

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
963	Partial Discharge of a Consolidation Loan	<p><u>13.8 Discharge</u></p> <p>Adds information about the Request For Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form that a lender may use to request a partial discharge of the portion of the Consolidation loan that represents any underlying loans that are eligible for discharge due to disability (only for comade Consolidation loans), closed school, death, or false certification discharge. Incorporates a new chart that helps lenders determine what information must be provided on this form.</p>	Guarantor	Lenders may have begun using the Request For Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form upon the applicable publication date.
964	Stafford Annual Loan Limits for Students Taking Preparatory Coursework for Enrollment in Undergraduate Program	<p><u>6.11.A Stafford Annual Loan Limits Figure 6-4 Stafford Undergraduate Annual and Aggregate Loan Limits</u></p> <p>States that a dependent student who is taking preparatory coursework necessary for enrollment in an undergraduate program is eligible to borrow the base Stafford annual loan limit of \$2,625. An independent student, or a dependent student whose parent is not eligible for a PLUS loan, who is taking preparatory coursework necessary for enrollment in an undergraduate program is eligible to borrow a combined subsidized and unsubsidized Stafford annual loan limit of up to \$6,625, of which no more than \$2,625 may consist of subsidized Stafford loan funds.</p> <p>Updates Figure 6-4 to include the additional unsubsidized Stafford annual loan limit for an independent student, or a dependent student whose parent is not eligible for a PLUS loan, who is enrolled in preparatory coursework necessary for enrollment in an undergraduate program.</p>	Federal	Loans first disbursed on or after July 1, 2007.
965	Increased Unsubsidized Stafford Loan Limits for Health Profession Students	<p><u>6.11.D Increased Unsubsidized Stafford Loan Limits for Health Profession Students</u></p> <p>States that a health profession student must be enrolled at least half time to be eligible for increased unsubsidized</p>	Federal	Loan periods beginning on or after May 1, 1999.

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
		Stafford loan limits.		
966	Military Deferment  <b>MOVED TO CONSIDERED</b>	<u>11.1.A General Deferment Eligibility Criteria</u> <u>11.8.A Eligibility Criteria–Military</u> <u>11.8.C Length of Deferment–Military Appendix G</u>  Clarifies that a military deferment is loan-specific rather than borrower-specific and each eligible loan may be deferred for multiple periods as long as the cumulative deferment periods do not exceed the 3-year maximum for each loan. Once a loan has been deferred for the 3-year maximum, that loan is no longer eligible for a military deferment. If a borrower obtains a new FFELP loan and is subsequently called for qualifying military service, the new loan is eligible for the 3-year maximum deferment.  Adds a definition to Appendix G for loan-specific deferment.	Federal	For loans first disbursed on or after July 1, 2001.
967	Common Forms	<u>2.3.C Common Forms</u>  Deletes reference to the Ad Hoc Standardization Committee, adds that NCHELP developed and updates the common default aversion and claim forms, and updates the listing of common forms.	Correction	September 20, 2007
968	Borrower Certification of the Statement of Educational Purpose on the PLUS MPN	<u>5.1.B Student Eligibility Requirements</u> <u>6.15.B Stafford Loan Certification</u> <u>6.15.C PLUS Loan Certification</u>  Clarifies that the student must be enrolled or accepted for enrollment on at least a half-time basis to be eligible for a Stafford or PLUS loan.	Correction	Retroactive to the implementation of the <i>Common Manual</i> .
969	Borrower Certification of the Statement of Educational Purpose on the PLUS MPN	<u>5.1.C Graduate and Professional Student and Parent PLUS Loan Borrower Eligibility Requirements</u>  States that each PLUS borrower must certify a statement of educational purpose, which is fulfilled by the borrower's certification of the PLUS MPN. Revised policy also corrects the regulatory citation for this requirement.	Correction	Retroactive to the implementation of the <i>Common Manual</i> .

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
970	Additional Unsubsidized Stafford Loan Eligibility for a Dependent Student	<p><u>6.15.D Additional Unsubsidized Stafford Loan Certification</u></p> <p>Clarifies that a dependent student enrolled in a school that participates in the PLUS loan program whose parent is unable to obtain a PLUS loan is eligible to borrow additional unsubsidized Stafford loan funds, not to exceed the student's maximum additional unsubsidized Stafford loan limit. A school does not have the option of denying the additional funds to an otherwise eligible student, unless the school's refusal to certify is based on a documented reason.</p>	Correction	Retroactive to the implementation of the <i>Common Manual</i> .
971	Student Authorization to Release Loan Funds Received by EFT or Master Check	<p><u>Figure 8-6 Delivery or Return of Loan Funds</u></p> <p>Adds a footnote clarifying that the required authorization for the school to deliver loan funds received by EFT or master check is included on the MPN. However, if the MPN is signed by a third party with power of attorney for the borrower, the school must obtain a separate authorization from the borrower, except in the case of a study-abroad student.</p>	Correction	Retroactive to the implementation of the Federal Stafford Loan Master Promissory Note.
972	Economic Hardship Deferment Criteria  <b>Deferred for Additional Consideration and Research</b>	<p><u>11.4.A Eligibility Criteria-Economic Hardship</u></p> <p>Clarifies that when a loan is scheduled to be repaid in more than 10 years, the federal education debt burden is based on the original balance and monthly payment amount that would have been owed if the loan had been scheduled to be repaid in 10 years.</p>	Correction	Retroactive to the implementation of the <i>Common Manual</i> .
973	Historic Stafford Interest Rates  <b>Deferred for Additional Consideration and Research</b>	<p><u>7.4.A Current Stafford Interest Rates</u></p> <p>Revised policy removes text regarding pre-July 1, 1994, interest rates, as it is no longer relevant to current Stafford interest rate policy.</p>	Organizational	September 20, 2007
974	Operations Desert Shield/Desert Storm	<p><u>11.3.A Eligibility Criteria —Armed Forces</u></p> <p><u>11.3.C Length of Deferment—Armed Forces</u></p>	Organizational	September 20, 2007

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
		<p><u>Appendix G</u>  <u>Appendix H</u></p> <p>Moves text concerning Operations Desert Shield/Desert Storm to the history appendix. Adds a reference in the appendix G entry entitled "Post-Deferment Grace Period" to additional information in the history appendix on a post-deferment grace period for military personnel who served in Operations Desert Shield/Desert Storm.</p>		

Batch 142

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# COMMON MANUAL - GUARANTOR POLICY PROPOSAL

Date: September 20, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Sep 20

**SUBJECT:** Partial Discharge of a Consolidation Loan

**AFFECTED SECTIONS:** 13.8 Discharge

**POLICY INFORMATION:** 963/Batch 142

**EFFECTIVE DATE/TRIGGER EVENT:** Lenders may have begun using the Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form upon the applicable publication date.

**BASIS:**  
None.

## CURRENT POLICY:

Current policy states that the lender of a Consolidation loan must submit to the guarantor of the Consolidation loan a request for partial discharge of the portion of the Consolidation loan that represents any underlying loans that are eligible for discharge due to disability (only for comade Consolidation loans), closed school, death, false certification, unpaid refund, or another discharge type.

## REVISED POLICY:

Revised policy adds information about the Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form that a lender may use to request a partial discharge of the Consolidation loan for the portion that represents any underlying loans that are eligible for discharge due to disability (only for comade Consolidation loans), closed school, death, or false certification discharge. A new chart has been added to the Manual that will help lenders determine what information must be provided on the partial discharge request form. Detailed descriptions of these items are located in the Instructions for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan located on the Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form.

## REASON FOR CHANGE:

These changes are necessary to convey that lenders may use NCHLP developed common discharge forms to submit to the guarantor of the Consolidation loan a request for partial discharge of the Consolidation loan for the portion that represents underlying loans that are eligible for discharge due to disability (only for comade Consolidation loans), closed school, death, or false certification discharge.

## PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 13.8, page 17, column 1, of the July 2007 *Common Manual*, by adding new text after paragraph 2, as follows:

### **Partial Discharge of a Consolidation Loan**

The lender of a Consolidation loan must submit to the guarantor of the Consolidation loan a request for partial discharge ~~of the portion~~ of the Consolidation loan for the portion that represents any underlying loans that are eligible for discharge due to disability (only for comade Consolidation loans), closed school, death, false certification, unpaid refund, or another discharge type. Upon approval of the discharge, the guarantor will process a payment for the discharged principal and interest portion of the Consolidation loan and forward the payment to the Consolidation loan lender.

▲ Lenders may contact the guarantor of the Consolidation loan for information on how to file the request for partial discharge.

### **Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan**

## **Form**

The Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form is designed to be used by a lender to request a partial discharge of the Consolidation loan for the portion that represents any underlying loans that are eligible for discharge due to disability (only for comade Consolidation loans), closed school, death, or false certification discharge.

### *Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan Form Instructions*

Figure 13-3 will help lenders determine what information must be provided on the Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form. Detailed descriptions of these items are located in the Instructions for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form.

Revise Section 13.8 by adding a new figure on page 3, as follows:

See attached chart.

#### **PROPOSED LANGUAGE - COMMON BULLETIN:**

##### **Partial Discharge of a Consolidation Loan**

The *Common Manual* has been revised by adding text describing the use of NCHELP's Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form. The form may be used by a lender to request a partial discharge of the Consolidation loan for a portion that represents any underlying loans that are eligible for discharge due to disability (only for comade Consolidation loans), closed school, death, or false certification discharge. A new figure has been added to the Manual that will help lenders determine what information must be provided on the Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form. Detailed descriptions of these items are located in the Instructions for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form.

#### **GUARANTOR COMMENTS:**

None.

#### **IMPLICATIONS:**

*Borrower:*

None.

*School:*

None.

*Lender/Service:*

A lender may benefit by using NCHELP's common discharge forms to submit consistent information to the guarantor of the Consolidation loan as the request for the partial discharge of the Consolidation loan.

*Guarantor:*

A guarantor may benefit from receiving consistent and uniformly formatted loan information via NCHELP's common discharge forms submitted by the lender of the Consolidation loan as the lender's request for partial discharge of the Consolidation loan.

*U.S. Department of Education:*

None.

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### **To be completed by the Policy Committee**

#### **POLICY CHANGE PROPOSED BY:**

Default Aversion and Claims Standardization subcommittee (DACS)

#### **DATE SUBMITTED TO CM POLICY COMMITTEE:**

December 20, 2006

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

September 13, 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, CSLF, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP Program Operations Forms Subcommittee, NCHELP Program Regulations Committee, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

**Responses to Comments**

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Many of the commenters supported this proposal as written. Other commenters recommended wordsmithing changes that made no substantive changes to the policy but that added clarity to the proposed language. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

**COMMENT:**

One commenter suggested revising the first sentence of the newly added second paragraph by removing the text in parentheses and placing the text earlier in the sentence to emphasize that the form is for comade Consolidation loans, as follows:

“The Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan form may be used by a lender, only for a comade Consolidation loans, to request a partial discharge of the portion of the Consolidation loan that represents any underlying loans that are eligible for discharge due to disability (~~only for comade Consolidation loans~~), closed school, death, or false certification discharge.”

**Response:**

The Committee disagrees. The current structure correctly states policy. A lender may only request reimbursement of partial discharge of a Consolidation loan for purposes of disability discharge if the Consolidation loan is a comade loan. However, the lender may use the form to request the partial discharge of Consolidation loan balances representing other underlying loans for other discharge reasons.

**Change:**

None.

**COMMENT:**

One commenter noted that the proposed policy provides information about the Unpaid Refund Discharge Determination Request form as it relates to a partial discharge of a Consolidation loan. Since the Unpaid Refund Discharge Determination Request form is also used for other loan types, this form should be mentioned in Subsection 13.8.G, *Unpaid Refund*.

**Response:**

The Committee agrees that information regarding the Unpaid Refund Discharge Determination Request form should be mentioned in Subsection 13.8.G, *Unpaid Refund*. Further, the Committee believes that introducing this form to the Manual's text within the context of this proposal was premature. The Committee will work with the Default Aversion and Claims Standardization subcommittee (DACS) to ensure that this NCHELP common form is introduced into the Manual's text in a manner that is consistent with the introduction of other NCHELP common forms.

**Change:**

References to the Unpaid Refund Discharge Determination Request form have been removed from the proposed policy and will be addressed in a subsequent policy proposal in the near future.

**COMMENT:**

One commenter recommended removing the 'Required' column of the new figure and to strike the footnote because the title of the figure indicates that all of the items listed are required; including a 'Required' column and footnote seems redundant and unnecessarily confusing.

**Response:**

The Committee appreciates the commenter's suggestion. The NCHELP DACS subcommittee and the Policy Committee discussed the idea about removing the "Required" column and its accompanying footnote. However, the figure will retain its current structure in order to allow for future changes to these data elements and to provide a look that is as consistent as possible with the other figures in the Manual that provide information about NCHELP's common forms.

**Change:**

None.

ma/edited-chh, kk

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**Information to Be Provided on the Request for Reimbursement Due to Partial Discharge of a FFELP Consolidation Loan Form**

<b><u>Item Description</u></b>	<b><u>Required<sup>1</sup></u></b>
<u>Reason type.</u>	•
<u>Date condition occurred (DCO).</u>	•
<u>Borrower name.</u>	•
<u>Borrower Social Security number (SSN).</u>	•
<u>Comaker name.</u>	•
<u>Comaker Social Security number (SSN).</u>	•
<u>Dependent student name.</u>	•
<u>Dependent student Social Security number (SSN).</u>	•
<u>Loan ID.</u>	•
<u>1<sup>st</sup> disbursement date for Consolidation loan.</u>	•
<u>Principal amount outstanding for the Consolidation loan based on date of death or disability, or for closed school or false certification based on date of disbursement of the Consolidation loan. Also, include the sum of the outstanding principal amounts provided.</u>	•
<u>Interest rate and interest rate type for Consolidation loan.</u>	•
<u>Proration rate.</u>	•
<u>Loan type for each underlying loan to be discharged.</u>	•
<u>First disbursement date for each underlying loan to be discharged.</u>	•
<u>Amount requested.</u>	•
<u>Interest-paid-through date.</u>	•
<u>Interest claimed as of (date and amount).</u>	•
<u>Total amount requested.</u>	•
<u>Eligible payments.</u>	•
<u>Reimbursement amount requested.</u>	•
<u>Lender's six-digit lender ID assigned by the Department and, as applicable, four-digit non-Department suffix.</u>	•
<u>Servicer's six-digit servicer ID assigned by the Department.</u>	•
<u>Lender/servicer name/address.</u>	•
<u>Preparer's name and telephone number.</u>	•

<sup>1</sup>Refers to information the lender must provide on the Request for Reimbursement Due to Partial Discharge of a FFELP Consolidation Loan form.

# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: September 20, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Sep 20

**SUBJECT:** **Stafford Annual Loan Limits for Students Taking Preparatory Coursework for Enrollment in Undergraduate Program**

**AFFECTED SECTIONS:** **6.11.A Stafford Annual Loan Limits**  
**Figure 6-4 Stafford Undergraduate Annual and Aggregate Loan Limits**

**POLICY INFORMATION:** **964/Batch 142**

**EFFECTIVE DATE/TRIGGER EVENT:** Loans first disbursed on or after July 1, 2007.

## **BASIS:**

HEA §428(b)(1)(A)(vi)(I), as amended by the Higher Education Reconciliation Act (HERA) of 2005; §682.204(a)(6)(i); DCLs GEN-06-02/FP-06-01 and GEN-06-03/FP-06-02.

## **CURRENT POLICY:**

Current policy in Subsection 6.11.A states that a student who is taking preparatory coursework necessary for enrollment in an undergraduate program is eligible for Stafford loan funds not to exceed the first-year annual loan limit. In addition, Figure 6-4 does not acknowledge that an independent student, or a dependent student whose parent is not eligible to borrow a PLUS loan, who is enrolled in undergraduate preparatory coursework is eligible for an additional unsubsidized Stafford annual loan limit of \$4,000.

## **REVISED POLICY:**

Revised policy in Subsection 6.11.A states that a dependent student who is taking preparatory coursework necessary for enrollment in an undergraduate program is eligible to borrow the base Stafford annual loan limit of \$2,625. An independent student, or a dependent student whose parent is not eligible for a PLUS loan, who is taking preparatory coursework necessary for enrollment in an undergraduate program is eligible to borrow a combined subsidized and unsubsidized Stafford annual loan limit of up to \$6,625, of which no more than \$2,625 may consist of subsidized Stafford loan funds. A cross-reference has been added to Figure 6-4, and an additional citation has been added to support existing policy that exempts from loan proration a preparatory coursework period of less than an academic year in length that is necessary for enrollment in an undergraduate program.

Figure 6-4 has been updated to include the additional unsubsidized Stafford annual loan limit for an independent student, or a dependent student whose parent is not eligible for a PLUS loan, who is taking preparatory coursework necessary for enrollment in an undergraduate program.

## **REASON FOR CHANGE:**

This change is made to align the Manual's text with updates previously approved in Policy 955 of Batch 141. These updates illustrate the difference between the base Stafford annual loan limit for a student taking preparatory coursework necessary for enrollment in an undergraduate program and the first-year undergraduate base Stafford annual loan limit that was increased by the HERA.

## **PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 6.11.A, page 20, column 1, bullet 2, of the July 2007 *Common Manual*, as follows:

- ...
- A dependent student who is taking preparatory coursework that the school has determined and documented to be necessary for the student to enroll in an undergraduate program is eligible for to borrow the base Stafford annual loan funds not to exceed the annual loan limits applicable to first-year undergraduate students limit of \$2,625. An independent student, or a dependent student whose parent is not eligible for a PLUS loan, is eligible to borrow a combined subsidized and

unsubsidized Stafford annual loan limit of up to \$6,625. Of the total amount borrowed for the year, no more than \$2,625 may consist of subsidized Stafford loan funds (see Figure 6-4). A student is eligible for loans for one period of 12 consecutive months beginning on the first day of the loan period for which the student is enrolled. The loan limits for this category of student are not prorated if the coursework is less than an academic year.  
 [§682.204(a)(6)(i) and (d)(6)(i); 07-08 FSA Handbook, Volume 3, Chapter 4, p. 3-91]

Revise Figure 6-4, page 21, as follows:

	Length of Program or Final Period of Enrollment		
	Program of study of at least a full academic year in length	One-year program of study with less than a full academic year remaining	Program of study of less than one academic year
<b>Preparatory Coursework for Undergraduate Program</b>			
Base Stafford eligibility (subsidized and unsubsidized)	\$2,625	N/A	N/A
<u>Additional unsubsidized Stafford eligibility</u>	<u>\$4,000</u>	<u>N/A</u>	<u>N/A</u>

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Stafford Annual Loan Limits for Students Taking Preparatory Coursework for Enrollment in an Undergraduate Program**

The *Common Manual* has been updated to clarify that a dependent student who is taking preparatory coursework necessary for enrollment in an undergraduate program is eligible to borrow the base Stafford annual loan limit of \$2,625. An independent student, or a dependent student whose parent is not eligible for a PLUS loan, who is taking preparatory coursework necessary for enrollment in an undergraduate program is eligible to borrow a combined subsidized and unsubsidized Stafford annual loan limit of up to \$6,625, of which no more than \$2,625 may consist of subsidized Stafford loan funds.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

While a first- or second-year undergraduate Stafford loan borrower whose loan is disbursed on or after July 1, 2007, has an increased, base annual loan limit of \$3,500 or \$4,500, respectively, the base Stafford annual loan limit for students enrolled in preparatory coursework necessary for enrollment in an undergraduate program remains at \$2,625.

*School:*

A school must ensure that a student who is taking preparatory coursework necessary for enrollment in an undergraduate program does not receive the recently increased, first-year, base Stafford annual loan limit of \$3,500.

*Lender/Service:*

None.

*Guarantor:*

A guarantor may be required to modify its program review procedures.

*U.S. Department of Education:*

The Department may need to update NSLDS to distinguish between the base Stafford annual loan limit for first-year undergraduates and students who are taking preparatory coursework necessary for enrollment in an undergraduate program. The Department may also be required to modify its program review procedures.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

May 15, 2007

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

September 13, 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, CSLF, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP Program Operations Forms Subcommittee, NCHELP Program Regulations Committee, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

**Responses to Comments**

Many of the commenters supported this proposal as written. Other commenters recommended wordsmithing changes that made no substantive changes to the policy but that added clarity to the proposed language. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

**COMMENT:**

One commenter noted that the guarantor and lender implication statements indicate that these entities “may need to make system adjustments to distinguish between the base Stafford annual loan limit for first-year undergraduates and students who are taking undergraduate preparatory coursework.” The commenter indicated that guarantors do have loan limit edits in place based on academic level, but does not believe that an edit of this nature is possible given the data that is provided by schools on the loan certification document, via CommonLine or other electronic processing software. Since schools are not required to provide this level of detail, guarantors and lenders would be precluded from creating such an edit or modifying existing edits. Therefore, the commenter requested that the guarantor implication statement speak solely to the need of guarantors to adjust program review procedures if necessary, and that the lender implication statement be revised to indicate “none.” The commenter stated that ensuring correct loan limits in this situation should be the sole responsibility of the school.

**Response:**

The Committee thanks the commenter for providing this insightful analysis.

**Change:**

The guarantor and lender implication statements have been revised per the commenter’s recommendations.

**COMMENT:**

One commenter noted that the FSA Handbook citation accompanying this proposed change was not up to date and questioned whether the Committee should wait until the 07-08 publication of the appropriate FSA Handbook volume before making this update.

**Response:**

The Committee notes that Volume 3 of the 07-08 FSA Handbook is now available. As a point of information, it is the Committee’s standard practice to update FSA Handbook and other citations as necessary.

**Change:**

The citation has been updated and the page number corrected.

# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: September 20, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Sep 20

**SUBJECT:** Increased Unsubsidized Stafford Loan Limits for Health Profession Students

**AFFECTED SECTIONS:** 6.11.D Increased Unsubsidized Stafford Loan Limits for Health Profession Students

**POLICY INFORMATION:** 965/Batch 142

**EFFECTIVE DATE/TRIGGER EVENT:** Loan periods beginning on or after May 1, 1999.

**BASIS:**

05-06 FSA Handbook, Volume 3, Chapter 4, p. 3-91.

**CURRENT POLICY:**

Current policy states that a health profession student must be enrolled *full time* to be eligible for the increased unsubsidized Stafford annual loan limits.

**REVISED POLICY:**

Revised policy states that a health profession student must be enrolled *at least half time* to be eligible for the increased unsubsidized Stafford annual loan limits.

**REASON FOR CHANGE:**

Since the implementation of the increased unsubsidized Stafford annual loan limits for health profession students in 1999, there has been conflicting guidance from the Department regarding the minimum enrollment status. In the 05-06 FSA Handbook, the Department first publicized widely that, effective for loan periods that began on or after May 1, 1999, a health profession student must be enrolled at least half time to be eligible for the increased unsubsidized Stafford annual loan limits.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 6.11.D, page 24, column 1, paragraph 2, of the July 2007 *Common Manual*, as follows:

**Student Eligibility**

To be eligible for the increased unsubsidized Stafford loans exceeding standard annual loan limits, a health profession student must meet the following criteria:

- The student must be eligible for an unsubsidized Stafford loan.
- The student must be enrolled ~~full time~~ at least half time.
- The student must not receive a HEAL program loan for any portion of the same loan period as the increased unsubsidized Stafford loan limit.
- The student must be enrolled in an eligible program at an eligible school, as defined above.

[DCL GEN-98-18; DCL GEN-97-4; DCL GEN-96-14; 07-08 FSA Handbook, Volume 3, Chapter 5, p. 3-102]

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Increased Unsubsidized Stafford Loan Limits for Health Profession Students**

The *Common Manual* has been revised to state that a health profession student must be enrolled at least half time in an eligible health profession program at an eligible school in order to qualify for the increased

unsubsidized Stafford annual loan limits.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

A borrower who is a health profession student and attending an eligible program at least half time at an eligible school qualifies for the increased Stafford annual loan limits. All such borrowers will be treated consistently.

*School:*

A school that offers programs to health profession students that are eligible for the increased Stafford annual loan limits may need to review and revise its procedures for determining unsubsidized Stafford loan eligibility. A school will not be held liable if it awarded the increased unsubsidized Stafford annual loan limits to students enrolled at least half time in an eligible health profession program for loan periods that began on or after May 1, 1999, but prior to the publication date of the 05-06 FSA Handbook.

*Lender/Servicer:*

A lender who is tracking the enrollment status of health profession students may be required to make loan approval procedure modifications.

*Guarantor:*

A guarantor who is tracking enrollment status of health profession students may be required to make loan guarantee procedure modifications. A guarantor may also need to modify its school program review procedures.

*U.S. Department of Education:*

The Department may be required to modify its school program review procedures.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

Missouri Department of Higher Education

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

February 8, 2007

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

September 13, 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, CSLF, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP Program Operations Forms Subcommittee, NCHELP Program Regulations Committee, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

**Responses to Comments**

Many of the commenters supported this proposal as written. Other commenters recommended wordsmithing changes that made no substantive changes to the policy but that added clarity to the proposed language. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

**COMMENT:**

One commenter did not support the policy proposal. This commenter believes that the FSA Handbook should

not be used as the sole justification for *Common Manual* changes. In this case, the Dear Colleague Letter GEN-99-21 cited to justify the policy in the FSA Handbook only extends the types of institutions beyond those who originally participated in the HEAL Program to award additional unsubsidized Stafford loan funds. The commenter indicated that there was nothing in that DCL or the preceding DCLs GEN-97-14 and GEN-98-18 that extends the borrower's eligibility to receive additional unsubsidized Stafford loan funds based upon at least half-time enrollment beyond the June 1, 1997, deadline set by the Department in DCL GEN-97-4.

**Response:**

The commenter is correct in that the cited Dear Colleague Letter guidance does not extend eligibility for additional unsubsidized Stafford loan funds to health professions students who were enrolled less than full time beyond June 1, 1997. However, the entity that originally submitted this policy proposal request to the Committee was advised by the Department that its guidance to schools and health professions student organizations was inconsistent after the intended June 1, 1997, deadline. Therefore, beginning with the publication of the 05-06 FSA Handbook, the Department decided to publish officially what some Departmental policy officials had been consistently advising schools, i.e., that a health professions student need only be enrolled at least half time to qualify for additional unsubsidized Stafford loan funds.

Regarding the commenter's overarching concern that the Committee should not use the FSA Handbook as the sole source of Manual updates, the Policy Committee notes that the FSA Handbook is perhaps the most comprehensive reference provided by the Department concerning the administration of the federal student aid programs. Schools rely upon it heavily. Generally, to maintain the *Common Manual's* value to schools as the most comprehensive reference on the FFELP, the Committee believes that it is important for the Manual's text to align with guidance provided in the FSA Handbook.

The issue of health profession student eligibility for additional unsubsidized Stafford loan funds is not addressed in statute or regulations and the clarification concerning the retroactive eligibility of students who were enrolled at least half time is available in no widely publicized source except the FSA Handbook. A guarantor originally asked the Committee to update the Manual after receiving a question from a school, and noted the conflict between the FSA Handbook and Manual text on this topic. Subsequently, the Committee was contacted directly by a university financial aid administrator, who observed that the Manual was "at odds" with the Department's published materials on this issue – presumably the FSA Handbook. The Committee believes it is important to address the concern raised by this administrator and others who may have made the same observation.

Schools may have acted in good faith on verbal or other private guidance from the Department before the Department widely publicized the retroactive authority for a school to award additional unsubsidized Stafford loan funds to health profession students who were enrolled at least half time. The Manual should include that guidance, so that an auditor or program reviewer does not cite or assess liability to such a school based on conflicting and currently unsupported information contained in the Manual requiring such a student to be enrolled full time.

**Change:**

None.

**COMMENT:**

Two commenters requested that the following statement be deleted from the school implication statement:

A school will not be held liable if it awarded the increased unsubsidized Stafford annual loan limits to students enrolled at least half time in an eligible health profession program for loan periods that began on or after May 1, 1999, but prior to the publication date of the 05-06 FSA Handbook.

These commenters indicated that they believed it was not necessary to include the effective date in the implication statement.

**Response:**

While this statement includes the effective date of this policy proposal, its central purpose is to provide an important assurance to a school who may have acted upon the Department's verbal or other private guidance to certify additional unsubsidized Stafford loan funds to health profession students who were enrolled at least half time. An auditor or program reviewer should not assess liability to such a school if the school certified additional unsubsidized Stafford loan funds to students for loan periods that began on or after May 1, 1999,

but before the publication of the 05-06 FSA Handbook when the authority to do so was first widely publicized.

**Change:**

None.

**COMMENT:**

Two commenters requested changes to the borrower and school implications statements to clarify that the increase in loan funding available to certain health profession students is for unsubsidized Stafford loan funds only.

**Response:**

The Committee agrees.

**Change:**

The borrower and school implications statements have been revised as follows:

A borrower who is a health profession student and attending an eligible program at least half time at an eligible school qualifies for the increased unsubsidized Stafford annual loan limits.

A school that offers programs to health profession students that are eligible for increased unsubsidized Stafford annual loan limits may need to review and revise its procedures for determining unsubsidized Stafford loan eligibility.

**COMMENT:**

Two commenters requested that several references to the FSA Handbook be modified to conform to Manual convention.

**Response:**

The Committee recently determined that several Manual conventions should be changed for simplicity, including references to the FSA Handbook. As a result, in proposed policy language and in other sections of policy proposals such as the basis, the Committee will use the commonly known acronym for federal student aid, "FSA," in references to the Handbook. The publication date of the Handbook will now be expressed as two sets of two-digit years, for example, "05-06" or "07-08." "Also, the Committee will subsequently advance an organizational policy proposal to explain in the Manual's introduction the acronym "FSA" associated with references to the FSA Handbook in the Manual's policy text. Existing policy text will be aligned later through technical edits.

**Change:**

None.

jcs/edited-as

965-1081 142



# COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: September 20, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with changes	Sep 20

**SUBJECT:** Common Forms

**AFFECTED SECTIONS:** 2.3.C Common Forms

**POLICY INFORMATION:** 967/Batch 142

**EFFECTIVE DATE/TRIGGER EVENT:** Upon approval by the Governing Board on September 20, 2007.

**BASIS:**  
None.

## CURRENT POLICY:

Current information in Subsection 2.3.C regarding the development of and revisions to common forms that are approved by the Department and the Office of Management and Budget (OMB) includes references to the Ad Hoc Standardization Committee and National Council of Higher Education Loan Programs (NCHELP) task forces. Current information in this Subsection lists common default aversion and claim forms but does not note that these forms are developed and updated by NCHELP. Because these are not forms used by the Department to collect information, the Department does not participate in their development or update, and the forms are not subject to the OMB review and approval process.

## REVISED POLICY:

Revised information in Subsection 2.3.C deletes reference to the Ad Hoc Standardization Committee and refers to NCHELP task forces as NCHELP workgroups. Also, revised policy adds that the common default aversion and claim forms are developed and updated by NCHELP. Because these are not forms used by the Department to collect information, the Department does not participate in their development or update, and the forms are not subject to the OMB review and approval process. Further, the listings of various common forms in this subsection are updated.

## REASON FOR CHANGE:

These changes are necessary to reflect the current forms development process and to update the lists of common forms used within the FFELP.

## PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 2.3.C, page 13, column 1, paragraph 1 of the July 2007 *Common Manual*, as follows:

### 2.3.C Common Forms

The 1992 Reauthorization of Title IV of the Higher Education Act of 1965 (HEA) ~~began~~ required the U.S. Department of Education (the Department), in cooperation with industry participants, to develop common loan applications and promissory notes, deferment forms, and reporting formats.

Common forms for the ~~Federal Family Education Loan Program (FFELP)~~ generally are developed through a collaborative effort led by the Program Operations Committee of the National Council of Higher Education Loan Programs (NCHELP), ~~and with review and approval by the Ad Hoc Standardization Committee~~ and, ultimately, the Department, and the Office of Management and Budget (OMB).

NCHELP's Program Operations Forms subcommittee coordinates forms development, and various NCHELP Program Operations subcommittee task forces workgroups to develop the forms; and circulate them to the NCHELP membership and other industry entities that represent schools, lenders, and other financial aid constituencies ~~and the Ad Hoc~~

Standardization Committee for initial comment. After the forms are reviewed and approved, the forms are submitted to the Department for its consideration and approval.

~~The Ad Hoc Standardization Committee—with representation from students, schools, lenders, and other financial aid constituencies—broadens the industry view on the forms and processes recommended by NCHHELP. After the forms are reviewed and approved, the forms are submitted to the Department for their consideration and approval.~~

~~The Department reviews the forms, looking especially at regulatory and legal compliance, risk, and overall consistency with the goals of the Title IV programs, and revises the forms, if needed. If needed, negotiations occur between the parties (the Department, the Ad Hoc Standardization Committee, and NCHHELP) until agreement is reached.~~

~~Once preliminary agreement is reached, the The Department submits forms designed to collect information to the OMB for review and approval. This process includes publication of notices moves the forms into the final approval process, which takes approximately four months to complete. The Department posts the forms for public comment in the *Federal Register* (typically two) that make the forms available for public comment on two separate occasions. The first comment period is for 60 days and the second is for 30 days. After the Department and/or the OMB receive and review the comments and make any adjustments, the OMB assigns a control number and an expiration date to the forms, and the Department announces approval to the community in a *Dear Partner Letter*.~~

~~Approved common forms are reviewed at least every 3 years for updates and revisions. The revision process follows the same general flow as that used for new forms; however, the time frame for development is greatly reduced.~~

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

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

### **Loan Origination Forms**

- Federal Stafford Loan Master Promissory Note
- Addendum to the Federal Stafford Loan Master Promissory Note
- Federal Stafford Loan Plain Language Disclosure
- Federal Stafford Loan School Certification
- Federal PLUS Loan Application and Master Promissory Note
- Addendum to the Federal PLUS Loan Application and Master Promissory Note
- Federal PLUS Loan Plain Language Disclosure
- Federal PLUS Loan Information and School Certification
- Endorser Addendum to Federal PLUS Loan Application and Master Promissory Note
- Federal Consolidation Loan Application and Promissory Note
- Addendum to the Federal Consolidation Loan Application and Promissory Note
- Federal Consolidation Loan Verification Certificate

- Request to Add Loans to a Federal Consolidation Loan (180-Day Add-On Provision)
- Additional Loan Listing Sheet for Federal Consolidation Loan Application and Promissory Note

...

#### **Deferment Forms**

- SCH In-School Deferment Request
- EDU Education Related Deferment Request
- PUB Public Service Deferment Request
- TDIS Temporary Total Disability Deferment Request
- UNEM Unemployment Deferment Request
- PLWM Parental Leave/Working Mother Deferment Request
- HRD Economic Hardship Deferment Request and Worksheets
- PLUS Borrower with Dependent Student Deferment Request
- MIL Military Deferment Request

#### **~~Claim Forms~~ Default Aversion Forms**

- Default Aversion Assistance Request Form

#### **Claim Forms**

- Claim Form
- Supplemental Claim Form
- Request for Reimbursement Due to Partial Discharge of a Federal Consolidation Loan

#### **PROPOSED LANGUAGE - COMMON BULLETIN:**

##### **Common Forms**

The *Common Manual* has been revised by deleting reference to the Ad Hoc Standardization Committee and to refer to the National Council of Higher Education Loan Programs (NCHELP) task forces as NCHELP workgroups. Revised policy adds that the common default aversion and claim forms are developed and updated by NCHELP. Because these are not forms used by the Department to collect information, the Department does not participate in their development or update, and the forms are not subject to the Office of Management and Budget (OMB) review and approval process. Further, the listings of various common forms in Subsection 2.3.C have been updated.

##### **GUARANTOR COMMENTS:**

None.

##### **IMPLICATIONS:**

*Borrower:*

None.

*School:*

None.

Lender/Service:  
None.

Guarantor:  
None.

U.S. Department of Education:  
None.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**  
CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**  
May 22, 2007

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**  
September 13, 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, CSLF, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP Program Operations Forms Subcommittee, NCHELP Program Regulations Committee, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

**Responses to Comments**

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Many of the commenters supported this proposal as written. Other commenters recommended wordsmithing changes that made no substantive changes to the policy but that added clarity to the proposed language. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

**COMMENT:**

One commenter advised that the Office of Management and Budget review, notice of public comment, and approval process is for information collection instruments. Only forms that the Department uses for information collection purposes are subject to the OMB process. The commenter suggested revising the last sentence of the current and revised policy statements to read as follows:

“Because these are not forms used by the Department to collect information, the Department does not participate in their development or update of these forms, and thus the forms are not subject to the OMB review and approval process.”

**Response:**

The Committee agrees.

**Change:**

The current and revised policy statements have been revised as requested by the commenter.

**COMMENT:**

One commenter noted that Subsection 2.3.C, paragraph 3, does not mention that a broader audience than NCHELP Committees reviews and comments on the draft forms during the initial comment period.

**Response:**

The Committee agrees.

**Change:**

Subsection 2.3.C, paragraph 3 has been revised to reflect that other FFELP entities review and comment on draft forms during the initial comment period.

**COMMENT:**

One commenter suggested deleting the indication that there are form negotiations before publication of *Federal Register* notices. The commenter noted that it is unusual and an exception when a form is negotiated “until final agreement is reached”; this step does not apply to the development of a typical common FFELP form.

The commenter suggested revising Subsection 2.3.C, page 13, column 1, paragraph 5, sentence 2, as follows:

“The Department reviews the forms, looking especially at regulatory and legal compliance, risk and overall consistency with the goals of the Title IV programs, and revises the forms, if needed. ~~If needed, negotiations occur between the parties (the Department, the Ad Hoc Standardization Committee, NCHHELP) until final agreement is reached.”~~

**Response:**

The Committee agrees.

**Change:**

The text has been revised as suggested by the commenter.

**COMMENT:**

One commenter suggested revisions to acknowledge that the publication of notices is part of the OMB review and approval process. The commenter suggested clarifying this information by revising Subsection 2.3.C, page 13, column 1, paragraph 6, as follows:

~~“Once preliminary agreement is reached, the~~ The Department submits forms designed to collect information to the Office of Management and Budget (OMB) review and approval process which includes publication of notices (typically two) moves the forms into the final approval process, which takes approximately four months to complete. The Department usually posts submits the forms for public comment in the *Federal Register* that make the form available for public comment on two separate occasions.”

**Response:**

The Committee agrees with the concept of the suggestion.

**Change:**

The text has been revised as suggested by the commenter, with minor editorial changes.

**COMMENT:**

Several commenters suggested adding more of NCHHELP’s common forms to the form listings in Subsection 2.3.C. Also, some commenters suggested alternative ways of listing the forms in this subsection. One commenter suggested deleting the Repayment Information (Federal Consolidation Loan) form from the listings because it was an NCHHELP-developed form, but was listed with forms that are approved by the Department.

**Response:**

The Committee appreciates all of the commenters’ suggestions. The intent of this policy proposal is to revise Subsection 2.3.C to reflect the current forms development process and to update the lists of common forms used within the FFELP and currently recognized in common policy. The Committee will update the listing of forms in Subsection 2.3.C only when a common industry-developed form is introduced into other applicable sections of the Manual. Reorganization of the listings in Subsection 2.3.C will be considered by the Committee, and if advanced, will be addressed in a future policy proposal.

**Change:**

The Repayment Information (Federal Consolidation Loan) form has been removed from the list of loan origination forms.

# COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: September 20, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Sep 20

**SUBJECT:** Student Eligibility Requirements

**AFFECTED SECTIONS:** 5.1.B Student Eligibility Requirements  
6.15.B Stafford Loan Certification  
6.15.C PLUS Loan Certification

**POLICY INFORMATION:** 968/Batch 142

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

**BASIS:**  
§668.32(a)(1)(i) and (iii).

**CURRENT POLICY:**  
Current information in Subsections 5.1.B, 6.15.B, and 6.15.C does not reflect that a student must be enrolled or accepted for enrollment on at least a half-time basis as one of the basic eligibility criteria for a Stafford or PLUS loan.

**REVISED POLICY:**  
Revised information in Subsection 5.1.B adds an eligibility criterion specifying that a student must be enrolled or accepted for enrollment on at least a half-time basis and includes a cross-reference to Section 5.11, "Student Enrollment Requirements." Cross-references to Section 5.11, "Student Enrollment Requirements," are also added to 6.15.B and 6.15.C.

**REASON FOR CHANGE:**  
This change provides additional language in Subsection 5.1.B to clarify that a student must be enrolled or accepted for enrollment on at least a half-time basis as one of the basic eligibility criteria for a Stafford or PLUS loan and provides cross-references to Section 5.11 for further information on student enrollment requirements.

## PROPOSED LANGUAGE - *COMMON MANUAL*:

Revise Subsection 5.1.B, page 2, column 1, paragraph 1 of the July 2007 *Common Manual*, by adding a new bullet after bullet 2, as follows:

### 5.1.B Student Eligibility Requirements

In addition to meeting the requirements of subsection 5.1.A, each student who is seeking a Stafford loan or a Grad PLUS loan—and each student for whom a parent borrower is seeking a PLUS loan— must meet the following eligibility requirements:

- ...
- The student must certify, as part of the Free Application for Federal Student Aid (FAFSA) filed with the Department, a statement of educational purpose.  
[HEA 432(m)(1)(C); HEA 484(a)(4)(A);§668.32(h)]
- The student must be enrolled or accepted for enrollment on at least a half-time basis in an eligible program at a participating school. See Section 5.11 for student enrollment requirements.  
[§668.32(a)(1)(i) and (iii)]

- The student, if currently enrolled, . . .

Revise Subsection 6.15.B, page 29, column 1, paragraph 1, as follows:

**6.15.B  
Stafford Loan Certification**

A school may certify a Stafford loan only if the student borrower meets the eligibility criteria outlined in Subsections 5.1.A ~~and~~ and 5.1.B, and Section 5.11.

. . .

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

**Parent Borrowers**

A school may certify a parent PLUS loan only if both parent borrower and the student for whom the loan is being obtained meet the eligibility criteria outlined in subsection 5.1.A. In addition, the student must meet the eligibility criteria outlined in Subsection 5.1.B and Section 5.11 and the parent borrower must meet the eligibility criteria outlined in subsection 5.1.C.

Revise Subsection 6.15.C, page 29, column 2, paragraph 4, as follows:

**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~~ and 5.1.C, and Section 5.11.

. . .

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Student Eligibility Requirements**

The *Common Manual* has been updated to clarify that a student must be enrolled or accepted for enrollment on at least a half-time basis to be eligible for a Stafford or PLUS loan. In addition, cross-references to Section 5.11, "Student Enrollment Requirements," were added to Subsections 5.1.B, 6.15.B, and 6.15.C.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

None.

*School:*

None.

*Lender/Service:*

None.

*Guarantor:*

None.

*U.S. Department of Education:*

None.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

April 9, 2007

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

September 13, 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, CSLF, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP Program Operations Forms Subcommittee, NCHELP Program Regulations Committee, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USAF, and VSAC.

**Responses to Comments**

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Most of the commenters supported this proposal as written. Other commenters recommended wordsmithing changes that made no substantive changes to the policy but that added clarity to the proposed language. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

**COMMENT:**

Two commenters noted that the cross-reference to Section 5.11 had not been included in Subsection 6.15.C, under the subheading related to parent borrowers.

**Response:**

The Committee thanks the commenters for their thorough review.

**Change:**

The cross-reference to Section 5.11 has been added to Subsection 6.15.C.



# COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: September 20, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Sep 20

**SUBJECT:** Borrower Certification of the Statement of Educational Purpose on the PLUS MPN

**AFFECTED SECTIONS:** 5.1.C Graduate or Professional Student and Parent PLUS Loan Borrower Eligibility Requirements

**POLICY INFORMATION:** 969/Batch 142

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

**BASIS:** §668.24(c); §668.32(h); §682.201(b)(1); §682.201(c)(1)(v); §682.610(b).

## CURRENT POLICY:

Current policy states that each PLUS borrower must certify, as part of the Federal PLUS Loan Application and Master Promissory Note (PLUS MPN) *filed with the school or lender*, a statement of educational purpose.

## REVISED POLICY:

Revised policy states that each PLUS borrower must certify a statement of educational purpose, which is fulfilled by the borrower's certification of the PLUS MPN. Revised policy also corrects the regulatory citation for this requirement.

## REASON FOR CHANGE:

This text was originally intended to convey that, depending on the process chosen by the school, the PLUS borrower might submit the PLUS MPN either to the lender or to the school. However, the current text may be misconstrued to indicate that the school is *responsible for retaining* a record of the PLUS MPN; therefore, the wording is being modified to shift the focus from the filing of the PLUS MPN to the borrower's certification of the statement of educational purpose.

## PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 5.1.C, page 3, column 2, paragraph 1 of the July 2007 *Common Manual*, as follows:

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

...

## PROPOSED LANGUAGE - COMMON BULLETIN:

### Borrower Certification of the Statement of Educational Purpose on the PLUS MPN

The *Common Manual* is being revised to clarify that the requirement that a PLUS borrower certify a statement of educational purpose is fulfilled when the borrower signs the Federal PLUS Application and Master Promissory Note (PLUS MPN), and to remove any reference in Subsection 5.1.C to the party with whom the borrower files that PLUS MPN. In addition, the regulatory citations for this requirement have been corrected.

## GUARANTOR COMMENTS:

None.

## IMPLICATIONS:

*Borrower:*

None.

*School:*  
None.

*Lender/Service:*  
None.

*Guarantor:*  
None.

*U.S. Department of Education:*  
None.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**  
CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**  
June 20, 2006

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**  
September 13, 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, CSLF, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP Program Operations Forms Subcommittee, NCHELP Program Regulations Committee, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

**Responses to Comments**

Most commenters supported this proposal as written. Other commenters recommended wordsmithing changes that made no substantive changes to the policy but that added clarity to the proposed language. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

**COMMENT:**

One commenter noted that the regulatory citations included in the basis differed from the regulatory citations in the proposed language, and stated that all appropriate regulatory citations should be included in both the basis and the proposed language.

**Response:**

The Committee agrees that the regulatory citations in the proposed language should be included in the basis. However, the two citations originally in the basis serve only to illustrate that the record retention regulations do *not* require a school to maintain a copy of the MPN. Since §668.24(c) and §682.610(b) do *not* address the subject matter of the proposed text in Subsection 5.1.C, these citations will be listed only in the basis.

**Change:**

The regulatory citations supporting the proposed text in Subsection 5.1.C have been added to the basis.

**COMMENT:**

One commenter requested that the word "certify" in the first sentence of the proposed language be replaced with the word "file" to mirror the language in §668.32(h), as follows:

Each PLUS loan borrower must ~~certify~~ file a statement of educational purpose.

**Response:**

Although the regulatory language uses the word "file," the Committee believes that the word "certify" is more descriptive of the action required, as the borrower must acknowledge, with his or her signature, the intent to use the loan funds for educational expenses.

**Change:**

None.

**COMMENT:**

One commenter requested that a portion of the language deleted from the first sentence be retained, as follows:

Each PLUS loan borrower must certify, as part of the Federal PLUS Loan Application and Master Promissory Note (PLUS MPN), a statement of educational purpose. This requirement is automatically fulfilled by the borrower's certification ~~of~~ on the Federal PLUS Loan Application and Master Promissory Note (PLUS MPN).

A second commenter requested that the proposed paragraph be replaced with the following:

A statement of educational purpose is included on the Federal PLUS Loan Application and Master Promissory Note (PLUS MPN). By signing the PLUS MPN, the borrower certifies that he or she will comply with the statement of educational purpose.

**Response:**

The first sentence of the proposed language was meant to convey that the statement of educational purpose is an eligibility requirement for a PLUS loan borrower. The second sentence was meant to convey that, because the statement of educational purpose is included in the PLUS MPN, the borrower's certification of the PLUS MPN fulfills this requirement. The Committee agrees that the proposed language does not adequately convey that the statement is included in the MPN.

**Change:**

The proposed language has been modified, as follows:

Each PLUS loan borrower must certify a statement of educational purpose. ~~This requirement is automatically fulfilled by the borrower's certification of~~ A statement of educational purpose is included on the Federal PLUS Loan Application and Master Promissory Note (PLUS MPN). By signing the PLUS MPN, the borrower certifies that he or she will comply with the statement of educational purpose.

# COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: September 20, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Sep 20

**SUBJECT:** Additional Unsubsidized Stafford Loan Eligibility for a Dependent Student

**AFFECTED SECTIONS:** 6.15.D Additional Unsubsidized Stafford Loan Certification

**POLICY INFORMATION:** 970/Batch 142

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

**BASIS:**  
§682.201(a)(3); §682.603(e).

## CURRENT POLICY:

Current policy states that a school that participates in the Federal PLUS Loan Program *may* certify additional unsubsidized Stafford loan funds for a dependent student whose parent is unable to obtain a PLUS loan, not to exceed the student's maximum additional unsubsidized Stafford loan limit.

## REVISED POLICY:

Revised policy clarifies that a dependent student enrolled in a school that participates in the Federal PLUS Loan Program, whose parent is unable to obtain a PLUS loan *is eligible* to borrow additional unsubsidized Stafford loan funds, not to exceed the student's additional unsubsidized Stafford annual loan limit.

## REASON FOR CHANGE:

The current wording of the text does not convey the regulatory intent that a dependent student whose parent is unable to obtain a PLUS loan is entitled to borrow additional unsubsidized Stafford loan funds. The school in this situation does not have the option of refusing to certify the additional funds for an otherwise eligible student, unless the school's refusal to certify is based on a documented reason, as outlined in Subsection 6.15.E.

## PROPOSED LANGUAGE - COMMON MANUAL:

Revised Subsection 6.15.D, page 30, column 1, paragraph 2 of the July 2007 *Common Manual*, as follows:

### 6.15.D

#### **Additional Unsubsidized Stafford Loan Certification for a Dependent Student**

If a dependent student's parent is unable to obtain a PLUS loan at a school that participates in the Federal PLUS Loan Program due to exceptional circumstances documented by the financial aid administrator (FAA)—such as adverse credit history, incarceration, parental whereabouts unknown, or family income limited to public assistance or disability benefits—and the student's family is otherwise unable to provide the expected family contribution (EFC), the school may certify dependent student is eligible for additional unsubsidized Stafford loan funds for the student not to exceed the student's maximum additional unsubsidized Stafford annual loan limit. See Figure 6-4. The school is not permitted to deny the additional funds to an otherwise eligible student, unless the school's refusal to certify is based on a documented reason. See Subsection 6.15.E for information on the requirements for exercising professional judgment to reduce or deny loan certification. [§682.603(e)]

Other exceptional circumstances—if properly documented—that ~~an FAA may entitle use to certify additional unsubsidized Stafford loan funds for~~ an otherwise eligible dependent student to additional unsubsidized Stafford loan funds may include, but are not limited to:

- ...

- ...
- ...

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Additional Unsubsidized Stafford Loan Eligibility for a Dependent Student**

The *Common Manual* is being revised to clarify that a dependent student who is attending a school that participates in the Federal PLUS Loan Program and whose parent is unable to obtain a PLUS loan is *entitled* to borrow additional unsubsidized Stafford loan funds. The school in this situation does not have the option of refusing to certify the additional funds for an otherwise eligible student, unless the school's refusal to certify is based on a documented reason, as outlined in Subsection 6.15.E.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

None.

*School:*

None.

*Lender/Service:*

None.

*Guarantor:*

None.

*U.S. Department of Education:*

None.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

November 14, 2006

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

September 13, 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, CSLF, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP Program Operations Forms Subcommittee, NCHELP Program Regulations Committee, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

**Responses to Comments**

Most commenters supported this proposal as written. Other commenters recommended wordsmithing changes that made no substantive changes to the policy but that added clarity to the proposed language. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

**COMMENT:**

One commenter requested that this proposal be withdrawn. The commenter pointed out that the 07-08 FSA Handbook, Volume 3, Chapter 5, 3-84 continues to state that the additional unsubsidized Stafford loan amounts "may" be added for a dependent student whose parent(s) is not able to borrow a PLUS loan. The school must document the basis for certifying the additional unsubsidized Stafford loan amount for a dependent student. The commenter believes there is no requirement for the school to document the basis for not certifying the additional unsubsidized Stafford loan amount, and that this requirement would place an unnecessary administrative burden on the school that goes beyond current law and regulations.

**Response:**

The Committee agrees that the FSA Handbook's use of the term "may" can be interpreted to mean that the awarding of additional unsubsidized Stafford loan funds to a dependent student whose parent is unable to obtain a PLUS loan is totally at the school's discretion. However, §682.201(a) states that an otherwise eligible dependent student in these circumstances is *eligible to receive an unsubsidized Stafford loan*. Section 682.603(e) provides that a school may not reduce or deny a loan amount available to an otherwise eligible borrower, unless the reduction or denial is based on a documented reason.

**Change:**

The citation §682.603(e) has been added to the basis and to Subsection 6.15.D.

**COMMENT:**

One commenter requested a clarification in the proposed language to convey that the denial of additional unsubsidized Stafford loan funds to an otherwise eligible borrower is a *professional judgment* decision, and, therefore, all of the requirements of professional judgment apply.

**Response:**

The Committee agrees that the inclusion of the term "professional judgment" in the proposed language adds clarity.

**Change:**

The proposed language has been modified as follows:

If a dependent student's parent is unable to obtain a PLUS loan at a school that participates in the Federal PLUS Loan Program due to exceptional circumstances documented by the financial aid administrator (FAA)—such as adverse credit history, incarceration, parental whereabouts unknown, or family income limited to public assistance or disability benefits—and the student's family is otherwise unable to provide the expected family contribution (EFC), the dependent student is eligible for additional unsubsidized Stafford loan funds not to exceed the student's additional unsubsidized Stafford annual loan limit. See Figure 6-4. The school is not permitted to deny the additional funds to an otherwise eligible student, unless the school's refusal to certify is based on a documented reason. See Subsection 6.15.E for information on the requirements for exercising professional judgment to reduce or deny loan certification.

# COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: September 20, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Sep 20

**SUBJECT:** Student Authorization to Release Loan Funds Received via EFT or Master Check

**AFFECTED SECTIONS:** Figure 8-6 Delivery or Return of Loan Funds

**POLICY INFORMATION:** 971/Batch 142

**EFFECTIVE DATE/TRIGGER EVENT:** Retroactive to the implementation of the Federal Stafford Loan Master Promissory Note (Stafford MPN).

**BASIS:**  
None.

**CURRENT POLICY:**  
Current policy contained in Figure 8-6, "Delivery or Return of Loan Funds," states that loan funds disbursed by EFT or master check may be delivered to the student after authorization.

**REVISED POLICY:**  
Revised policy updates Figure 8-6 by adding a footnote to clarify that the required authorization for the school to deliver loan funds received by EFT or master check is included on the Master Promissory Note (MPN). However, if the MPN is signed by a third party with power of attorney for the borrower, the school must obtain a separate authorization from the borrower. This requirement does not apply to students enrolled in a study-abroad program, as detailed in Subsection 7.7.E.

**REASON FOR CHANGE:**  
This change aligns Figure 8-6 with the current text of the Manual in Subsection 7.7.D, stating that the authorization to release funds disbursed by EFT or master check occurs when the borrower signs the Master Promissory Note (MPN).

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Figure 8-6, "Delivery or Return of Loan Funds," page 23 of the July 2007 *Common Manual*, as follows:

See attached chart.

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Student Authorization to Release Loan Funds Received via EFT or Master Check**

Figure 8-6, "Delivery or Return of Loan Funds," in the *Common Manual* has been updated by adding a footnote to clarify that the required authorization for the school to deliver loan funds received by electronic funds transfer (EFT) or master check is included on the Master Promissory Note (MPN). However, if the MPN is signed by a third party with power of attorney for the borrower, the school must obtain a separate EFT authorization from the borrower. This requirement does not apply to students enrolled in a study-abroad program, as detailed in Subsection 7.7.E.

**GUARANTOR COMMENTS:**  
None.

**IMPLICATIONS:**  
*Borrower:*  
None.

*School:*  
None.

*Lender/Service:*  
None.

*Guarantor:*  
None.

*U.S. Department of Education:*  
None.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**  
CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**  
July 18, 2006

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**  
September 13, 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, CSLF, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP Program Operations Forms Subcommittee, NCHELP Program Regulations Committee, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

**Responses to Comments**

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

ce/edited-tmh

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## Delivery or Return of Loan Funds

Figure 8-6

For more detailed information about the delivery of loan proceeds, see subsections 8.7 and 8.9

Situation	Condition Under Which Proceeds May Be Delivered to Student	Latest Delivery Date <sup>1</sup>	Time Frame for Returning Undelivered Proceeds to Lender <sup>2,3</sup>
Enrolled student fails to respond to request for endorsement of loan check or fails to authorize EFT or master check <sup>4</sup>	After endorsement or authorization <sup>4</sup> , subject to FFELP loan delivery requirements	Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date [§668.167(c)(1)]
Student is on an approved leave of absence [§682.604(c)(4)]	Student returns from the leave of absence	Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date [§668.167(c)(1)]
Student fails to undergo initial loan counseling [§682.604(f)]	After counseling, subject to FFELP loan delivery requirements	Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date [§668.167(c)(1)]
Student selected for verification [§668, Subpart E]	When verification is completed, subject to FFELP loan delivery requirements	Within 45 days of receipt of proceeds [§668.58(c); §668.60(b)(3)]	Promptly, but no later than 10 business days after the latest delivery date if verification is not completed [§668.167(c)(1)]
Missing financial aid information for student (see subsection 5.14.A) [§668.19]	When all required financial aid information is received, subject to FFELP loan delivery requirements (see section 8.7)	Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date if all required financial aid information is not received [§668.167(c)(1)]
Student fails to register [§682.604(d)(3)]	N/A	<i>Only to determine time frame for returning proceeds</i>  Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date [§668.167(c)(1)]
Registered student withdraws or is expelled before first day of classes, or fails to attend [§682.604(d)(3)]	N/A	<i>Only to determine time frame for returning proceeds</i>  Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date [§668.167(c)(1)]
Student fails to maintain at least half-time enrollment or loses loan eligibility [§682.604(b)(2)(i)]	N/A	<i>Only to determine time frame for returning proceeds</i>  Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date [§668.167(c)(1)]
Student is overawarded [§682.604(h)]	Student is eligible for portion of proceeds	Check: Within 30 days after receipt of proceeds EFT/Master Check: Within 3 business days after receipt of proceeds [§668.167(b)(1)(ii) and (iii)]	Promptly, but no later than 10 business days after the latest delivery date if entire loan disbursement [§668.167(c)(1)]  Within 60 days of determining an overaward exists if portion of proceeds

- 1 Schools may delay delivery of loan proceeds for a conditional period of 10 business days after the last day of the initial period if, within this conditional period, the school expects the student to complete the required number of clock or credit hours in a preceding payment period or the school expects the student to meet all FFELP eligibility requirements. The school is encouraged to document the reason for holding loan proceeds for delivery within this conditional period. This provision does not apply to students for whom verification has not been completed.  
[§668.167(c)]
- 2 In the case of an overaward, schools *must* indicate in writing the reason for returning loan proceeds and, if applicable, provide the student's withdrawal date. In all other cases, schools are encouraged to provide the reason for returning loan proceeds and, if applicable, provide the student's withdrawal date. If, during the return period, the school determines that the student has become eligible to receive the loan proceeds, the school may deliver the proceeds rather than return them to the lender, provided the delivery is made on or before the last day of the return period.  
[§668.167(b)(3); §682.604(h)]
- 3 For purposes of returning undelivered proceeds to the lender, the term "promptly" means that a school may not delay initiating and completing its normal return process. "Returning the proceeds promptly, but no later than 10 business days" means that the school must either mail a check or initiate an electronic funds transfer to the lender by the close of business of the last day of the return period.  
[§668.167(b)(2)]
- 4 The required authorization is included on the Master Promissory Note (MPN). However, if the MPN is signed by a third party with power of attorney for the borrower, the school must obtain a separate authorization from the borrower. This requirement does not apply to students enrolled in a study-abroad program (see Subsection 7.7.E).

# COMMON MANUAL - ORGANIZATIONAL POLICY PROPOSAL

Date: September 20, 2007

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Sep 20

**SUBJECT:** Operations Desert Shield/Desert Storm

**AFFECTED SECTIONS:** 11.3.A Eligibility Criteria—Armed Forces  
11.3.C Length of Deferment—Armed Forces  
Appendix G  
Appendix H

**POLICY INFORMATION:** 974/Batch 142

**EFFECTIVE DATE/TRIGGER EVENT:** Upon approval by the Governing Board on September 20, 2007.

**BASIS:**  
None.

## CURRENT POLICY:

Current policy includes text in Subsections 11.3.A and 11.3.C that addresses an Armed Forces deferment for a borrower serving in Operations Desert Shield/Desert Storm. In addition, Operations Desert Shield/Desert Storm are referenced in Appendix G, under the definition of “Post-Deferment Grace Period.”

## REVISED POLICY:

Revised policy removes the text in Subsection 11.3.A and relocates it, for historical purposes, to Section H.4, “History of Statutory and Regulatory Waivers.” Text in Subsection 11.3.C that addresses an Armed Forces deferment for a borrower serving in Operations Desert Shield/Desert Storm is relocated to Section H.1. In addition, a reference has been added under the Appendix G entry entitled “Post-Deferment Grace Period” to refer the reader to Section H.1 for additional information on a post-deferment grace period for military personnel who served in Operations Desert Shield/Desert Storm.

## REASON FOR CHANGE:

This text is being relocated at the request of a commenter to proposal 899 in Batch 133 because the policy, as it relates to Operations Desert Shield/Desert Storm, is no longer current.

## PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 11.3.A, page 8, column 1, paragraph 2 of the July 2007 *Common Manual* as follows:

~~Several statutory and regulatory provisions were introduced in 1991 to provide additional benefits to borrowers who served on active duty in connection with Operations Desert Shield/Desert Storm. For additional information on these provisions, refer to *Dear Colleague Letters* GEN-91-11 and GEN-91-19 and the *Federal Register* dated September 16, 1991.~~

Revise Subsection 11.3.C, page 8, column 1, paragraph 5, as follows:

~~For active duty status in connection with military mobilizations, the lender is permitted to accept, during specific emergency periods, the borrower’s request for the deferment and the supporting documentation from a close family member or an individual in a position to know the borrower’s military status (such as the borrower’s commanding officer). In the case of a deferment on behalf of a borrower serving in Operations Desert Shield/Desert Storm, the lender was permitted to grant the deferment retroactive to the date the borrower was mobilized—even if that resulted in backdating the deferment more than 6 months. Furthermore, if a borrower had used the entire 36-month Armed Forces deferment eligibility before being mobilized, the borrower or a close family member had the option of requesting an emergency administrative forbearance.~~  
[DCL GEN-01-13; DCL GEN-03-06]

Revise Appendix G, page 14, column 2, as follows:

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

Revise Section H.4.A, page 103, column 1, by inserting the following before paragraph 3:

**H.4.A**  
**HEROES Act-Waivers for Operations Desert Shield/Desert Storm**

Several statutory and regulatory provisions were introduced in 1991 to provide additional benefits to borrowers who served on active duty in connection with Operations Desert Shield/Desert Storm. For additional information on these provisions, refer to *Dear Colleague Letters* GEN-91-11 and GEN-91-19 and the *Federal Register* dated September 16, 1991.

**H.4.B**  
**HEROES Act Waivers**

The Higher Education Relief Opportunities for Students (HEROES) Act of 2003 (P.L. 108-76) requires the Department to publish waivers or modifications to statutory or regulatory provisions applicable to the Title IV federal student aid programs. The HEROES Act directs the Department to publish waivers and modifications that are appropriate to assist “affected individuals” who are also federal student aid applicants and recipients. The Department originally announced the HEROES Act waivers in a *Federal Register* notice dated December 12, 2003, effective until September 30, 2005. In a *Federal Register* notice dated October 20, 2005, the Department extended the waivers to September 30, 2007.

...

Revise Section H.4.B, page 112, column 2, as follows:

**H.4.B H.4.C**  
**Higher Education Hurricane Relief Act Waivers**

...

**PROPOSED LANGUAGE - COMMON BULLETIN:**  
**Operations Desert Shield/Desert Storm**

The *Common Manual* has been updated by removing text from Subsections 11.3.A and 11.3.C that addresses an Armed Forces deferment for a borrower serving in Operations Desert Shield/Desert Storm. The text from Subsection 11.3.A will be relocated, for historical purposes, to Section H.4, History of Statutory and Regulatory Waivers. The text from Subsection 11.3.C will be relocated, for historical purposes, to Section H.1. In addition, a reference to existing text in Section H.1 under April 9, 1991, regarding a post-deferment grace period applicable to Operations Desert Shield/Desert Storm has been added to Appendix G under the definition of “Post-Deferment Grace Period.”

**GUARANTOR COMMENTS:**  
None.

**IMPLICATIONS:**  
*Borrower:*  
None.

*School:*  
None.

*Lender/Service:*  
None.

*Guarantor:*  
None.

*U.S. Department of Education:*  
None.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**  
CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**  
July 12, 2006

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**  
September 13, 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, CSLF, EAC, Great Lakes, HESC, KHEAA, NASFAA, NCHELP Program Operations Forms Subcommittee, NCHELP Program Regulations Committee, NSLP, OGSLP, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

**Responses to Comments**

Many of the commenters supported this proposal as written. We appreciate the review of all commenters and their careful consideration of this policy.

**COMMENT:**

Two commenters suggested retaining the first sentence and the citations in Subsection 11.3.C as follows:

For active duty status in connection with military mobilizations, the lender is permitted to accept, during specific emergency periods, the borrower's request for the deferment and the supporting documentation from a close family member or an individual in a position to know the borrower's military status (such as the borrower's commanding officer). ~~In the case of a deferment on behalf of a borrower serving in Operations Desert Shield/Desert Storm, the lender was permitted to grant the deferment retroactive to the date the borrower was mobilized—even if that resulted in backdating the deferment more than 6 months. Furthermore, if a borrower had used the entire 36-month Armed Forces deferment eligibility before being mobilized, the borrower or a close family member had the option of requesting an emergency administrative forbearance.~~  
[DCL GEN-01-13; DCL GEN-03-06]

The request to retain the first sentence and the citations for the DCLs is based on the current relevancy of the guidance and the DCLs, which are from 2001 and 2003.

**Response:**

Although the guidance in DCLs GEN-01-13 and GEN-03-06 addresses students and borrowers affected by military mobilizations, the DCLs do not provide guidance to the lender to accept the borrower's request for a deferment and the supporting documentation from a close family member or an individual in a position to know the borrower's military status (such as the borrower's commanding offer). The subject guidance for a borrower in Operations Desert Shield/Desert Storm was included in DCL GEN 91-11 and in a letter, dated August 29, 1990, to the Regional Offices from the Director, Division of Policy and Program Development at the U.S.

Department of Education and signed by Larry Oxendine.

Current guidance from the Department to assist “affected individuals” is included in the HEROES Act Waivers. For the waiver to allow a loan holder to grant a military deferment to an affected individual based on a request from a family member or other reliable source, please refer to Appendix H, page 111, item #18. With an expiration date of September 30, 2007, for the HEROES Act Waivers, the Committee notes that the Notice of Proposed Rulemaking dated June 12, 2007, includes proposed regulations that would allow a borrower’s representative to apply for a military service deferment on behalf of the borrower. This proposed change would apply to both the Armed Forces and the military deferments.

**Change:**

None.

**COMMENT:**

In reviewing the proposal and in preparing the prior response, the Committee considered the Department’s guidance from August 29, 1990. Although the paragraph that is deleted from Subsection 11.3.C will be relocated to Appendix H, the existence of this 1990 guidance may change the location of the paragraph within Appendix H. As such, the Committee has changed the Revised Policy section as follows:

Revised policy removes the text in Subsection 11.3.A and relocates it, for historical purposes, to Section H.4, History of Statutory and Regulatory Waivers. Text in Subsection 11.3.C that addresses an armed forces deferment for a borrower serving in Operations Desert Shield/Desert Storm is relocated to Section H.1, ~~under February 1991, with a subheading *Deferment*~~. In addition, a reference has been added under the Appendix G entry entitled “Post-Deferment Grace Period” to refer the reader to Section H.1 for additional information on a post-deferment grace period for military personnel who served in Operations Desert Shield/Desert Storm.

The same change was made in the Proposed Language - Common Bulletin section.

ce/edited-tmh

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