

Common Manual Policy Proposal Batch 209 Transmittal

May 1, 2017

| # | Subject | Summary of Change to <i>Common Manual</i> | Type of Update | Effective Date |
|------|--|---|----------------|---|
| 1320 | Loan Rehabilitation and Interest Capitalization [Previously deferred for additional review and consideration. Approved April 20, 2017] | 10.10 Capitalizing Accrued Interest 13.7 Rehabilitation of Defaulted FFELP Loans Requires that a lender must not consider the purchase of a rehabilitated loan as entry into or resumption of repayment and therefore may not capitalize outstanding accrued interest when purchasing a rehabilitated loan from a guarantor and establishing the borrower's repayment schedule. | Federal | For rehabilitated loans purchased on or after July 1, 2017. |

Batch 209 (Common Bulletin Language)

Common Manual Policy Proposal Batch 211 Transmittal

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| 1323 | Closed School Discharge | 13.8.B Closed School Revised policy states that upon resuming collection on a loan for which a borrower has failed to submit a completed Loan Discharge Application: School Closure form within 60 days of being notified of that option, the lender must provide the borrower another Loan Discharge Application: School Closure form and an explanation of the requirements and procedures for obtaining a discharge. Revised policy also explains why lenders may be informed of a borrower's automatic discharge related to schools that close on or after November 1, 2013. For such schools, a borrower's obligation to repay the loan can be discharged without the borrower completing a Loan Discharge Application: School Closure form if the Department or guaranty agency determines that the borrower did not re-enroll in any title IV-eligible institution within a period of three years after the school closed. | Federal | Closed school discharge applications sent to borrowers on or after July 1, 2017, for sending a second application. Notifications received on or after July 1, 2017, from guarantors or the Department of automatic discharges. |

Batch 211 (Common Bulletin Language)