

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1255	Preferred Lender Arrangements	<p><b>4.4.A Preferred Lender Arrangements and Lists Appendix G</b></p> <p>Removes reference to the PLUS loan auction pilot program.</p>	Federal	Upon approval by the <i>Common Manual</i> Governing Board.
1256	Parent PLUS Loan and the FAFSA	<p><b>5.1.B Student Eligibility Requirements</b>  <b>5.1.C Graduate or Professional Student and Parent PLUS Loan Borrower Eligibility Requirements</b></p> <p>Eliminates this exception to the FAFSA completion requirement. All students must complete the FAFSA, even if the only Title IV aid for which they will apply is the parent PLUS loan.</p>	Federal	Parent PLUS loans obtained for the 2011-2012 award year.
1257	Military Service and Post-Active Duty Student Deferment Form	<p><b>2.3.C Common Forms</b>  <b>11.8.B Deferment Documentation – Military Service</b>  <b>11.12.B Deferment Documentation – Post-Active Duty Student</b></p> <p>Clarifies that if a borrower requests a military service deferment or a post-active duty student deferment form (MIL), the lender should make available to the borrower the appropriate common deferment form.</p>	Correction	Requests for military service deferment or post-active duty student deferment form received on or after October 1, 2007.

Batch 181 (Approved)

# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: November 17, 2011

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Nov 17

**SUBJECT:** Preferred Lender Arrangements

**AFFECTED SECTIONS:** 4.4.A Preferred Lender Arrangements and Lists  
Appendix G

**POLICY INFORMATION:** 1255/Batch 181

**EFFECTIVE DATE/TRIGGER EVENT:** Upon approval by the *Common Manual* Governing Board.

**BASIS:**

Health Care and Education Reconciliation Act of 2010 (HCERA), P.L. 111-152; Department of Education Electronic Announcement dated April 10, 2009.

**CURRENT POLICY:**

Current policy states that a preferred lender arrangement does not include any arrangements with respect to loans originated through the PLUS loan auction pilot program.

**REVISED POLICY:**

Revised policy removes reference to the PLUS loan auction pilot program.

**REASON FOR CHANGE:**

The original PLUS loan auction pilot program was canceled on April 10, 2009. No subsequent auctions were held prior to the cessation of FFELP loan origination authority resulting from the Health Care and Education Reconciliation Act of 2010.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 4.4.A, page 25, column 1, paragraph 3, as follows:

A preferred lender arrangement is an agreement between a lender and a school or an institution-affiliated organization under which a lender issues loans to a student or a student's family and the school or institution-affiliated organization recommends, promotes, or endorses the lender's loans. A preferred lender arrangement does not include:  
[§601.2(b)]

- Arrangements or agreements with respect to loans made under the Federal Direct Loan Program.
- ~~Arrangements or agreements with respect to loans originated through the PLUS loan auction pilot program.~~
- ...

Revise Appendix G, page 18, column 1, paragraph 8, as follows:

**Preferred Lender Arrangement:**

An arrangement or agreement between a lender and a school or an institution-affiliated organization, under which the lender provides or otherwise issues FFELP or private education loans to students attending the school (or the students' families) and under which involves the school or institution-affiliated organization ~~in~~ recommends, promotes, or endorses the lender's education loan products. Such an arrangement does not apply to a school participating in the Federal Direct Loan Program ~~or arrangements or agreements under the PLUS auction pilot program.~~

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Preferred Lender Arrangements**

The *Common Manual* has been revised to remove references to the PLUS auction pilot program from the description of a preferred lender arrangement. Since the PLUS loan auction did not occur and no loans were originated through this program, there are no related arrangements or agreements that are applicable to these sections.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Student/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 24, 2011

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

November 10, 2011

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

CM Governing Board Representatives

**Comments Received from:**

AES/PHEAA, ASA, FAME, Great Lakes, HESC (NY), MGA, NASFAA, NCHELP, NSLP, OCAP, PPSV, SCSLC, SLND, SLSA, TG, TSAC, USA FUNDS, and VSAC.

**Responses to Comments**

Many commenters supported this proposal as written. One commenter recommended a wordsmithing change that was considered without comment. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

rp/edited-kk

# COMMON MANUAL – FEDERAL POLICY PROPOSAL

Date: November 17, 2011

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Nov 17

**SUBJECT:** Parent PLUS Loan and the FAFSA

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

**POLICY INFORMATION:** 1256/Batch 181

**EFFECTIVE DATE/TRIGGER EVENT:** Parent PLUS loans obtained for the 2011-2012 award year.

**BASIS:**  
§668.164(g)(2)(i).

**CURRENT POLICY:**  
Current policy provides an exception to the FAFSA completion requirement for a student and his or her parent(s) who intend to apply for only a parent PLUS loan.

**REVISED POLICY:**  
Revised policy eliminates this exception to the FAFSA completion requirement. All students must complete the FAFSA, even if the only Title IV aid for which they will apply is the parent PLUS loan.

**REASON FOR CHANGE:**  
The Final Rule published October 29, 2010, changes the regulation regarding FAFSA completion. To align with the regulatory change, this policy eliminates the long-standing exception to the requirement that a student and/or his or her parent(s) complete the FAFSA if the family will apply for only a parent PLUS loan.

**PROPOSED LANGUAGE - COMMON MANUAL:**  
Revise Subsection 5.1.B, page 1, column 2, paragraph 1, 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 . . .
- To receive any Title IV aid, ~~including a parent PLUS loan with the exception of a parent PLUS loan,~~ the student must certify, as part of the Free Application for Federal Student Aid (FAFSA) filed with the Department, a statement of educational purpose. ~~To receive a parent PLUS loan without completing a FAFSA, the student must complete and submit to the school a separate statement of educational purpose.~~ [HEA §432(m)(1)(C); HEA §484(a)(4)(A); §668.32(h); §668.164(g)(2)(i)]
- The student must be enrolled . . .

Revise Subsection 5.1.C, page 3, column 1, paragraph 2, as follows:

## 5.1.C Graduate or Professional Student and Parent PLUS Loan Borrower Eligibility Requirements

For purposes of obtaining a PLUS loan, an eligible parent borrower . . .

To be eligible for a parent PLUS loan, a parent borrower must be applying for the loan to pay the postsecondary educational costs for an eligible dependent undergraduate student who is enrolled or accepted for enrollment at least half time at a participating school. The student must have completed a FAFSA. A parent may not receive a PLUS loan on behalf of a student serving in a medical internship or residency program required of doctors of medicine, osteopathy, and optometry.  
[§668.164(g)(2)(i); §682.201(c)]

To be eligible for a Grad PLUS loan, a graduate or professional student borrower must . . .

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Parent PLUS Loan and the FAFSA**

The *Common Manual* has been updated based on a Final Rule change to include the requirement that the student complete a FAFSA even if the family intends to apply for only a parent PLUS loan.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Student/Borrower:*

A student must complete the FAFSA and pass the data matches, etc. even if the family intends to apply for only a parent PLUS loan.

*School:*

If the school has not previously required the dependent student to complete a FAFSA, even when applying for only a parent PLUS loan, it must amend its procedures to assist students and parents with this policy change.

*Lender/Service:*

None.

*Guarantor:*

A guarantor may need to amend training and school support materials and resources.

*U.S. Department of Education:*

The Department was required to amend policy and training materials and to provide additional information and support to schools making the policy transition. The Department is also required to process additional FAFSA records to accommodate the change.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

August 2, 2011

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

November 10, 2011

**PROPOSAL DISTRIBUTED TO:**

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

**Comments Received from:**

AES/PHEAA, ASA, FAME, Great Lakes, HESC (NY), MGA, NASFAA, NCHELP, NSLP, OCAP, PPSV, SCSLC, SLND, SLSA, TG, TSAC, USA FUNDS, and VSAC.

## **Responses to Comments**

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Many commenters supported this proposal as written. Other commenters recommended punctuation or wordsmithing changes that were considered without comment. 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 that rather than simply eliminating the parent PLUS Loan exception, it may be helpful to emphasize the new requirement by inserting additional language referring to the requirement that the student complete a FAFSA to determine eligibility for a parent PLUS loan.

### **Response:**

The Committee concurs that this suggestion may assist in eliminating confusion.

### **Change:**

In Subsection 5.1.B, an additional phrase is added to emphasize that the student must complete the FAFSA to determine eligibility even for a parent PLUS Loan.

### **COMMENT:**

One commenter suggested that the “Reason for Change” and bulletin language include a note regarding the source of the change.

### **Response:**

The Committee agrees.

### **Change:**

The Committee has added to the “Reason for Change” and the Common Bulletin language an explicit reference to the Final Rule.

bg/edited-tmh

# COMMON MANUAL – CORRECTION POLICY PROPOSAL

Date: November 17, 2011

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with no changes	Nov 17

**SUBJECT:** Military Service and Post-Active Duty Student Deferment Form

**AFFECTED SECTIONS:** 2.3.C Common Forms  
11.8.B Deferment Documentation – Military Service  
11.12.B Deferment Documentation – Post-Active Duty Student

**POLICY INFORMATION:** 1257/Batch 181

**EFFECTIVE DATE/TRIGGER EVENT:** Requests for military service deferment or post-active duty student deferment forms received on or after October 1, 2007.

**BASIS:**  
§682.210(t)(7); §682.210(u)(5).

**CURRENT POLICY:**  
Current policy does not state that, upon a borrower’s request, a lender should make available to the borrower the appropriate common deferment form.

**REVISED POLICY:**  
Revised policy clarifies that if a borrower requests a military service deferment or a post-active duty student deferment form (MIL), the lender should make available to the borrower the appropriate common deferment form.

**REASON FOR CHANGE:**  
This change is made to comply with the final regulations published in the *Federal Register* dated October 23, 2008, as a result of the modifications made to the eligibility requirements for this deferment through the College Cost Reduction and Access Act of 2007.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 2.3.C, page 13, column 2, paragraph 3, bullet 9, as follows:

**Deferment Forms**

- ...
- ...
- ...
- ...
- ...
- ...
- ...
- ...
- MIL Military Service Deferment Request  
Post-Active Duty Student Deferment Request

Revise Subsection 11.8.B, page 17, column 1, new paragraph 1, as follows:

## Deferment Documentation – Military Service

If a borrower requests a military service deferment or a post-active duty student deferment, the lender should make available to the borrower the following common deferment form:

### MIL

Military Service Deferment Request

Post-Active Duty Student Deferment Request

Revise Subsection 11.12.B, page 20, column 2, by inserting a new paragraph 1, as follows:

## Deferment Documentation – Post-Active Duty Student Deferment

If a borrower requests a military service deferment or a post-active duty student deferment, the lender should make available to the borrower the following common deferment form:

### MIL

Military Service Deferment Request

Post-Active Duty Student Deferment Request

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

#### **Military Service and Post-Active Duty Student Deferment Form**

The *Common Manual* has been revised to refer to the common deferment form that lenders should make available to borrowers who request the military service deferment or the post-active duty student deferment.

#### **GUARANTOR COMMENTS:**

None.

#### **IMPLICATIONS:**

*Borrower:*

None.

*School:*

None.

*Lender/Servicer:*

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 30, 2010

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

November 10, 2011

#### **PROPOSAL DISTRIBUTED TO:**

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

CM Governing Board Representatives



**Comments Received from:**

AES/PHEAA, ASA, FAME, Great Lakes, HESC (NY), MGA, NASFAA, NCHELP, NSLP, OCAP, PPSV, SCSLC, SLND, SLSA, TG, TSAC, USA Funds, and VSAC.

**Responses to Comments**

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Many commenters supported this proposal as written. One commenter recommended a wordsmithing change that was considered without comment. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

ly/edited-rrl