loan Program or the Federal Direct Consolidation Program that is used to repay those loans.

REASON FOR CHANGE:

This change is necessary to align current text with regulations and clarify the loan types used for cohort default rate calculation within the FFELP and FDLP as Stafford, SLS, and certain underlying loans from a Consolidation loan.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise section 16.2, page 3, column 1, paragraph 1, as follows:

16.2 Calculation of Cohort Default Rates

A cohort default rate is defined as the percentage of a school's student borrowers who enter repayment during a specific fiscal year on certain FFELP or FDLP loans during a specific fiscal year and who default on those loans during the same or following fiscal year (see section 16.1). This includes borrowers who borrow any of the following types of loans:

- A Federal Stafford loan, Federal SLS loan, or Direct Stafford loan.
- The portion of a Federal Consolidation loan or Federal Direct Consolidation loan used to repay a Federal Stafford loan, Federal SLS loan, or Direct Stafford loan.

A FFELP cohort default rate is calculated for each school participating in the FFELP or FDLP at the beginning of the fiscal year, whether or not the school actually had student borrowers entering repayment on Stafford or SLS loans during that fiscal year.

...

Revise section 16.2, page 6, column 2, paragraph 1, as follows:

Types of Loans Included in Cohort Default Rates

Cohort default rates for fiscal years 1993 and beyond include Stafford ~~or~~ and SLS loans, including underlying loans that are included in a Consolidation loan.
[668.183(b)]

Revise appendix G, page 4, column 1, paragraph 6, as follows:

Cohort Default Rate: The percentage of Stafford and SLS loan borrowers who default before the end of the fiscal year following the fiscal year in which they entered repayment on their loans. This includes borrowers whose underlying Stafford and SLS loans have been included in a Consolidation loan. The Department ...

PROPOSED LANGUAGE - COMMON BULLETIN:

Clarification to Cohort Default Rate Calculation

The *Common Manual* has been revised to clarify that the cohort for a fiscal year for the purpose of calculating a cohort default rate consists of all former students who, during that fiscal year, entered repayment on any Federal Stafford loan, Federal SLS loan, or Direct Stafford loan that they received, or on the portion of a Federal Consolidation loan or the Federal Direct Consolidation loan that repays those loans.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:

None.

Guarantor:

None.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

August 29, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

March 8, 2007

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

CM Governing Board Representatives

Comments Received from:

AES/PHEAA, ASA, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

Responses to Comments

Note: Most commenters supported this policy as written. Other commenters recommended several word smithing changes that made no substantive changes to the policy statement but that added clarity to the proposed language and were inserted without acknowledgment. We appreciate the review of all commenters, their careful consideration of the policy, and their assistance in crafting clear, concise policy statements.

COMMENT:

One commenter requested moving the phrase “during a specific fiscal year” in the first sentence under “Calculation of Cohort Default Rates” to clarify that the fiscal year the loan was obtained does not determine which cohort year it falls into.

Response:

The Committee concurs.

Change:

The sentence has been revised as suggested by the commenter.

COMMENT:

Two commenters requested removing the word “may” in the second sentence under “Types of Loans Included in Cohort Default Rates.” The commenters felt the way the sentence read might imply that the calculations may or may not include the loans or portion of Consolidation loans identified. Another commenter also provided revisions to this sentence to clarify that the cohort calculation is borrower-based, not loan-based and would align the text better with the proposed language in appendix G.

Response:

The Committee concurs.

Change:

The sentence has been revised as follows:

“The loans included in this calculation may be any of the following: This includes borrowers who obtain any of the following types of loans.”

COMMENT:

One commenter requested revising the titles of subsections 16.2 through 16.5 to reflect that the material within these subsections pertains only to schools. The commenter felt that as currently presented, this is not clearly stated and might cause confusion for lenders and servicers.

Response:

The Committee agrees that the titles of subsections 16.2 through 16.5 do not specify that the material within those subsections pertains only to schools. However, the Committee feels that updating the titles within these subsections is not within the scope of this proposal. This request will be researched by the Committee for future policy development.

Change:

None.

om/edited-bb