

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1037	Timely Payment of Federal Default Fee	<p><u>7.8 Processing the Federal Default Fee (Formerly the Guarantee Fee)</u></p> <p>States that if a federal default fee for a loan is not remitted within 45 calendar days after disbursement of the loan proceeds by the lender, the guarantor may cancel the guarantee on the loan.</p>	Guarantor	Federal default fees remitted by lenders for loan disbursements on or after July 1, 2008.
1038	Lender Recordkeeping Requirements	<p><u>3.4.A Recordkeeping Requirements</u> <u>15.5.G Paid-in-Full Loans</u></p> <p>Adds that the holder of an electronically signed MPN must retain the original MPN for at least 3 years after all the loans made on the MPN have been satisfied. Also adds the documentation that the Department may require to resolve a factual dispute on a loan that has been assigned to the Department, and expands the disbursement record requirement.</p>	Federal	<p>Electronically signed notes in existence as of July 1, 2008, and all electronically signed notes created on or after July 1, 2008.</p> <p>Assignments made on or after July 1, 2008. <i>This aligns with the suggested trigger event recommendation document submitted to the Department. If the department publishes guidance with a different triggering event, the Common Manual will immediately notify schools and lenders of the change.</i></p>

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1039	Permissible and Prohibited Activities	<p><u>3.4.C Prohibited Activities</u></p> <p>Amends certain existing lender prohibitions, such that a lender is not permitted to offer—directly or indirectly—points, premiums, payments, or other inducements to any school or other party to secure applications for FFELP loans or to secure FFELP loan volume.</p> <p>Clarifies certain prohibited lender activities, as including, but not being limited to, providing preferential rates for or access to the lender's other financial products, computer hardware or non-loan processing or non-financial aid-related software at below-market rental or purchase cost, or printing and distribution of college catalogs and other materials at reduced or no cost.</p> <p>Also adds a list of permissible lender activities.</p>	Federal	Lender activities that occur on or after July 1, 2008.
1040	Total and Permanent Disability	<p><u>5.4.A Conditional Discharge of a Prior Loan Due to Total and Permanent Disability</u></p> <p><u>Figure 11-2 Forbearance Eligibility Chart</u></p> <p><u>11.20.P Total and Permanent Disability</u></p> <p><u>13.1.D Total and Permanent Disability Claims</u></p> <p><u>13.8.F Total and Permanent Disability</u></p> <p>States that a borrower is not eligible for a total and permanent disability loan discharge if the borrower receives a new Title IV loan after the date <i>the physician completes and certifies the loan discharge application</i>. Adds revisions that state that a borrower's 3-year conditional discharge period is prospective from the date that the physician completes and signs the loan discharge application. If the lender receives the discharge application after the borrower's 90-day return time frame, the borrower must have the physician complete a new application and the lender must receive the application within 90 days of the physician's certification of the new</p>	Federal	<p>Total and permanent disability applications received by the lender on or after July 1, 2008.</p> <p>July 1, 2008, for administrative forbearance related to total and permanent disability.</p>

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		<p>discharge application. Revised policy adds information regarding additional medical evidence that the borrower must provide to the Department, upon the Department's request, if the borrower's application does not conclusively prove that the borrower is disabled.</p> <p>Also removes language that states that a lender may apply an "initial" administrative forbearance on the borrower's loan, not to exceed 60 days, from the date that a borrower initially advises the lender that he or she is totally and permanently disabled through the date that the lender receives the physician's certification of the disability or a letter from the physician stating that additional time is needed to make the disability determination.</p>		
1041	<p>Return of Ineligible Borrower Loan Funds</p> <p>Deferred for Further Development</p>	<p><u>5.16 Ineligible Borrowers</u> <u>5.16.A Ineligibility Based on Borrower Error</u> <u>5.16.B Ineligibility Based on School Error</u> <u>8.9.B Return of Ineligible Borrower Loan Funds</u></p> <p>States that if FFELP loan funds were delivered to, or on behalf of, a student who did not begin attendance in the loan period, or payment period within the loan period, the borrower is ineligible for those funds. A student does not begin attendance if the school is unable to document the student's attendance at any class during a loan period, or during a payment period within the loan period.</p> <p>Clarifies that a borrower is ineligible for loan funds due to school error if a school knew before the school delivered loan proceeds to, or on behalf of, a student that the student would not begin attendance during the loan period, or a payment period for which the loan funds were intended (e.g., the student notified the school that he or she would not attend or the school expelled the student).</p> <p>Clarifies that the borrower is ineligible</p>	Federal	<p>School determinations that a student did not begin attendance on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.</p>

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		<p>for loan funds due to borrower error if specific conditions are met. If the ineligible funds were the result of the borrower's error, the school must return to the lender all loan funds credited to the student's account at the school for the loan period or payment period, as applicable, that the student did not attend. The school must also return to the lender the amount of payments made directly by, or on behalf of, the student to the school for the loan period or payment period that the student did not attend, up to the total amount of the loan funds disbursed to the school.</p> <p>The school is not responsible for returning ineligible loan funds that a lender disbursed or a school delivered directly to a borrower who received loan funds due to the borrower's error, including funds that a lender disbursed directly to a student enrolled in a study-abroad or foreign school program.</p> <p>Establishes time frames within which the school must return loan funds for which the borrower is ineligible.</p>		
1042	Annual Loan Limit Progression	<p>6.1 Defining an Academic Year Figure 6-2</p> <p>Provides that, for the purposes of determining the frequency with which a student may receive the annual loan limits, nonstandard term-based credit-hour programs are now divided into two categories: those with terms of substantially equal length, with each term containing no less than nine weeks of instructional time; and those with terms that are not substantially equal or that include terms that are not at least nine weeks long.</p> <p>Nonstandard term-based credit-hour programs with terms that meet these length requirements are now treated like standard term-based credit-hour programs for the purpose of determining the frequency of annual loan limits. A student enrolled in such a program enters a new academic year for annual loan limit purposes when the calendar time for the academic year has elapsed.</p>	Federal	Loans certified on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.

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1019	<p>Maximum Stafford and PLUS Loan Periods</p> <p><i>This policy was originally distributed in Batch 148 and is being shared with the community for review a second time due to substantive changes made as a result of comments received.</i></p>	<p><u>6.2 Determining the Loan Period</u></p> <p>States that the maximum period for which a school may certify a Stafford or PLUS loan is an academic year, and eliminates the 12-month maximum.</p> <p>Clarifies that the maximum period of time for which a school may certify a loan is the calendar period of time in which a student is expected to successfully complete the credit or clock hours and the instructional weeks in the Title IV academic year.</p>	Federal	<p>Loan periods beginning on or after July 1, 2008. <i>This aligns with the suggested trigger event recommendation document submitted to the Department. If the Department publishes guidance with a different trigger event, the Common Manual will immediately notify schools and lenders of the change.</i></p>
1043	Minimum Loan Period	<p><u>6.2 Determining the Loan Period</u></p> <p>Reduces the minimum loan period to a single term for a non-standard term-based credit-hour program with terms that are substantially equal in length and for which no term is less than nine weeks in length. Also provides that the minimum loan period for a student who transfers, or completes one program and begins another within an academic year, is the shorter of the remainder of the program or the remainder of the academic year associated with the previous program.</p>	Federal	<p>Loan periods beginning on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.</p>
1044	Payment Periods	<p><u>6.3 Determining Payment Periods</u></p> <p><u>6.4.B When Disbursements May Be Made</u></p> <p><u>8.7.B Delivering Second and Subsequent Disbursements</u></p> <p><u>9.5.A Return Amounts for Title IV Grant and Loan Programs</u></p> <p>States that the payment periods for a program measured in credit hours with standard terms or with non-standard terms that are substantially equal in length, for all Title IV programs, must correspond with the terms in the academic year. For all other types of academic programs, for FFELP funds, the loan period must be divided into two payment periods.</p>	Federal	<p>Disbursements delivered by the school on or after July 1, 2008.</p>

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		<p>For the purpose of these payment period definitions, revised policy defines “substantially equal in length” and “successful completion,” and describes the effect of excused absences when determining whether a student has successfully completed the payment period in a clock hour program.</p> <p>Provides additional information about the payment period for a student who returns to the same program after 180 days or, at any time, either transfers into a different program at the same school or enrolls in another school.</p>		
1045	Student Authorization for EFT Payment	<p><u>8.3 Required Authorizations</u> <u>8.7.H Delivery Methods</u> <u>Figure 8-1</u></p> <p>Removes the requirement for a school to obtain a borrower’s authorization to deposit FFELP loan proceeds into a borrower’s designated bank account. Revised policy also incorporates regulatory expansion in a school’s establishment of stored-value and prepaid debit cards.</p>	Federal	Funds deposited by EFT directly into a student’s or parent borrower’s bank account or stored-value card by a school on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.
1046	Return of Loan Funds	<p><u>8.9.A Return of Undelivered Loan Funds</u></p> <p>Provides that the school must return unclaimed FFELP loan funds to the lender. Permits the school to make subsequent attempts to deliver the funds for a period of up to 240 days, but if the borrower or student has not received or negotiated the funds by the end of that period, the school is required to return the loan funds to the FFELP lender. If the school chooses not to make additional attempts to deliver the funds, the loan funds must be returned to the FFELP lender within 45 days of the date the funds were returned or rejected.</p>	Federal	Loan funds delivered by the school on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.
1047	Economic Hardship Deferment	<p><u>11.4.A Eligibility Criteria—Economic Hardship</u> <u>Appendix G</u></p> <p>Amends the deferment eligibility requirement to reflect that the</p>	Federal	Economic Hardship deferment requests made on or after October 1, 2007.

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		<p>borrower's monthly income may not exceed an amount equal to 150% of the poverty line applicable to the borrower's family size and updates the glossary definition accordingly.</p>		
1048	Military Deferment	<p>11.8 Military Active Duty Student Service Deferment 11.8.A Eligibility Criteria—Military Active Duty Student 11.8.B Deferment Documentation—Military Active Duty Student 11.8.C Length of Deferment—Military Active Duty Student 11.8.D Simplified Deferment Processing 11.9 Military Deferment 11.9.A Eligibility Criteria—Military 11.9.B Deferment Documentation—Military 11.9.C Length of Deferment—Military Figure 11-1 Deferment Eligibility Chart</p> <p>Modifies the previous title “military deferment” to “military service” and adds a new section regarding the military active duty student deferment. This deferment is available for a period of up to 13 months to a borrower who is a member of the National Guard or Armed Forces Reserve (including a member who is in a retired status) and is called or ordered to active duty service while enrolled in an eligible school at the time of, or within 6 months prior to, his or her activation.</p> <p>Eliminates the time limit on military deferment and states that a military service deferment is available to a borrower who has an outstanding balance on any loan for all periods of active duty service that include October 1, 2007, or begin on or after that date.</p> <p>States that the military service deferment period is extended for an additional 180 days after the date the borrower is demobilized from active duty service.</p> <p>Also states that a military service</p>	Federal	Deferment requests granted or extended by the lender on or after October 1, 2007.

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		deferment may be granted to a borrower whose deferment eligibility expired due to the prior 3-year limitation, if that borrower was still serving on eligible active duty on or after October 1, 2007.		
1049	Definition of "School-Affiliated Organization"	<p>3.2 <u>Schools Acting as Lenders and Eligible Lender Trustee Relationships</u></p> <p><u>Appendix G</u></p> <p>Adds a glossary definition that states that a school-affiliated organization is any organization that is directly or indirectly related to a school and includes, but is not limited to: alumni organizations, foundations, athletic organizations, or social, academic, or professional organizations.</p>	Correction	July 1, 2008.