

Common Manual Policy Proposal Batch 207 Transmittal

December 15, 2016

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1316	Federal Deferment Forms	Accounts for the Department discontinuing the Public Service Deferment Request (PUB), the Parental Leave/Working Mother Deferment Request (PLWM), and the Education Related Deferment Request (EDU) deferment forms. Also, the Department eliminated the Student in Rehabilitation Training deferment type from the Parent PLUS Borrower Deferment Request (PLUS). The Department created two new deferment request forms, Graduate Fellowship Deferment Request (GFL) and Rehabilitation Training Deferment Request (RHT), and provided guidance on the documentation that the lender must collect should a borrower request to defer loan repayment based on a deferment for which there is no longer an OMB-approved form. They also provided guidance on requirements to consider a deferment form complete. Revised policy proposes revisions to the Deferment Eligibility Chart, Figure 11-1 to align with these changes.	Federal	For deferments, revised forms provided to borrowers on or after June 1, 2016.
1317	Common Forbearance Forms	Explains the Department's guidance related to the completion of OMB-approved common forbearance request forms, and incorporates the forms into the Forbearance Eligibility Chart.	Federal	For mandatory forbearance forms distributed on or after June 1, 2016, and discretionary (general) forbearance forms distributed on or after July 1, 2016.

Batch 207 (Approved)

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: August 31, 2016

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	12/15/16

SUBJECT:

Federal Deferment Forms

AFFECTED SECTIONS:

2.3.C Common Forms
11.1.B Documentation Required for Authorized Deferment
11.2.B Deferment Documentation–ACTION Program
11.3.B Deferment Documentation–Armed Forces
11.5.B Deferment Documentation–Graduate Fellowship
11.7.B Deferment Documentation–Internship/Residency
11.9.B Deferment Documentation–NOAA
11.10.B Deferment Documentation–Parental Leave
11.11.B Deferment Documentation–Peace Corps
11.13.B Deferment Documentation–Public Health Service
11.14.B Deferment Documentation–Rehabilitation Training Program
11.15.B Deferment Documentation–Tax-Exempt Organization Volunteer
11.16.B Deferment Documentation–Teacher Shortage Area
11.17.B Deferment Documentation–Temporary Total Disability
11.19.B Deferment and Forbearance
Figure 11-1 Deferment Eligibility Chart

POLICY INFORMATION:

1316/Batch 207

EFFECTIVE DATE/TRIGGER EVENT:

For deferments, revised forms provided to borrowers on or after June 1, 2016

BASIS:

Dear Colleague Letter (DCL) GEN-16-02, issued January 29, 2016.

CURRENT POLICY:

Current policy includes the mention of the Public Service Deferment Request (PUB) and the Parental Leave/Working Mother Deferment Request (PLWM). Current policy also includes Graduate Fellowship Deferment Requests, Rehabilitation Training Deferment Requests, Teacher Shortage Deferment Requests, and Internship/Residency Deferment Requests on the Education Related Deferment Request (EDU). These forms are also referenced in the Deferment Chart, Figure 11-1.

REVISED POLICY:

Revised policy accounts for the Department discontinuing the Public Service Deferment Request (PUB), the Parental Leave/Working Mother Deferment Request (PLWM), and the Education Related Deferment Request (EDU) deferment forms. Also, the Department eliminated the Student in Rehabilitation Training deferment type from the Parent PLUS Borrower Deferment Request (PLUS). The Department created two new deferment request forms, Graduate Fellowship Deferment Request (GFL) and Rehabilitation Training Deferment Request (RHT), and provided guidance on the documentation that the lender must collect should a borrower request to defer loan repayment based on a deferment for which there is no longer an OMB-approved form. They also provided guidance on requirements to consider a deferment form complete. Revised policy proposes revisions to the Deferment Eligibility Chart, Figure 11-1 to align with these changes.

REASON FOR CHANGE:

To incorporate changes to deferment forms and additional guidance per DCL GEN-16-02, issued January 29, 2016.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 2.3.C, page 14, column 1, first bulleted list as follows:

Deferment Forms

- SCH In-School Deferment Request
- ~~EDU Education-Related Deferment Request~~
- GFL Graduate Fellowship Deferment Request
- RHT Rehabilitation Training Deferment Request
- ~~PUB Public Service Deferment Request~~
- TDIS Temporary Total Disability Deferment Request
- UNEM Unemployment Deferment Request
- ~~PLWM Parental Leave/Working Mother Deferment Request~~
- HRD Economic Hardship Deferment Request and Worksheets
- PLUS Parent PLUS Borrower Deferment Request
- MIL Military Service Deferment Request
Post- Active Duty Student Deferment Request

Revise Figure 11-1 (see attached document).

Revise Subsection 11.1.B, page 3, column 2, paragraph 1, as follows:

The common deferment forms are used widely for obtaining the signatures and information necessary to grant deferments (the form applicable to each deferment type is provided in the subsection entitled “Deferment Documentation” in Sections 11.2 to 11.19). However, the lender is encouraged to be flexible in accepting information that would support a borrower’s deferment entitlement. The lender may use combinations of verbal requests and supporting documentation from an appropriate source (e.g., the borrower, school, guarantor, third-party servicer, or National Student Loan Data System [NSLDS])—provided the documentation supplies sufficient information to ensure that the borrower meets all eligibility criteria.

If a borrower submits a common deferment form, a lender generally cannot approve a borrower’s request for deferment unless all applicable questions on the form are answered. If there is no authorized official’s certification required for the deferment, the lender may consider the request complete if all of the following apply:

- The form is signed by the borrower.
- The borrower has provided responses to any applicable self-certifying questions that are needed to determine deferment eligibility and would not be clearly indicated in the supporting documentation.
- The borrower provides documentation that establishes the borrower’s eligibility for the deferment.

If a borrower submits a common deferment form that requires an authorized official’s certification, the borrower must answer all of the questions pertaining to the borrower’s eligibility for the deferment since the authorized official is, by signing the form, certifying that the borrower and the program meet all conditions indicated by the borrower’s responses to the applicable questions. If the borrower answers a question in a manner that demonstrates that the borrower is not eligible for the deferment, the lender must consider the authorized official’s certification invalid, except in the case of temporary total disability deferment (see Subsection 11.17.B for further information).

[DCL GEN-16-02]

Revise Subsection 11.2.B, page 7, column 2, paragraph 4, as follows:

If a borrower requests an ACTION Program deferment, the lender ~~must~~ should forward to the borrower the following common deferment form:- collect from the borrower all of the following:

PUB

~~Public Service Deferment Request~~

- A request for the deferment.

- Documentation certifying each of the eligibility criteria for the deferment.
- Any supporting documentation required by the applicable regulations.

Revise Subsection 11.3.B, page 8, column 2, paragraph 3, as follows:

If a borrower requests an Armed Forces deferment, the lender ~~must forward to the borrower the following common deferment form:~~ collect from the borrower all of the following:

PUB

~~Public Service Deferment Request~~

- A request for the deferment.
- Documentation certifying each of the eligibility criteria for the deferment.
- Any supporting documentation required by the applicable regulations.

Revise Subsection 11.5.B, page 11, column 2, paragraph 1, as follows:

If a borrower requests a graduate fellowship deferment, the lender ~~must should~~ forward to the borrower the following common deferment form:

EDU

~~Education Related Deferment Request~~

GFL

Graduate Fellowship Deferment Request

Revise Subsection 11.7.B, page 15, column 2, paragraph 3, as follows:

If a borrower requests an internship/residency training deferment, the lender ~~must collect from the borrower all of the following: should forward to the borrower the following common deferment form:~~

EDU

~~Education Related Deferment Request~~

- A request for the deferment.
- Documentation certifying each of the eligibility criteria for the deferment.
- Any supporting documentation required by the applicable regulations.

Revise Subsection 11.9.B, page 18, column 1, paragraph 5, as follows:

If a borrower requests a NOAA deferment, the lender ~~must should~~ forward to the borrower the following common deferment form: collect from the borrower all of the following:

PUB

~~Public Service Deferment Request~~

- A request for the deferment.
- Documentation certifying each of the eligibility criteria for the deferment.
- Any supporting documentation required by the applicable regulations.

Revise Subsection 11.10.B, page 19, column 1, paragraph 5, as follows:

If a borrower requests a parental leave deferment, the lender ~~must should~~ forward to the borrower the following common deferment form: collect from the borrower all of the following:

PLWM

~~Parental Leave/Working Mother Deferment Request~~

- A request for the deferment.

- Documentation certifying each of the eligibility criteria for the deferment.
- Any supporting documentation required by the applicable regulations.

Revise Subsection 11.11.B, page 19, column 2, paragraph 3, as follows:

If a borrower requests a Peace Corps deferment, the lender ~~must~~ should forward to the borrower the following common deferment form: collect from the borrower all of the following:

PUB

~~Public Service Deferment Request~~

- A request for the deferment.
- Documentation certifying each of the eligibility criteria for the deferment.
- Any supporting documentation required by the applicable regulations.

Revise Subsection 11.13.B, page 21, column 2, paragraph 4, as follows:

If a borrower requests a public health service deferment, the lender ~~must~~ should forward to the borrower the following common deferment form: collect from the borrower all of the following:

PUB

~~Public Service Deferment Request~~

- A request for the deferment.
- Documentation certifying each of the eligibility criteria for the deferment.
- Any supporting documentation required by the applicable regulations.

Revise Subsection 11.14.B, page 22, column 2, paragraphs 1 and 2, as follows:

If a borrower requests a rehabilitation training program deferment, the lender should forward to the borrower the following common deferment form:

EDU

~~Education Related Deferment Request~~

RHT

Rehabilitation Training Deferment Request

If a PLUS borrower requests a rehabilitation training deferment based on the participation in a qualified training program by the dependent student for whom the parent borrowed a PLUS loan, the lender ~~must~~ should forward to the borrower the following common deferment form: collect from the borrower all of the following:

PLUS

~~Parent PLUS Borrower Deferment Request~~

- A request for the deferment.
- Documentation certifying each of the eligibility criteria for the deferment.
- Any supporting documentation required by the applicable regulations.

Revise Subsection 11.15.B, page 23, column 2, paragraph 1, as follows:

If a borrower requests a tax-exempt organization volunteer deferment, the lender ~~must~~ should forward to the borrower the following common deferment form: collect from the borrower all of the following:

PUB

~~Public Service Deferment Request~~

- A request for the deferment.

- Documentation certifying each of the eligibility criteria for the deferment.
- Any supporting documentation required by the applicable regulations.

Revise Subsection 11.16.B, page 24, column 2, paragraph 2, as follows:

If a borrower requests a teacher shortage area deferment, the lender ~~must~~ should forward to the borrower the following common deferment form: collect from the borrower all of the following:

EDU

~~Education Related Deferment Request~~

- A request for the deferment.
- Documentation certifying each of the eligibility criteria for the deferment.
- Any supporting documentation required by the applicable regulations.

Revise Subsection 11.17.B, page 25, column 2, paragraph 1, as follows:

If a borrower requests a temporary total disability deferment, the lender should forward to the borrower the following common deferment form:

TDIS

Temporary Total Disability Deferment Request

The physician's certification is self-contained and includes all information required for processing without the notation of certifying the borrower's prior responses to the questions on the form. Therefore, a loan holder should use the Physician's certification section in lieu of any borrower responses to the questions pertaining to the borrower's eligibility for deferment.

[DCL GEN-16-02]

Revise Subsection 11.19.B, page 27, column 2, paragraph 3, as follows:

If a borrower requests a working mother deferment, the lender ~~must~~ -should forward to the borrower the following common deferment form:- collect from the borrower all of the following:

PLWM

~~Parental Leave/Working Mother Deferment Request~~

- A request for the deferment.
- Documentation certifying each of the eligibility criteria for the deferment.
- Any supporting documentation required by the applicable regulations.

PROPOSED LANGUAGE - COMMON BULLETIN:

The Department discontinued the Public Service Deferment Request (PUB), the Parental Leave/Working Mother Deferment Request (PLWM), and the Education Related Deferment Request (EDU) common deferment forms. Also, the Department removed the Student in Rehabilitation Training deferment type from the Parent PLUS Borrower Deferment Request (PLUS). They also created two new deferment request forms, Graduate Fellowship Deferment Request (GFL) and Rehabilitation Training Deferment Request (RHT), and provided guidance in Dear Colleague Letter GEN-16-02 on the documentation that the lender must collect when a borrower requests a deferment for which there is no longer an OMB-approved form. The Department also provided guidance on requirements for considering a deferment form "complete."

GUARANTOR COMMENTS:

None

IMPLICATIONS:

Borrower: The borrower who requests a deferment for which there is no longer an OMB-approved form will need to provide other documentation and will not have the assistance of a common form.

School: If the school provides guidance on deferments to former students, the school will need to ensure they are not providing discontinued forms.

Lender/Service: The lender/service must ensure proper forms are distributed and processed. In addition, lenders may need to adjust procedures to accept other documentation from borrowers to establish eligibility for deferments that no longer have common deferment forms.

Guarantor: The guarantor may need to adjust review procedures to ensure lenders are distributing the proper forms and collecting the required documentation from borrowers for deferments that no longer have common deferments forms.

U.S. Department of Education: None.

To be completed by the Policy Development Contractor

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY DEVELOPMENT CONTRACTOR:

August 16, 2016

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

December 8, 2016

PROPOSAL DISTRIBUTED TO:

CM Governing Board Chair
CM Guarantor Designees
Interested Industry Groups and Others

Comments Received from:

AES/PHEAA, MDHE, NCHER, NELA, OCAP, PPSV, UHEAA, USA Funds, VSAC

Responses to Comments

Most commenters supported this proposal as written. We thank all commenters for their thorough review.

COMMENT: One commenter supported the proposal as written, but noted that Figure 11-1 should be further updated. The commenter questions the accuracy of the chart on PLUS Loan deferment eligibility and provided a revised chart for consideration.

Response:

We appreciate the comment and thank the commenter for providing proposed revisions to the chart. The suggested revisions, however, are outside the scope of this proposal and would need to be put out for public comment before being incorporated. As a result, we will add this issue to the working log for further consideration.

Change:

No change at this time.

COMMENT: One commenter suggested adding language to Subsection 11.1.B regarding an exception for the Temporary Total Disability Deferment, as follows:

If a borrower submits a common deferment form that requires an authorized official's certification, the borrower must answer all of the questions pertaining to the borrower's eligibility for the deferment since the authorized official is by signing the form, certifying that the borrower and the program meet all conditions indicated by the borrower's responses to the applicable questions. If the borrower answers a question in a manner that demonstrates that the borrower is not eligible for the deferment, the lender must consider the authorized official's certification invalid, except in the case of temporary total disability deferment (see Subsection 11.17.B for further information).

Response:

The PDC agrees.

Change:

The language was added to Subsection 11.1.B as shown.

COMMENT: One commenter suggested adding language to Subsection 11.17.B to explain the exception provided in DCL GEN-16-02 for documentation for the temporary total disability deferment.

Response:

The PDC agrees.

Change:

The suggested language was added to the proposal, in Subsection 11.17.B.

Deferment Eligibility Chart

Figure 11-1

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

Form	Deferment Type	Time Limit	Stafford and SLS Loans			PLUS Loans					Consolidation Loans	
			Pre 7/1/87 Borrower	New ¹ Borrower 7/1/87 to 6/30/93	New ² Borrower 7/1/93	Loans Before 8/15/83	Pre 7/1/87 Borrower	New ¹ Borrower 7/1/87 to 6/30/93	New ² Borrower 7/1/93	New ^{3,7} Loans 7/1/08	Pre 7/1/93 Borrower ⁹	New Borrower 7/1/93 ¹⁰
SCH	In-School: Full Time	None	•	•	•	•	•	•	•	•	•	•
	In-School: Half Time ⁸	None		•	•			•	•	•	•	•
	Post-Enrollment Deferment ⁷	6 Months							•			
<u>GFL</u> <u>EDU</u>	Graduate Fellowship	None	•	•	•	•	•	•	•	•	•	•
<u>RHT</u>	Rehabilitation Training for Borrower	None	•	•	•	•	•	•	•	•	•	•
** —	<u>Rehabilitation Training for Dependent Student for whom Parent PLUS was Borrowed</u>	None				•	•	•				
** —	Teacher Shortage	3 Years		•								
** —	Internship/ Residency Training	2 years	•	•		•						
TDIS	Temporary Total Disability ⁴	3 Years	•	•		•	•	•			•	
** — PUB	Armed Forces or Public Health Services ⁵	3 Years	•	•		•						
	National Oceanic and Atmospheric Administration Corps ⁵	3 Years		•								
	Peace Corps, ACTION Program and Tax-Exempt Organization Volunteer	3 Years	•	•		•						
UNEM	Unemployment	2 years	•	•		•	•	•			•	
	Unemployment	3 Years			•				•			•
** — PLWM	Parental Leave ⁶	6 Months	•	•								
** —	Mother Entering/ Reentering Work Force	1 Year		•								
HRD	Economic Hardship	3 Years			•				•			•
PLUS ³	In-School: Full Time	None						•		•		
	In-School: Half Time	None						•		•		
	Post-Enrollment Deferment ⁷	6 Months								•		

	Rehabilitation Training	None	-----			-----				-----	
MIL	Military Service ¹¹	None	•	•	•	•	•	•	•	•	•
	Post-Active Duty Student ¹²	13 Months ³	•	•	•	•	•	•	•	•	•

**** No OMB approved form for these deferments. Borrower must provide lender with request for the deferment, documentation certifying each of the eligibility criteria for the deferment, and any supporting documentation required by the applicable regulations.**

- ¹ "New Borrower" 7/1/87 to 6/30/93: A borrower whose first FFELP loan was made on or after July 1, 1987, and before July 1, 1993, or who had an outstanding balance on a loan obtained on or after July 1, 1987, and before July 1, 1993, when he or she obtained a loan on or after July 1, 1993, or who had no outstanding balance on a Federal Consolidation loan made before July 1, 1993, that repaid a loan first disbursed before July 1, 1987.
- ² "New Borrower" 7/1/93: A borrower whose outstanding FFELP loans were all made on or after July 1, 1993, and when his or her first FFELP loan was made on or after July 1, 1993, had no outstanding FFELP loans that were made before July 1, 1993.
- ³ Deferment for parent borrower who received a loan(s) between July 1, 1987, and June 30, 1993, during which the student for whom the parent obtained the PLUS loan(s) meets the conditions required for an in-school deferment. Upon request, a parent borrower may defer repayment on a parent PLUS loan(s) that was first disbursed on or after July 1, 2008, during the period in which the student for whom the parent obtained the PLUS loan(s) meets the conditions required for an in-school deferment.
- ⁴ A deferment may be granted during periods when the borrower is temporarily totally disabled or during which the borrower is unable to secure employment because the borrower is caring for a dependent (including the borrower's spouse) who is temporarily totally disabled.
- ⁵ Borrowers are eligible for a combined maximum of 3 years of deferment for service in NOAA, PHS, and Armed Forces.
- ⁶ A parental leave deferment may be granted to a borrower in periods of no more than 6 months each time the borrower qualifies.
- ⁷ A Grad PLUS borrower whose loan(s) was first disbursed on or after July 1, 2008, may receive a 6-month post-enrollment deferment beginning on the day after he or she no longer meets the conditions required for an in-school deferment. Upon request, a parent PLUS borrower may defer repayment on a parent PLUS loan(s) that was first disbursed on or after July 1, 2008, for a 6-month period that begins on the day after the parent or the student for whom the parent obtained the PLUS loan(s) no longer meets the conditions required for an in-school deferment.
- ⁸ A borrower who received a Federal Consolidation loan before July 1, 1993, that repaid a loan made before July 1, 1987, or who had an outstanding balance on a FFELP loan obtained prior to July 1, 1987, when the Federal Consolidation loan was obtained, is eligible for in-school deferment only if the borrower attends school full time.
- ⁹ A borrower with a Federal Consolidation loan made before July 1, 1993, or a borrower who receives a Consolidation loan on or after July 1, 1993, who has any outstanding FFELP loan(s) at the time of consolidation that was first disbursed before July 1, 1993.
- ¹⁰ A borrower who receives a Federal Consolidation loan made on or after July 1, 1993, who has no outstanding FFELP loans at the time of consolidation that were made on or before July 1, 1993.
- ¹¹ A deferment may be granted to a borrower who is serving on active duty during a war or other military operation or national emergency (including qualifying National Guard duty). The borrower's military service must begin on or after October 1, 2007, or include that date.
- ¹² A deferment may be granted to a borrower called to active National or State duty who is a member of the National Guard or Reserves (including retired members) and who was enrolled at least half time at an eligible school at the time of, or within 6 months prior to, being activated. The borrower's military service must begin on or after October 1, 2007, or include that date.
- ¹³ A post-active duty student deferment may be granted to a borrower for a period of no more than 13 months each time the borrower qualifies. There is no limit to how many deferments of this type a borrower may receive. If a borrower is also eligible for a military service deferment, the 13-month period must run concurrently with the 180-day post-military mobilization period.

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: August 31, 2016

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	12/15/16

SUBJECT: Common Forbearance Forms

AFFECTED SECTIONS: 11.20.B Documentation Required for Authorized Forbearance
11.22 Discretionary Forbearance
Figure 11-2 Forbearance Eligibility Chart

POLICY INFORMATION: 1317/Batch 207

EFFECTIVE DATE/TRIGGER EVENT: For mandatory forbearance forms distributed on or after June 1, 2016, and discretionary (general) forbearance forms distributed on or after July 1, 2016.

BASIS:
Dear Colleague Letter (DCL) GEN-16-02, issued January 29, 2016, and DCL GEN-16-06, issued March 11, 2016.

CURRENT POLICY:
Current policy does not address the use of the common forbearance request forms issued by the Department.

REVISED POLICY:
Revised policy explains the Department's guidance related to the completion of OMB-approved common forbearance request forms, and incorporates the forms into the Forbearance Eligibility Chart.

REASON FOR CHANGE:
To incorporate guidance provided in DCL GEN-16-02 and DCL GEN-16-06 into the Manual.

PROPOSED LANGUAGE - COMMON MANUAL:
Revise Subsection 11.20.B, page 28, column 2, paragraph 4, as follows:

11.20.B Documentation Required for Authorized Forbearance

The lender must provide borrowers access to the common forbearance request forms to request a discretionary (general) or mandatory forbearance, and may no longer provide to borrowers proprietary forbearance request forms. The common forms are the General Forbearance Request (GFB), the Mandatory Forbearance Request: Student Loan Debt Burden (SLDB), and the Mandatory Forbearance Request: Medical or Dental Internship/Residency, National Guard Duty, or Department of Defense Loan Repayment Program (SERV) forms.

If a borrower submits a common forbearance request form, a lender generally cannot approve it unless the borrower responded to all applicable questions on the form. If there is no authorized official's certification required for the forbearance, the lender may consider the request complete if all of the following apply:

- The form is signed by the borrower.
- The borrower has provided responses to any self-certifying questions that are needed to determine forbearance eligibility that would not be clearly indicated in the supporting documentation.
- The borrower provides documentation that establishes the borrower's eligibility for the forbearance.

If a borrower submits a common forbearance request form that requires an authorized official's certification, the borrower must answer all of the questions pertaining to the borrower's eligibility for forbearance since the authorized official is, by signing the form, certifying that the borrower and the program meet all conditions indicated by the borrower's responses to the applicable questions. If the borrower answers a question in a manner that demonstrates that the borrower is not eligible for the forbearance, the lender must

consider the authorized official's certification invalid.
[DCL GEN-16-02]

In cases where a forbearance agreement is required, a lender and a borrower or endorser may agree to the terms of the forbearance verbally or in writing. A lender that grants a forbearance based on a written agreement with the borrower or endorser must provide to the borrower the appropriate OMB-approved forbearance request form as noted above. ~~may use any form or format that is acceptable to the guarantor, and the lender must retain a copy of the agreement.~~ A lender that grants a forbearance based on a verbal agreement with the borrower or endorser must send a notice confirming the terms of the forbearance agreement to the borrower or endorser within 30 days of the date that agreement was made and record the forbearance terms in the borrower's file. In order to grant a forbearance after the date of default based on either a verbal or a written agreement with the borrower or endorser, the lender must also obtain a new signed agreement to repay the debt or a written or verbal affirmation of the obligation to repay the debt (see Subsection 11.20.F). For each forbearance period, regardless of whether a written agreement is required, the lender must document in the borrower's file or the loan's servicing history the forbearance beginning and ending dates and the reason for granting forbearance.

[HEA §428(c)(3)(A) and (c)(10); §682.211(b)(1); §682.211(d); §682.414(a)(4)(ii)(G); §685.205(a)(8); DCL GEN-16-02; DCL GEN-16-06]

Revise Figure 11-2 (see attached document).

Revise Section 11.22, page 40, column 1, paragraph 1 as follows:

11.22

Discretionary Forbearance

A lender is encouraged to grant a discretionary forbearance to assist a borrower or endorser in fulfilling the repayment obligations on the loan and to help prevent default. The lender may grant forbearance based on either a written or verbal agreement with the borrower. (See Subsection 11.20.B for more information about a lender's responsibilities when a forbearance is based on a verbal agreement.) If a borrower requests a discretionary forbearance and does not wish to complete the forbearance transaction via a verbal request, the lender must forward to the borrower or otherwise provide access to the General Forbearance Request (GFB) form. Situations in which the lender may choose to grant forbearance include, but are not limited to:

- The borrower has personal problems (such as economic hardship) that are temporarily affecting the borrower's or endorser's ability to make scheduled payments.
- The borrower is unemployed but has already received the maximum unemployment deferment.
- The borrower has had poor health or a prolonged illness or disability but does not meet applicable disability deferment criteria.
- The borrower is attending school or is a full-time volunteer in an organization and the school or organization does not meet the appropriate deferment criteria.
- The borrower or endorser wants to change the payment amount or payment due date on a loan that requires the lender to bring the loan current first or forgo some due diligence activities (see Subsection 10.11.C for information on changing due dates).

If the discretionary forbearance is based on a verbal agreement, the lender must send, within 30 days of that agreement, a notice to the borrower or endorser confirming the terms of the forbearance. Certain rules apply to verbal discretionary forbearance requests and affirmation of the debt received after default but prior to claim payment (see Subsection 11.20.F).

[DCL GEN-16-06]

PROPOSED LANGUAGE - COMMON BULLETIN:

The Department has provided guidance on the use of OMB-approved forbearance request forms and the *Common Manual* has been updated with that guidance. These forms include a new General Forbearance

Request (GFB) form and updated Mandatory Forbearance Request forms (SLDB and SERV).

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower: The borrower must complete forms correctly and/or provide required documentation to qualify for forbearance.

School: If the school is providing guidance on forbearance to former students, the school must ensure that they provide correct forms.

Lender/Service: The lender/service must update procedures, systems and processes to ensure required forms are distributed and processed and any proprietary forbearance forms are no longer used. In addition, lenders must ensure the forbearance forms are properly completed and accompanied by required documentation.

Guarantor: The guarantor may need to amend program review parameters to include providing access to and ensuring the appropriate processing of required mandatory forbearance request forms.

U.S. Department of Education: None.

To be completed by the Policy Development Contractor

POLICY CHANGE PROPOSED BY:

CM Policy Development Contractor

DATE SUBMITTED TO CM POLICY DEVELOPMENT CONTRACTOR:

September 9, 2016

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

December 8, 2016

PROPOSAL DISTRIBUTED TO:

CM Governing Board Chair
CM Guarantor Designees
Interested Industry Groups and Others

Comments Received from:

AES/PHEAA, MDHE, NCHER, NELA, OCAP, PPSV, UHEAA, USA Funds, VSAC

Responses to Comments

Most commenters supported this proposal as written. We thank all commenters for their thorough review.

COMMENT: One commenter supported the proposal but suggested rewording of footnote #11 in Figure 11-2, Forbearance Eligibility Chart, as follows:

¹¹ ~~The Department issued a~~ The OMB-approved General Forbearance Request form (GFB) which a borrower must complete to is the only acceptable form for a written request for a discretionary forbearance. The lender may also grant discretionary forbearance on the basis of a verbal agreement.

Response:

The PDC agrees.

Change:

The footnote has been changed as suggested.

TYPE	LENGTH
Discretionary¹¹	
Financial difficulties due to personal problems when the borrower is unable to make regularly scheduled payments ¹	The period established in the terms of the forbearance agreement (not to exceed 12-month increments); no maximum
Reduced-Payment Forbearance ¹	
Mandatory¹²	
Medical or Dental Internship/Residency ^{2,3}	12-month increments (or a lesser period equal to actual period during which the borrower is eligible); no maximum
Department of Defense Student Loan Repayment Programs ³	
National Service ^{2,3}	
Active Military State Duty ^{2,3,9}	
Student Loan Debt Burden ^{4,5}	12-month increments; 3 years maximum
Teacher Loan Forgiveness ^{2,3}	Period while borrower maintains forgiveness eligibility. 12-month increments
Mandatory Administrative	
Local or National Emergency ⁷	Period specified by the Department or guarantor plus 30 days following the period
Military Mobilization ⁸	
Designated Disaster Area ⁷	
Repayment Accommodation	3-year maximum for variable interest rate; 5-year maximum for income-sensitive repayment
Death	Date lender receives reliable notification of death to date lender receives death certificate or other acceptable documentation, not to exceed 60 days
Teacher Loan Forgiveness ^{2,6}	The period while the lender is awaiting a completed loan forgiveness application, not to exceed 60 days
Date lender receives a completed loan forgiveness application to date lender receives either a denial or the loan forgiveness amount from the guarantor	
Administrative	
Borrower Ineligible for Deferment ⁶	Beginning date to ending date of the ineligible deferment
Delinquency before a Deferment or Forbearance ⁶	First date of overdue payment to the day before the beginning date of deferment or other forbearance type
Delinquency under Income-Based Repayment (IBR) ⁶	First date of overdue payment to the date the new calculated monthly payment amount is determined
Forgiveness under Income-Based Repayment ⁶	60 days for lender to collect and process documentation to determine a borrower's eligibility

Late Notification of Out-of-School Dates ⁶	Date borrower should have entered repayment to date first or next payment was established
Bankruptcy Filing ⁶	The earlier of the first date of overdue payment or receipt of reliable information that the borrower has filed bankruptcy to date of discharge determination or repurchase
Total and Permanent Disability	Date the Department includes in its notification to the lender that the borrower intends to apply for a TPD loan discharge application. Forbearance extends for not more than 120 days. Date the Department includes in its notification to the lender that it has received the borrower's TPD loan discharge application and extends until the Department approves or denies the application.
Spouses and Parents of Victims of September 11, 2001 ⁶	60 days from date application sent to borrower if application is not received by lender, and from date guarantor receives documentation to date of determination
Repurchase of a Non-Bankruptcy Claim ⁶	The period that the loan was held by the guarantor due to a claim purchase
Death	Date after mandatory administrative forbearance due to reliable notification of death ends to date lender receives death certificate or other acceptable documentation, not to exceed 60 days
Closed School	Period of unofficial closure notice as specified by guarantor
Closed School or False Certification ⁶	60 days from date application sent to borrower if application is not received by lender, and from date guarantor receives documentation to date of determination
False Certification—Identity Theft ⁶	Date eligibility requirements sent to individual to date request and documentation returned, not to exceed 60 days; and from date guarantor receives documentation to date of determination
Delinquency after Deferment or Mandatory Forbearance ⁶	Deferment or mandatory forbearance end date to establishment of next payment due date
Documentation Collection and Processing ⁶	Date borrower requests deferment, forbearance, change in repayment plan, or loan consolidation to date supporting documentation is processed by lender, not to exceed 60 days
Unpaid Refund Discharge	60 days from date application sent to borrower if application is not received by lender, and from date guarantor receives documentation to date of determination The period during guarantor review and ending on the date lender receives the guarantor's determination for a borrower who requests a review of a denial determination
Unpaid Refund ⁶	End date of initial 60-day mandatory administrative forbearance to receipt of completed discharge request, and during period of determination of discharge eligibility
New Out-of-School Dates after Conversion ⁶	Original repayment start date to adjusted start date
Loan Sale or Transfer ⁶	First date of delinquency to date loan is sold or transferred, if the loan is less than 60 days delinquent
Ineligible Summer Bridge Extension ⁶	Day after expiration of borrower's last in-school deferment to the 30th day after fall classes begin
Cure ⁶	Date of earliest unexcused violation to date lender receives a full payment or new signed repayment agreement

Natural Disasters, Local or National Emergency, Military Mobilization ⁶	From date borrower affected, not to exceed 3 months for each occurrence
Repayment Alignment-SLS/Stafford ⁴	First payment due date to last day of the longest applicable Stafford loan grace period
Repayment Alignment-PLUS/Stafford ¹⁰	Until end of in-school deferment or post-enrollment deferment on PLUS loan disbursed on or after July 1, 2008, or until end of grace on Stafford loan

Note: For detailed information about each forbearance situation, refer to the applicable subsection.

- ¹ Lender must document the borrower's request, the reason for the forbearance, and the terms of the forbearance agreement.
- ² For borrowers only.
- ³ A request and supporting documentation from the authorized official(s) indicating the beginning and ending dates, and a verbal or written agreement are required.
- ⁴ A request is required.
- ⁵ A request and supporting documentation of monthly income and monthly payments on Title IV education loan obligations, and a verbal or written agreement are required.
- ⁶ Lender must notify the borrower (or individual or endorser, if applicable) and document the beginning and ending dates and reason for the forbearance in borrower history record.
- ⁷ Notice from the Department or guarantor is required.
- ⁸ Documentation showing borrower is subject to a military mobilization is required.
- ⁹ For military service that begins on or after October 1, 2007, or includes that date.
- ¹⁰ Lender must notify borrower forbearance has been granted; notice must inform borrower of option to cancel forbearance and continue paying on the PLUS loan.
- ¹¹ The OMB-approved General Forbearance Request form (GFB) is the only acceptable form for a written request for a discretionary forbearance. The lender may also grant discretionary forbearance on the basis of a verbal agreement.
- ¹² There are three OMB-approved forbearance request forms in this category: SERV, SLDB, and TLFF. Each is addressed in the applicable subsection of this chapter.