<table>
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<th>Summary of Change to <em>Common Manual</em></th>
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<tr>
<td>975</td>
<td>Reporting SSN, Date of Birth, and First Name Changes</td>
<td>3.5.F. Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections</td>
<td>Guarantor</td>
<td>For documents verified by the Social Security Administration and received by the lender/servicer or guarantor on or after January 1, 2008, unless implemented earlier by the lender/servicer or guarantor.</td>
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<td><strong>Deferred for additional consideration</strong></td>
<td>9.1. Reporting Social Security Number, Date of Birth, and First Name Changes or Corrections</td>
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<td>Permits the lender/guarantor to consider a document that was not originated by the Social Security Administration (SSA) as an acceptable source for making a Social Security Number change, as long as the SSA has verified the information contained on the document.</td>
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<td>944</td>
<td>Economic Hardship Deferment Eligibility Criteria</td>
<td>11.4.A. Eligibility Criteria—Economic Hardship</td>
<td>Federal</td>
<td>Economic hardship deferments granted by the lender on or after January 1, 2008, unless implemented earlier by the lender.</td>
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<tr>
<td></td>
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<td>States that a borrower who is receiving a payment or benefit under a federal or state public assistance program, such as Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance is eligible to receive an economic hardship deferment.</td>
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<tr>
<td>976</td>
<td>Including a Retroactive Period in a Loan Period</td>
<td>6.2. Determining the Loan Period</td>
<td>Federal</td>
<td>Publication date of the 03-04 FSA Handbook.</td>
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<td>States that a school may include a retroactive period in a loan period when certifying a Stafford or PLUS loan if the student completed the retroactive period on at least a half-time basis. Requires the school to ensure that a loan period that includes a retroactive period does not exceed the maximum allowable loan period as currently described in this section, and that it meets applicable criteria for determining the frequency of Stafford annual loan limits. Adds cross-references to other pertinent sections and text.</td>
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<tr>
<td>977</td>
<td>Prorated Loan Limits</td>
<td>6.11.F Prorated Loan Limits States that loan proration is not required for a student completing coursework necessary for a professional credential or certification from a state if that credential or certification is required for employment as a teacher in an elementary or secondary school in that state.</td>
<td>Correction</td>
<td>Retroactive to the implementation of the Common Manual.</td>
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<tr>
<td>978</td>
<td>Loss of Eligibility for Special Allowance Payments</td>
<td>15.1.A Agreement to Guarantee Federal Consolidation Loans Clarifies that any failure on the part of a lender to fulfill due diligence requirements on a Consolidation loan may also result in a loss of eligibility for any special allowance payments that might otherwise apply to that Consolidation loan.</td>
<td>Correction</td>
<td>Retroactive to the implementation of the Common Manual.</td>
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COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: October 18, 2007

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<th>DRAFT</th>
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<td>FINAL</td>
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**SUBJECT:** Economic Hardship Deferment Eligibility Criteria

**AFFECTED SECTIONS:** 11.4.A Eligibility Criteria—Economic Hardship

**POLICY INFORMATION:** 944/Batch 143

**EFFECTIVE DATE/TRIGGER EVENT:** Economic hardship deferments granted by the lender on or after January 1, 2008, unless implemented earlier by the lender.

**BASIS:**

**CURRENT POLICY:**
Current policy states that a borrower who is receiving payment under a federal or state public assistance program, such as Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance, is eligible to receive an economic hardship deferment.

**REVISED POLICY:**
Revised policy states that a borrower who is receiving a payment or benefit under a federal or state public assistance program, such as Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance, is eligible to receive an economic hardship deferment.

**REASON FOR CHANGE:**
This change more closely aligns the manual with the Department’s guidance in the Preamble language in the *Federal Register* dated June 29, 1994, page 33587, which states that any borrower who receives *some form of public assistance* would be eligible for an economic hardship deferment. This change will ensure that borrowers are treated equally regarding the granting of this deferment.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 11.4.A, page 8, column 2, paragraph 3, item 2, as follows:

11.4.A
Eligibility Criteria—Economic Hardship

This deferment is available only if the borrower had no outstanding balance on a FFELP loan as of the date he or she obtained a loan on or after July 1, 1993.

To qualify for this deferment, a borrower must request it and provide the lender with documentation that he or she meets at least one of the following eligibility criteria:

1. The borrower has been granted an economic hardship deferment under either the FDLP or Federal Perkins Loan Program for the period of time for which the borrower has requested an economic hardship deferment for his or her FFELP loan.

2. The borrower is receiving payment or benefit under a federal or state public assistance program, such as Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance. [Federal Register dated June 29, 1994]

3. . . .

**PROPOSED LANGUAGE - COMMON BULLETIN:**
Economic Hardship Deferment Eligibility Criteria
The Common Manual has been updated to align economic hardship deferment eligibility criteria with Department guidance published in the Preamble language in the Federal Register dated June 29, 1994, page 33587. A borrower is eligible for an economic hardship deferment if he or she is receiving payment or benefit under a federal or state public assistance program, such as Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance.

GUARANTOR COMMENTS:
None.

IMPLICATIONS:
Borrower:
A borrower is entitled to receive an economic hardship deferment on his or her loan if the borrower is receiving payment or benefit under a federal or state public assistance program and the borrower is otherwise eligible.

School:
A school may need to update its counseling materials regarding a borrower’s eligibility for an economic hardship deferment.

Lender/Servicer:
A lender/servicer may need to update its procedures for granting a economic hardship deferment. Also, a lender/servicer may need to update its counseling materials regarding economic hardship deferment.

Guarantor:
A guarantor may need to update its counseling materials regarding a borrower’s eligibility for an economic hardship deferment. Also, a guarantor may need to update program review procedures.

U.S. Department of Education:
The Department may need to update its counseling materials for a borrower’s eligibility for an economic hardship deferment. Also, the Department may need to update program review procedures.

To be completed by the Policy Committee

Note: The Policy Committee received assistance in the development of this proposal from a volunteer community workgroup including representatives of AES, CFS-SunTech, College Assist, EdFinancial, Indiana Secondary Market, Iowa Student Loan, NASFAA, Nelnet, SLMA, SLSA, Student Assistance Foundation, and Wells Fargo.

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
November 19, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
October 11, 2007

PROPOSAL DISTRIBUTED TO:
CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others
CM Governing Board Representatives

Comments Received From:
AES/PHEAA, ASA, EAC, GSMR, Great Lakes, HESC, KHEAA, NASFAA, NCHELP, NSLP, OSFA, ODSL, PPSV, SCSLC, SLMA, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

Responses to Comments

The following comments and responses resulted from the distribution of this proposal in Batch 140.
Note: Many commenters supported this policy as written. Other commenters recommended word smithing changes that made no substantive changes to the policy statement but that added clarity to the proposed language. We appreciate the review of all commenters, their careful consideration of the policy, and their assistance in crafting clear, concise policy statements.

COMMENT:
Three commenters suggested including additional language in Subsection 11.4.A, page 8, column 2, paragraph 2, as follows:

“The borrower is receiving payment, service, or benefits, under a federal or state public assistance program, such as which may include, but is not limited to Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance.”

These three commenters state that they strongly support the addition of “service, or benefits” but that the additional wording is needed for clarification because experience has taught us that, as in this case, if only certain programs are listed, people tend to interpret that to mean those are the only acceptable programs.

One commenter stated that the prospective effective date does not seem right because the cited Federal Register preamble language was published July 29, 1994. The commenter stated that if the effective date was retroactive to July 29, 1994, borrowers who had been eligible and wrongly denied can appeal the decision based on the updated information.

Four commenters opposed the proposal. One of the commenters stated that the cited preamble does not explicitly use the words “service” or “benefits”; therefore the changes made by the proposal have no substantive basis in the preamble of the Federal Register or the U.S. Code of Federal Regulations. Two of the commenters stated that the preamble change statement did not appear to support the revised policy. Another of the commenters stated that the preamble language does not explain the expansion of the criteria for economic hardship deferment to include service, or benefits and that more explanation is needed to explain the meaning of these new criteria if economic hardship deferment is to be interpreted differently than it is today.

Response:
The Committee recognized that many commenters supported the intent of the proposal, but also understood the concerns of all of the commenters. Therefore, the Committee deferred the proposal and established a volunteer workgroup comprised of community participants to join members of the Committee to further research and evaluate the proposal.

During the workgroup’s discussions, the issues raised by all of the aforementioned commenters were reviewed. The following discussion represents the workgroup’s recommendations concerning these comments:

• The workgroup determined that it was important to retain verbiage in the policy text that was as closely aligned as possible with federal guidance on this topic. For that reason, the workgroup declined to adopt the recommendation of three commenters who wished to describe the list of public assistance programs “which may include, but is not limited to . . .” because current text accomplishes the same end result.

• The workgroup discussed the commenters’ concerns about the triggering event for this proposal at length and particularly noted the one commenter’s concern that it should align, retroactively to 1994, with the publication of the federal guidance that supports this proposal. However, the group was also concerned that not all community members were either cognizant of the guidance or were interpreting it in the same manner. In an effort to support lender/servicers who were aware of and implemented an interpretation of this federal guidance that aligns with the policy proposal retroactively, and provide a fair opportunity for the remainder of the community to incorporate it into their policies and procedures prospectively, the workgroup recommended a prospective triggering event that acknowledges a lender may have implemented the policy earlier.

• The workgroup discussed the proposed use of the words “service” and “benefits.” The workgroup agreed with the commenters who were concerned about inferring that borrowers who received any
one of a broad range of “services” available to the public should automatically qualify for economic hardship deferment solely by virtue of receiving that service.

However, the Department’s 1994 final rule preamble clearly indicates that it is not the Department’s intent to limit qualifying borrowers to only those who are receiving a public assistance payment:

“. . . It is likely that almost all borrowers who receive some form of public assistance would be eligible for an economic hardship deferment. While there may be a few borrowers on public assistance who effectively have access to greater amounts of income than other borrowers, the Secretary believes those excess amounts would be marginal and would not justify the need to inconvenience the vast majority of borrowers who receive some form of public assistance.”

The workgroup determined that the policy could most accurately convey the Department’s intent by stating that a borrower receiving a payment or benefit under a federal or state public assistance program qualifies for economic hardship deferment.

Change:
The following changes have been made as the result of the community workgroup’s additional development efforts. The revised policy proposal will be redistributed to the community for additional review and comment in Batch 143.

The effective date/trigger event was changed as follows:

Economic hardship deferments granted by the lender on or after July January 1, 2007, unless implemented earlier by the guarantor lender.

The revised policy statement, reason for change, and common bulletin language were revised to remove references to “services.”

The proposed language was revised as follows:

2. The borrower is receiving payment, service, or benefits under a federal or state public assistance program, such as Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance.

Comments Received From:
AES/PHEAA, College Assist, CSLF, EAC, Great Lakes, HESC, NCHELP, NSLP, OGSLP, PPSV, SCGLC, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

Responses to Comments

The following comments and responses resulted from the distribution of this proposal in Batch 143.

Many of the commenters supported this proposal as written. Other commenters recommended wordsmithing changes that made no substantive changes to the policy but that added clarity to the proposed language. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

COMMENT:
Two commenters suggested referencing the source for the change to Subsection 11.4.A, item 2, so that users will be able to research the guidance issued in the Preamble language of the Federal Register.

Response:
The Committee agrees.

Change:
The citation, Federal Register dated June 29, 1994, has been added to Subsection 11.4.A, item 2.
SUBJECT: Including a Retroactive Period in a Loan Period

AFFECTED SECTIONS: 6.2 Determining the Loan Period

POLICY INFORMATION: 976/Batch 143

EFFECTIVE DATE/TRIGGER EVENT: Publication date of the 03-04 FSA Handbook.

BASIS: 03-04 FSA Handbook, Volume 8, Chapter 6, p. 8-63.

CURRENT POLICY: Current policy does not address enrollment status criteria for including a retroactive period in a loan period.

REVISED POLICY: Revised policy states that a school may include a retroactive period in a loan period when certifying a Stafford or PLUS loan if the student completed the retroactive period on at least a half-time basis. Revised policy also includes an example. The school must ensure that a loan period that includes a retroactive period does not exceed the maximum allowable loan period as currently described in this section, and meets applicable criteria for determining the frequency of Stafford annual loan limits. If a student attended a retroactive period but did not maintain eligibility for a Stafford or PLUS loan because the student failed to maintain at least half-time enrollment, a school must not include the retroactive period in the loan period or include that retroactive period’s costs in the cost of attendance for the loan period. Cross-references are provided to existing Manual text that provides information on satisfactory academic progress requirements, citizenship requirements, default or overpayment in a Title IV program, inadvertent borrowing in excess of a Stafford annual or aggregate loan limit, and drug-related convictions. In addition, cross-references to Section 6.1 and Figure 6-2 are included for more information on determining the frequency of Stafford annual loan limits.

REASON FOR CHANGE: This change is necessary to enhance the Manual's text with additional guidance from the Department that was first published in the 03-04 FSA Handbook.

PROPOSED LANGUAGE - COMMON MANUAL:
Revise Section 6.2, page 5, column 1, paragraph 4, as follows:

6.2 Determining the Loan Period

The loan period is the period of enrollment for which a Stafford or PLUS loan is intended. The loan period must coincide with a bona fide academic term established by the school for which school charges are generally assessed (i.e., semester, trimester, quarter, length of the student's program, or the school's academic year). [§682.200(b)]

The minimum loan period that a school may certify is:

. . .

. . .

The maximum loan period that a school may certify is:

. . .
Defaulted Borrowers

The maximum loan period that the school may certify for a defaulted borrower whose Title IV eligibility is reinstated (see Subsection 5.2.E) is the academic year during which the borrower regains eligibility. [§682.603(f)(2)(ii)]

Including a Retroactive Period in a Loan Period

Generally, a school may certify a borrower’s eligibility for a Stafford or PLUS loan retroactive to the beginning of the current period of enrollment for a student or parent borrower, as applicable, who meets conditions that include, but are not limited to, the following:

• The student or parent borrower, as applicable, regains eligibility during the period of enrollment after an earlier loss of eligibility due to, for example:
  - Failure to meet satisfactory academic progress (see Section 8.4).
  - Failure to meet citizenship requirements (see Subsection 5.2.A).
  - A prior default or overpayment in a Title IV program (see Subsections 5.2.D and 5.2.E). [§682.603(f)(2)(ii)]
  - Inadvertent borrowing in excess of the Stafford annual or aggregate loan limit (see Subsection 6.11.E).

• The student or parent borrower, as applicable, requests a loan in the second or subsequent payment period in the period of enrollment.

• The student regains eligibility after a loss of eligibility due to a conviction for drug possession or sale (see Section 5.8).

However, a school may include a retroactive portion of the current enrollment period in a Stafford or PLUS loan period only if the student attended and completed that retroactive period on at least a half-time basis. For example, a school may certify a loan in the spring term for a fall/spring period of enrollment and include the costs for the fall term in the student’s cost of attendance for the loan period, provided that the student completed the fall term on at least a half-time basis. The school must ensure that a loan period including a retroactive period does not exceed the maximum allowable loan period as described above, and meets applicable criteria for determining the frequency of Stafford annual loan limits (see Section 6.1 and Figure 6-2). If a student attended during a retroactive period on a less-than-half-time basis, a school must not include the retroactive period in the loan period or that retroactive period’s costs in the cost of attendance for the loan period.
[07-08 FSA Handbook, Volume 1, Chapter 1, pp. 1-10, 1-13, and 1-14, and Volume 4, Chapter 2, p. 4-44]

PROPOSED LANGUAGE - COMMON BULLETIN:
Including a Retroactive Period in a Loan Period

The Common Manual has been updated to address certifying a loan that includes a retroactive period. A school may certify a borrower’s eligibility for a Stafford or PLUS loan retroactive to the beginning of the current period of enrollment for a student or parent borrower, as applicable, who, for example, requests a loan during the second or subsequent payment period in the period of enrollment. A school may also certify a borrower’s eligibility for a Stafford or PLUS loan retroactive to the beginning of the current period of enrollment in situations where a student or parent borrower, as applicable, regains eligibility after an earlier loss of eligibility due to failure to maintain satisfactory academic progress, failure to meet citizenship requirements, a default or overpayment in a Title IV program, inadvertent borrowing in excess of the Stafford annual or aggregate loan limit, or a drug-related conviction. However, a school may include a retroactive portion of the current enrollment period in a Stafford or PLUS loan period only if the student attended and completed that retroactive period.
period on at least a half-time basis. For example, a school may certify a loan in the spring term for a fall/spring period of enrollment and include the costs for the fall term in the student's cost of attendance for the loan period, provided that the student completed the fall term on at least a half-time basis. The school must ensure that a loan period including a retroactive period does not exceed the maximum allowable loan period, and meets applicable criteria for determining the frequency of Stafford annual loan limits. If a student attended during a retroactive period on a less-than-half-time basis, a school must not include the retroactive period in the loan period or that retroactive period’s costs in the cost of attendance for the loan period.

GUARANTOR COMMENTS:
None.

IMPLICATIONS:
Borrower:
A borrower who establishes or regains eligibility or requests a loan during a second or subsequent payment period will be eligible for loan funds to cover costs for a retroactive period(s) that the student completed on at least a half-time basis in the current enrollment period.

School:
A school may be required to revise its loan certification procedures for students who gain or regain eligibility during an enrollment period or who request a loan during the second or subsequent payment period in the current enrollment period.

Lender/Servicer:
None.

Guarantor:
A guarantor may need to revise school program review criteria.

U.S. Department of Education:
The Department may need to revise school program review criteria.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
July 24, 2007

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
October 11, 2007

PROPOSAL DISTRIBUTED TO:
CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others
CM Governing Board Representatives

Comments Received From:
AES/PHEAA, College Assist, CSLF, EAC, Great Lakes, HESC, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

Responses to Comments
Many of the commenters supported this proposal as written. Other commenters recommended wordsmithing changes that made no substantive changes to the policy but that added clarity to the proposed language. 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 stated that the terms “loan period” and “period of enrollment,” while not synonymous, seem to be used interchangeably in this proposal. The commenter questioned whether this usage is deliberate, and if not, suggested that one term be used for consistency.

Response:
It is not the Committee’s intent to use the terms “enrollment period” and “loan period” interchangeably within the proposed policy text. “Enrollment period” describes a period of time for which the school is evaluating the borrower’s eligibility for a loan that includes a retroactive period within the current enrollment period. “Loan period” is used to describe the period of time for which a loan is certified that includes a qualifying retroactive period.

The Committee notes that the terms “enrollment period”/“loan period” are used interchangeably in the School Implications statement.

Change:
The School Implication statement has been revised as follows:

A school may be required to revise its loan certification procedures for students who gain or regain eligibility or who request a loan during the second or subsequent payment period in the current enrollment period/loan period.

COMMENT:
One commenter recommended replacing the potentially confusing term “retroactive period” with the more common phrase “previous enrollment period” in the following proposed policy text:

However, a school may include a retroactive period portion of the current enrollment period in the Stafford or PLUS loan period only if the student attended and completed the retroactive period on at least a half-time basis. For example, a school may certify a loan in the spring term for a fall/spring period of enrollment and include the costs for the fall term in the student's cost of attendance for the loan period, provided that the student completed the fall term on at least a half-time basis. The school must ensure that a loan period including a retroactive period does not exceed the maximum allowable loan period as described above, and meets applicable criteria for determining the frequency of Stafford annual loan limits (see Section 6.1 and Figure 6-2). If a student attended during a retroactive period in the loan period or that retroactive period’s costs in the cost of attendance for the loan period.

Response:
While the Committee acknowledges that “retroactive period” is not a commonly used term, the Committee believes that incorporating the commenter’s suggestion may also result in confusion for the reader. The premise of this policy proposal is to explain that a retroactive portion of the student’s current period of enrollment may be included in a loan period, provided the student completed that retroactive period on at least a half-time basis. The use of the term “previous enrollment period” may erroneously imply to a reader that a loan may be certified for a current period of enrollment that includes a retroactive period that the student completed on a half-time basis from a prior enrollment period. The Committee also believes that the use of the term “retroactive period” is illustrated by the example that immediately follows its use in the aforementioned paragraph.

Change:
In light of the commenter’s concern, the paragraph captioned above has been revised to provide further context for the use of the term “retroactive period,” as follows:

However, a school may include a retroactive period portion of the current enrollment period in the Stafford or PLUS loan period only if the student attended and completed the retroactive period on at least a half-time basis. For example, . . .

The common bulletin language has also been adjusted accordingly.

COMMENT:
During the review of comments received on this proposal, the Committee noted that some of the conditions
reflected in the bullets under the new subheading "Including a Retroactive Period in a Loan Period" could apply to a parent PLUS borrower as well as to a student. For example, a parent borrower could regain eligibility for a PLUS loan after a prior loss of eligibility due to a defaulted Title IV loan, or after a prior failure to meet citizenship requirements.

Response:
The Committee has incorporated language into the first paragraph of the proposed policy text under the subheading "Including a Retroactive Period in a Loan Period" to acknowledge that a school may be evaluating a student’s eligibility to receive the benefit of a parent PLUS loan for a retroactive portion of the current enrollment period after the parent regains eligibility to borrow.

Change:
The proposed policy text has been revised under the subheading "Including a Retroactive Period in a Loan Period," as follows:

Generally, a school may certify a borrower’s eligibility for a Stafford or PLUS loan retroactive to the beginning of the current period of enrollment for a student or parent borrower, as applicable, who meets conditions that include, but are not limited to, the following:

• The student or parent borrower, as applicable, regains eligibility during the period of enrollment after an earlier loss of eligibility due to, for example:
  – Failure to meet satisfactory academic progress (see Section 8.4).
  – Failure to meet citizenship requirements (see Subsection 5.2.A).
  – A prior default or overpayment in a Title IV program (see Subsections 5.2.D and 5.2.E).
  – Inadvertent borrowing in excess of the Stafford annual or aggregate loan limit (see Subsection 6.11.E).

• The student or parent borrower, as applicable, requests a loan in the second or subsequent payment period in the period of enrollment. (Comment: same comment as above; this could be applicable to the student or parent borrower)

COMMENT:
Two commenters recommended that the proposed policy text that begins, “A school may not certify a Stafford or PLUS loan that includes a retroactive period that precedes the date…” be revisited in light of guidance provided in the 07-08 FSA Handbook, Volume 1, Chapter 1, p. 1-13:

When a student regains eligibility during the award year, you may award Pell and Campus-based aid for the current payment period and Direct and FFEL loans for the period of enrollment.

The commenters indicated that the FSA Handbook guidance seems to indicate that when a student with a conviction for a drug-related offense regains eligibility, a school may certify a loan for that student that includes a retroactive loan period within the period of enrollment.

Response:
The Committee agrees with the commenters, and thanks the commenters for pointing out this inaccuracy in the proposed policy’s text.

Change:
The following paragraph of the proposed policy’s text has been deleted:

A school may not certify a Stafford or PLUS loan that includes a retroactive period that precedes the date that a student’s eligibility is reinstated after a conviction for a drug-related offense that resulted in a loss of eligibility (see section 5.8).
A new bullet has been added to the proposed policy text in Section 6.2, under the subheading "Including a Retroactive Period in a Loan Period," as follows:

Generally, a school may certify a borrower’s eligibility for a Stafford or PLUS loan retroactive to the beginning of the current period of enrollment for a student or parent borrower, as applicable, who meets conditions that include, but are not limited to, the following:

- . . .
- . . .
- The student regains eligibility after a loss of eligibility due to a conviction for drug possession or sale (see Section 5.8).

An additional FSA Handbook citation has been added that refers the reader to the Department's guidance concerning the period of time for which a Stafford or PLUS loan may be certified when the student regains eligibility after a loss of eligibility due to a conviction for drug possession or sale, and the common bulletin language has been adjusted.

COMMENT:
One commenter noted that the proposed policy text includes a circumstance when a student regains eligibility during the period of enrollment after an earlier loss of eligibility due to failure to meet satisfactory academic progress. The commenter stated that more clarification was necessary on this topic; specifically, that a student can regain eligibility for Stafford and PLUS loans for the current period of enrollment in which the student again meets satisfactory academic progress standards, unless school policy provides for reinstatement of eligibility at a later point. The commenter observed that the current text of Section 8.4, Assessing Satisfactory Academic Progress, does not include this caveat.

Response:
The Committee agrees that the policy text in Section 8.4 does not include the information provided by the commenter. Since the commenter’s requested clarification pertains solely to satisfactory academic progress and student eligibility, the Committee will consider the commenter’s suggestion for future, separate policy proposal development.

Change:
None.

COMMENT:
One commenter recommended revising all references to FSA Handbook citations to provide consistency with Common Manual convention and similar citations already included in the Common Manual.

Response:
The Committee recently determined that several Manual conventions should be changed for simplicity, including references to the FSA Handbook. As a result, in proposed policy language and in other sections of policy proposals such as the basis, the Committee will use the commonly known acronym for federal student aid, “FSA,” in references to the Handbook. The publication date of the Handbook will now be expressed as two sets of two-digit years, for example, “05-06” or “07-08.” Also, the Committee will subsequently advance an organizational policy proposal to explain in the Manual’s introduction the acronym “FSA” associated with references to the FSA Handbook in the Manual’s policy text. Existing policy text will be aligned later through technical edits.

Change:
None.
COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: October 18, 2007

DRAFT Comments Due
FINAL Consider at GB meeting
X APPROVED with no changes Oct 18

SUBJECT: Prorated Loan Limits

AFFECTED SECTIONS: 6.11.F Prorated Loan Limits

POLICY INFORMATION: 977/Batch 143

EFFECTIVE DATE/TRIGGER EVENT: Retroactive to the implementation of the Common Manual.

BASIS:
§682.204(a)(6) and (7); 07-08 FSA Handbook, Volume 3, Chapter 4, p. 3-92.

CURRENT POLICY:
Current policy states that loan proration is not required for a student completing coursework that is necessary for a professional credential or certification from a state.

REVISED POLICY:
Revised policy states that loan proration is not required for a student completing coursework necessary for a professional credential or certification from a state if that credential or certification is required for employment as a teacher in an elementary or secondary school in that state.

REASON FOR CHANGE:
This change is necessary to ensure that Manual readers do not erroneously infer that loan proration, when applicable, is not required for a student who is enrolled in an eligible postsecondary certificate or degree program that prepares the student for employment in a non-teaching profession.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise subsection 6.11.F, page 25, column 2, paragraph 4, as follows:

6.11.F
Prorated Loan Limits

. . .

• . . .

• . . .

Loan proration is not required for a student completing coursework necessary for a professional credential or certification from a state if that credential or certification is required for employment as a teacher in an elementary or secondary school, or for a student completing preparatory coursework necessary for admission into either an undergraduate or a graduate program of study. (For information on Stafford annual loan limits for these categories of students, see Subsection 6.11.A.)

. . .

PROPOSED LANGUAGE - COMMON BULLETIN:
Prorated Loan Limits
The Common Manual has been revised to clarify that loan proration is required, when applicable, for an undergraduate student who is seeking a professional credential or certification necessary for employment in a non-teaching profession. Loan proration is not required for a student completing coursework necessary for a professional credential or certification from a state if that credential or certification is required for employment as a teacher in an elementary or secondary school.
GUARANTOR COMMENTS:
None.

IMPLICATIONS:
Borrower:
None.

School:
None.

Lender/Servicer:
None.

Guarantor:
None.

U.S. Department of Education:
None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
July 23, 2007

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
October 11, 2007

PROPOSAL DISTRIBUTED TO:
CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others
CM Governing Board Representatives

Comments Received From:
AES/PHEAA, College Assist, CSLF, EAC, Great Lakes, HESC, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

Responses to Comments
Many of the commenters supported this proposal as written. The Committee appreciates the review of all commenters.

COMMENT:
One commenter recommended adding the following sentence to the School Implications statement to help ensure that schools do not disregard the change represented in this policy proposal:

A school should check to ensure its current procedures are in sync with the clarifying language that has been added.

Response:
The Committee respectfully declines to add the sentence the commenter suggests to the School Implications statement. The premise of this correctional policy proposal is to clarify a policy that is already in place, or to align the Manual’s text with policy information already provided in another section. This proposal corrects the omission of any reference to coursework that is necessary for a credential or certification as a teacher, aligning subsection 6.11.F with policy information already found in section 5.11, subsection 6.11.A, and Figure 6-4. Implications for any FFELP participant resulting from this proposal would erroneously imply that the Manual is being updated with a new requirement, which is not the case.
Change:
None.

COMMENT:
Two commenters recommended revising references to FSA Handbook citations to provide consistency with Common Manual convention and similar citations already included in the Common Manual.

Response:
The Committee recently determined that several Manual conventions should be changed for simplicity, including references to the FSA Handbook. As a result, in proposed policy language and in other sections of policy proposals such as the Basis, the Committee will use the commonly known acronym for federal student aid, "FSA," in references to the Handbook. The publication date of the Handbook will now be expressed as two sets of two-digit years, for example, "05-06" or "07-08." Also, the Committee will subsequently advance an organizational policy proposal to explain in the Manual's introduction the acronym “FSA” associated with references to the FSA Handbook in the Manual's policy text. Existing policy text will be aligned later through technical edits.

Change:
None.
COMMON MANUAL - CORRECTION POLICY PROPOSAL
Date: October 18, 2007

Subject: Loss of Eligibility for Special Allowance Payments

Affected Sections: 15.1.A Agreement to Guarantee Federal Consolidation Loans

Policy Information: 978/Batch 143

Effective Date/Trigger Event: Retroactive to the implementation of the Common Manual.

Basis: §682.302(d)(1)(iv).

Current Policy: Current policy states that any failure on the part of a lender to fulfill due diligence requirements on a Consolidation loan may result in a loss of eligibility for any interest subsidy payments that might otherwise apply to that Consolidation loan.

Revised Policy: Revised policy clarifies that any failure on the part of a lender to fulfill due diligence requirements on a Consolidation loan may result in a loss of eligibility for any interest subsidy and special allowance payments that might otherwise apply to that Consolidation loan.

Reason for Change: This change aligns the Manual’s language in Subsection 15.1.A about eligibility for any interest subsidy and special allowance payments with Section 12.4 and current federal regulations.

Proposed Language - Common Manual:
Revise Subsection 15.1.A, page 1, column 2, paragraph 2, as follows:

Lenders must diligently service Consolidation loans in accordance with provisions applicable to other FFELP loans. Any failure to fulfill those requirements may result in a loss of the guarantee on the loan and a loss of eligibility for any interest subsidy and special allowance payments that might otherwise apply (see Sections 12.4 and 15.6).

Proposed Language - Common Bulletin:
Loss of Eligibility for Special Allowance Payments
The Common Manual has been revised to clarify that any failure on the part of a lender to fulfill due diligence on a Consolidation loan may result in a loss of eligibility for any interest benefits and special allowance payments that might otherwise apply to that Consolidation loan. This change aligns Subsection 15.1.A with current language in Section 12.4.

Guarantor Comments: None.

Implications:
Borrower:
None.

School:
None.

Lender/Servicer:
None.
Guarantor:
None.

U.S. Department of Education:
None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:
September 25, 2006

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:
October 11, 2007

PROPOSAL DISTRIBUTED TO:
CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others
CM Governing Board Representatives

Comments Received From:
AES/PHEAA, College Assist, CSLF, EAC, Great Lakes, HESC, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, UHEAA, USA Funds, and VSAC.

Responses to Comments

Note: Many commenters supported this policy as written. We appreciate the review of all commenters, their careful consideration of the policy, and their assistance in crafting clear, concise policy statements.

COMMENT:
Several commenters noted that the Basis provided for this proposal was incorrect, and suggested it be changed to 682.302(d)(1)(iv).

Response:
The Committee agrees.

Change:
The Basis has been changed to 682.302(d)(1)(iv).

COMMENT:
One commenter suggested the Revised Policy statement should recap the Current Policy of the loss of interest subsidy in order to clarify that the loss of special allowance payments is additive.

Response:
The Committee agrees.

Change:
The Revised Policy statement has been revised, as follows:

“Revised policy clarifies that any failure on the part of a lender to fulfill due diligence requirements on a Consolidation loan may also result in a loss of eligibility for any interest subsidy and special allowance payments that might otherwise apply to that Consolidation loan.”

COMMENT:
One commenter suggested adding a Lender/Servicer Implication Statement that states that a lender/servicer should check to ensure its current procedures are in sync with the clarifying language that has been added so the change is not disregarded.
Response:
The purpose of this proposal was to align the policy in this subsection with the policy already contained in Section 12.4 of the Manual. As a matter of procedure, a Correction proposal does not include implication statements because the proposal does not require any new action by participants. However, in light of the commenter’s concern, a cross-reference to Section 12.4 has been added to the Proposed Language.

Change:
The Proposed Language has been revised, as follows:

Lenders must diligently service Consolidation loans in accordance with provisions applicable to other FFELP loans. Any failure to fulfill those requirements may result in a loss of the guarantee on the loan and a loss of eligibility for any interest subsidy and special allowance payments that might otherwise apply (see Sections 12.4 and 15.6).