



Unified Student Loan Policy

**POLICY UPDATE PROPOSALS –ACTION REQUIRED
COMMENTS DUE FRIDAY, APRIL 6, 2018**

TO: *Common Manual* Governing Board Representatives
Interested Industry Groups and Others

FROM: Benjamin Lee
Great Lakes, CM Policy Development and Maintenance Contractor (PDMC)

RE: *Common Manual* Policy Update
[Batch 213: Proposal(s) 1326]

DATE: March 16, 2018

The PDMC issues **Batch 213** for review and comment.

Policy 1326 is a federal policy proposal and is intended to align *Common Manual* text with federal regulations or other federal publications.

Policy updates are distributed to all guarantors and others in the FFELP community for the opportunity to comment before Governing Board review and approval.

Please review the policy update and provide written comments by Friday, April 6, 2018 to:

Benjamin Lee
Great Lakes Higher Education Guaranty Corporation
E-Mail: nonprofit-policy@glhec.org.

If you have any questions about the enclosed proposal please contact Benjamin Lee via phone at 608-246-1580 or via email at nonprofit-policy@glhec.org.

Enclosures:

Policy Proposal Transmittal
Common Manual Policy Proposal (1326)

Common Manual Policy Proposal Batch 213 Transmittal**March 16, 2018**

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1326	Total and Permanent Disability	13.8.G Treatment of Payments The current Manual verbiage is incongruent with the regulations.	Federal	Total and Permanent Disability Discharge Applications received on or after July 1, 2013

Batch 213 (Out for Comment)

COMMON MANUAL – FEDERAL

Date: March 16, 2018

X	DRAFT	Comments Due	04/06/2018
	FINAL	Consider at GB meeting	
	APPROVED	With Changes/No Changes	

SUBJECT: Total and Permanent Disability

AFFECTED SECTIONS: 13.8.G Treatment of Payments

POLICY INFORMATION: 1326/Batch 213

EFFECTIVE DATE/TRIGGER EVENT: Total and Permanent Disability Discharge Applications received on or after July 1, 2013

BASIS:
§682.402(c)(8)(i)(C)

CURRENT POLICY:
A lender is required to forward to the guarantor any payments made after the lender had received a total and permanent disability claim payment.

REVISED POLICY:
The regulations dictate that after receiving a claim payment, the lender must return to sender any payments the lender received after the date the physician certified the borrower's loan discharge application, or after the date the Secretary received the SSA notice of award for SSDI or SSI benefits, as well as any payments received after claim payment from or on behalf of the borrower. Lenders should not be forwarding payments to the guarantor.

REASON FOR CHANGE:
The current Manual verbiage is incongruent with the regulations.

PROPOSED LANGUAGE - COMMON MANUAL:
Revise 13.8.G, page 52, column 1, paragraph 5 as follows:

If the lender receives a payment from or on behalf of the borrower after the date the physician completed and certified the discharge application but before the lender receives the claim payment, the lender must hold the payment. ~~After the lender receives the claim payment, the lender must forward the payment to the guarantor.~~ After receiving a claim payment from the guaranty agency, the lender must return to the sender any payments received by the lender after the date the physician certified the borrower's loan discharge application or after the date the Secretary received the SSA notice of award to SSDI or SSI benefits, as well as any payments received after claim payment from or on behalf of the borrower.

[§682.402(c)(8)(i)(C); §685.213(b)(4)(iii)]

PROPOSED LANGUAGE - COMMON BULLETIN:
TPD Discharge Treatment of Payments

The *Common Manual* is being updated to align with regulations that require lender to return to sender payments received after the date the physician signs the Total and Permanent Disability Application, or after the Secretary receives the SSA notice of award to SSDI or SSI, as well as payments received after the lender has received the claim payment.

GUARANTOR COMMENTS:
None.

IMPLICATIONS:
Borrower: A borrower will receive a refund of any payments they made to the lender after the date the physician certified the borrower's loan discharge application or after the date the Secretary received the SSA notice of award to SSDI or SSI benefits, as well as any payments made after claim payment.

School: None.

Lender/Service: Lender/servicers must return any payments to the sender that were made after the date the physician certified the borrower's loan discharge application or after the date the Secretary received the SSA notice of aware for SSDI or SSI benefits, as well any payments received after claim payment.

Guarantor: None.

U.S. Department of Education: None.

To be completed by the Policy Development and Maintenance Contractor (PDMC)

POLICY CHANGE PROPOSED BY:

MOHELA

DATE SUBMITTED TO POLICY DEVELOPMENT AND MAINTENANCE CONTRACTOR:

January 26, 2018

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

PROPOSAL DISTRIBUTED TO:

CM Governing Board Chair

CM Guarantor Designees

Interested Industry Groups and Others