

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1159	Defining an Academic Year	<p><b><u>6.1</u></b>      <b><u>Defining an Academic Year</u></b>  <b><u>Appendix G</u></b></p> <p>Clarifies that a school must define and document a program's Title IV academic year and, for a credit-hour program, the program's structure (i.e., term-based or non-term-based). Requires a school to use the same academic year definition for all students enrolled in a particular program. Describes a school's ability to define a different academic year for two versions of the same program, and explains the treatment of a student taking courses from separate versions of a program. Updates the glossary definition of "academic year" to include minimum statutory requirements for an academic year in a graduate or professional program.</p>	Federal	<p>Publication date of the 95-96 FSA Handbook for the requirement to use the same academic year for all students enrolled in a particular program.</p> <p>Publication date of the 04-05 FSA Handbook for:</p> <ul style="list-style-type: none"> <li>• The treatment of a student taking courses from two different versions of a program with different academic year definitions.</li> <li>• The treatment of a clock-hour program, including such a program with terms, as non-term-based.</li> </ul>
1160	Low Cohort Default Rate Exemptions from Multiple Disbursement and Delayed Delivery Requirements	<p><b><u>6.4.A</u></b>      <b><u>Multiple Disbursements and Exceptions</u></b>  <b><u>8.7.D</u></b>      <b><u>Delayed Delivery</u></b></p> <p>Consistently states that delayed delivery and multiple disbursement exemptions are based on <i>official</i> cohort default rates. Incorporates text that explains when a school may begin certifying loans based upon these exemptions. Clarifies existing policy about when a school must cease certifying loans based on the exemptions when the school's cohort default rate(s) no longer qualifies the school for an exemption.</p>	Correction	<p>Disbursements made on or after February 8, 2006, for the multiple disbursement and delayed delivery exemptions at a school with an official cohort default rate of less than 10% for the three most recent fiscal years.</p> <p>Disbursements received by the school on or after October 1, 1998, for the multiple disbursement and delayed delivery exemptions for a student enrolled in a study-abroad program at a school with an official cohort default rate of less than 5% for the most recent fiscal year.</p>
1161	Mandatory Administrative Forbearance Eligibility for Internship or Residency	<p><b><u>11.24.B</u></b>      <b><u>Internship or Residency</u></b></p> <p>States that the eligibility criteria for internship or residency deferment apply also to the mandatory administrative forbearance for internship or residency, except that the borrower does not need to be a new borrower before July 1, 1993, to qualify for the forbearance.</p>	Correction	Retroactive to the implementation of the <i>Common Manual</i> .

1162	Historic Special Allowance Information	<p><b><u>A.2.B</u></b>      <b><u>Termination of Special Allowance</u></b></p> <p><b><u>Appendix H</u></b></p> <p>Moves to the history appendix outdated references regarding the termination of special allowance on unconsummated loans with first disbursement dates prior to October 1, 1992.</p>	Organizational	Upon approval by the <i>Common Manual</i> Governing Board.
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Batch 164-trans

# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: January 21, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With Changes	Jan 21

**SUBJECT:** Defining an Academic Year

**AFFECTED SECTIONS:** 6.1 Defining an Academic Year  
Appendix G

**POLICY INFORMATION:** 1159/Batch 164

**EFFECTIVE DATE/TRIGGER EVENT:** Publication date of the 95-96 FSA Handbook for the requirement to use the same academic year for all students enrolled in a particular program.

Publication date of the 04-05 FSA Handbook for:

- The treatment of a student taking courses from two different versions of a program with different academic year definitions.
- The treatment of a clock-hour program, including such a program with terms, as non-term-based.

**BASIS:** 95-96 FSA Handbook, Chapter 3, p. 25; 04-05 FSA Handbook, Volume 3, pp. 3-1 and 3-4.

## CURRENT POLICY:

Current policy states that a school must define a program's academic year, but does not clarify that a school must also define a program's structure (i.e., term-based or non-term-based). Current policy does not require a school to use the same academic year definition for all students enrolled in a particular program, does not clarify that a school may define the academic year differently for two versions of the same program, and does not require a school to document its academic year definition for all of its programs.

The current glossary definition of an academic year does not acknowledge the minimum statutory definition of an academic year in a graduate program.

## REVISED POLICY:

Revised policy clarifies that a school must define a program's academic year in weeks of instructional time and for an undergraduate program, credit or clock hours. For a credit-hour program, a school must define the program's structure – whether it is offered in standard terms, nonstandard terms, or no terms. For the purposes of Title IV aid, a clock-hour program, including such a program with terms, is treated as non-term-based. Revised policy clarifies that the school may treat two versions of the same academic program (e.g., the day and night versions of the same academic program) as two separate programs and define different academic years for each version. If a school establishes separate versions of a program with different academic years but allows individual students to take courses from both versions, the school must determine in which version of the program it considers the student to be enrolled. A student must be taking at least 50% of his or her coursework from a particular version of the program in order for the school to consider the student enrolled in that version of the program.

Revised policy states that a school must use the same academic year definition for all students enrolled in a particular program. A school must document the academic year definition it uses for each of its programs.

The glossary definition of "academic year" incorporates existing Manual text, which states that for a graduate or professional program, an academic year is a period of at least 30 weeks of instructional time. There is no statutory minimum number of hours that a student must complete within the academic year for a graduate or professional program.

## REASON FOR CHANGE:

This change is necessary to update the Manual with guidance the Department provides in the FSA Handbook, and to align the glossary definition of "academic year" with text already present in Subsection 6.1.A.

## PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 6.1, page 1, column 1, as follows:

## **6.1 Defining an Academic Year**

To determine and certify the appropriate loan amount, the A school must first define the a program's academic year for which the funds are intended. For a credit-hour program, a school must define how the program is structured – whether the program is offered in standard (i.e., semester, trimester, or quarter) terms, nonstandard terms, or no terms. For the purposes of Title IV aid, a clock-hour program, including such a program with terms, is treated as non-term-based. The academic year is defined in weeks of instructional time and, for an undergraduate program, credit or clock hours. For purposes of defining the academic year, a week of instructional time is any consecutive 7-day period in which the school provides at least one day of regularly scheduled classes or examination, or after the last scheduled day of classes for a term or payment period, at least one day of study for final examinations. Instructional time does not include periods of orientation, counseling, vacation, or homework. [§668.3(b); 09-10 FSA Handbook, Volume 3, Chapter 1, pp. 3-1, 3-2, and 3-5]

A school may have different academic years for different programs. For example, a school may choose to define the academic year for a term-based credit-hour program differently from a non-term-based credit-hour program. In addition, a school may treat multiple versions of the same program (e.g., the day and night versions) as separate programs and define a different academic year for each version. If a school defines different academic years for different versions of the same program and the school permits a student to enroll in coursework from both versions of the program, the school must determine the version in which the student is actually enrolled. A student must be taking at least 50% of his or her coursework from a particular version of the program in order for the school to consider the student enrolled in that version of the program. [09-10 FSA Handbook, Volume 3, Chapter 1, p. 3-1]

A school must use the same academic year definition for all students enrolled in a particular program. The school must document the academic year definition for each of its academic programs. The academic year definition for the program, or the version of the program, in which the student is enrolled determines the frequency of Stafford annual loan limits, the minimum and maximum Stafford and PLUS loan periods, payment periods, and the timing of loan disbursements and deliveries. [09-10 FSA Handbook, Volume 3, Chapter 1, pp. 3-1 and 3-6]

Revise Appendix G, page 1, column 1, paragraph 4, as follows:

**Academic Year:** For the purposes of determining a borrower's Title IV aid eligibility, a period during which an undergraduate, full-time student is expected to complete either of the following:

- At least 30 weeks of instructional time and 24 semester or trimester hours, or 36 quarter hours in an educational program that measures program length in credit hours.
- At least 26 weeks of instructional time and 900 clock hours in an educational program that measures program length in clock hours.

Upon written request from a school, the Department may reduce the minimum number of weeks in an academic year to between 26 and 29 weeks of instructional time for a credit-hour program that leads to an associate degree or a bachelor's degree.

For a graduate or professional program, an academic year is a period of at least 30 weeks of instructional time. There is no statutory minimum number of hours that a student must complete within the academic year for a graduate or professional program.

### **PROPOSED LANGUAGE - COMMON BULLETIN: Defining an Academic Year**

The *Common Manual* has been updated to provide more explicit guidance concerning the definition of an academic year.

A school must define a program's academic year and, for a credit-hour program, how the program is structured – whether it is offered in standard terms (i.e., semesters, trimesters, or quarters), nonstandard terms, or no terms. For the purposes of Title IV aid, a clock-hour program, including such a program with terms, is treated as non-term-based. The academic year is defined in weeks of instructional time and, for an undergraduate program, credit or clock hours.

A program's academic year need not coincide with the program's academic calendar. For example, a school may choose to define the academic year for a term-based credit-hour program differently from the academic year for a non-term-based credit-hour program. In addition, a school may treat multiple versions of the same program (e.g., the day and night versions) as separate programs and define a different academic year for each version. If a school defines different academic years for different versions of the same program and the school permits a student to enroll in coursework from both versions of the program, the school must determine the version in which the student is actually enrolled. A student must be taking at least 50% of his or her coursework from a particular version of the program in order for the school to consider the student enrolled in that version of the program.

A school must use the same academic year definition for all students enrolled in a particular program. The school must document the academic year definition for each of its academic programs. The academic year definition for the program, or the version of the program, in which the student is enrolled determines the frequency of Stafford annual loan limits, the minimum and maximum Stafford and PLUS loan periods, payment periods, and the timing of loan disbursements and deliveries.

The glossary definition of "academic year" has been updated to align with Manual text in Subsection 6.1.A, clarifying that for a graduate or professional program, an academic year is a period of at least 30 weeks of instructional time. There is no statutory minimum number of hours that a student must complete within the academic year for a graduate or professional program.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:*

A borrower attending two versions of the same program may experience more consistent application of Stafford annual loan limits, loan periods, and loan disbursement and delivery schedules.

*School:*

A school may be required to update its internal policies to reflect the academic year definition and structure for all of its programs. A school that permits a student to enroll in coursework from two different versions of the same program may be required to establish a process for determining in which version of the program the student is taking at least 50% of his or her coursework. Such a school may also be required to update loan certification procedures to ensure that a borrower's Stafford annual loan limits, loan periods, and disbursement and delivery schedules conform to the rules associated with the version of the program in which the school considers the student to be enrolled.

*Lender/Service:*

None.

*Guarantor:*

A guarantor may find it necessary to update its program review procedures.

*U.S. Department of Education:*

The Department may find it necessary to update its program review procedures.

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**To be completed by the Policy Committee**

**POLICY CHANGE PROPOSED BY:**

CM Policy Committee

**DATE SUBMITTED TO CM POLICY COMMITTEE:**

October 13, 2009

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

January 14, 2010

**PROPOSAL DISTRIBUTED TO:**

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

**Comments Received From:**

AES/PHEAA, ASA, CSLF, Edfund, FAME, Great Lakes, HESC, MGA, NASFAA, NCHelp, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, UHEAA, and USA Funds.

**Responses to Comments**

Most of the commenters supported this proposal as written. Other commenters recommended wordsmithing and reorganization changes or typographical corrections that made no substantive changes to the policy 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:**

Two commenters questioned the policy statement that a program's academic year need not coincide with the program's academic calendar. The commenters also asked the Policy Committee to conduct additional research and update the example with additional text from the FSA Handbook that describes the impact on Pell grant and FFELP loan disbursements, annual loan limits, and annual loan limit progression.

**Response:**

The Committee has conducted the additional research that the commenters requested. Published Department guidance does not use the term "academic calendar" in a consistent manner that permits a confident conclusion about its meaning. The additional text that the commenters suggest (from FSA Handbook guidance) implies that the difference between "academic calendar" and "academic year" impacts loan disbursements; however, it is vague, focuses only on "academic year" in the example, and provides no conclusive insight into the statement in question, "A program's academic year need not coincide with the program's academic calendar." Therefore, the Committee believes that this statement and the subsequent example should be stricken from the proposed policy text.

**Change:**

Revise Section 6.1, page 1, column 1, paragraph 2 as follows:

A program's school may have different academic years for different programs need not coincide with the program's academic calendar. For example, a school may choose to use a borrower-based define the academic year (BBAY) as an alternative to a scheduled academic year (SAY) that corresponds to the school's traditional academic year calendar (see Subsection 6.1.B) for a term-based credit-hour program differently from the academic year for a non-term-based credit-hour program. In addition, a school may have treat multiple versions of the same program (e.g., the day and night versions) as separate programs and define a different academic years for different programs each version.

**COMMENT:**

One commenter questioned the following proposed policy text:

. . . a school may treat multiple versions of the same program (e.g., the day and night versions) as separate programs and define a different academic year for each version. If a school defines different academic years for different versions of the same program and the school permits a student to enroll in coursework from both versions of the program, the school must determine the version in which the student is actually enrolled. A student must be taking at least 50% of his or her coursework from a particular version of the program in order for the school to consider the student enrolled in that version of the program. . .

The commenter expressed concern that this guidance appeared to conflict with Pell grant regulations in 34

CFR 690.63(a), which the commenter interprets to prohibit a student from enrolling simultaneously in overlapping terms and requires students who enroll with a cohort to remain in their cohort.

**Response:**

The proposed policy text that the commenter questions is taken directly from the 09-10 FSA Handbook, Volume 3, p. 3-1. In summary, 34 CFR 690.63(a) prohibits a school from calculating Pell grant payments according to the rules applicable to a standard term-based program if the terms within such a program overlap. While the commenter's concern is specific to the Federal Pell Grant Program, the Committee notes that the existence of overlapping terms within a single program that a school defined as standard term-based would create issues in the FFELP for matters including the frequency of Stafford annual loan limits, payment period definitions, and minimum loan periods.

The Committee therefore contacted the commenter directly for assistance in clarifying the FSA Handbook guidance quoted in proposed policy text. The commenter provided the Committee with private guidance from the Department that offers an additional explanation. The Department's FSA Handbook guidance permits a school to treat multiple versions of the same program as separate programs and define a different academic year (and a different program structure) for each version of the program. The guidance concerning the 50% standard for determining the version of the program in which the student is enrolled applies in a case when, for example, a student enrolled in a program offered on campus and structured in standard terms opts to take some courses offered on campus through an on-line version of the program that has a different defined academic year and different structure. In such a case, the Department has provided for the limited exception outlined in the FSA Handbook so as not to undermine the term-based structure of the program in which the student is considered to be primarily enrolled. However, in order to exercise this limited exception, the Department's private guidance stresses that the school must monitor the student's enrollment in both versions of the program to determine which version of the program the student is considered to be enrolled. The version of the program in which the student is considered to be enrolled is the version in which the student is taking at least 50% of his or her coursework. That version of the program – its academic year and structure – determines the applicable Pell grant payment calculation formula, and for FFELP, determines the frequency of Stafford annual loan limits, payment periods, and minimum loan periods. If a school fails to monitor the student's enrollment and ensure compliance with the 50% standard, the Department considers the student to be enrolled in a single, non-term-based program.

The Committee extends its appreciation to the commenter for providing additional information and clarification from the Department.

**Change:**

None.

Jcs-bmf/edited-aes

# COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: January 21, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Jan 21

**SUBJECT:** **Low Cohort Default Rate Exemptions from Multiple Disbursement and Delayed Delivery Requirements**

**AFFECTED SECTIONS:** **6.4.A Multiple Disbursements and Exceptions**  
**8.7.D Delayed Delivery**

**POLICY INFORMATION:** **1160/Batch 164**

**EFFECTIVE DATE/TRIGGER EVENT:** Disbursements made on or after February 8, 2006, for the multiple disbursement and delayed delivery exemptions at a school with an official cohort default rate of less than 10% for the three most recent fiscal years.

Disbursements received by the school on or after October 1, 1998, for the multiple disbursement and delayed delivery exemptions for a student enrolled in a study-abroad program at a school with an official cohort default rate of less than 5% for the most recent fiscal year.

**BASIS:**

HEA §428G(a)(3), (b)(1), and (e); §682.603(i)(1)(i) and (2); §682.604(c)(5)(i) and (ii); §682.604(c)(8)(i) and (ii); August 2006 *Cohort Default Rate Guide*, Part 2, Chapter 2.4, p. 2.4-2.

**CURRENT POLICY:**

Current policy does not state explicitly that it is a school's *official* cohort default rate(s) that triggers the school's eligibility for multiple disbursements and delayed delivery exemptions or explain how a school implements these exemptions. Current policy does not explain when a school that has had a cohort default rate of less than 10% for the three most recent fiscal years must implement the delayed delivery requirement should the school no longer meets the qualifications for a delayed delivery exemption.

**REVISED POLICY:**

Revised policy states consistently that the delayed delivery and multiple disbursement exemptions apply to a school with 1) an *official* cohort default rate of less than 10% for each of the three most recent fiscal years for which data are available, or, 2) an *official* cohort default rate of less than 5% for the most recent fiscal year for which data is available in the case of a student who will receive course credit at the school for enrollment in a study-abroad program. Revised policy clarifies that a school may begin certifying loans based on these exemptions when it receives from the Department its official cohort default rate notification letter, or notification of a successful adjustment or appeal. In addition, revised policy explains that a school must cease certifying loans based on any of the multiple disbursement or delayed delivery exemptions no later than 30 days after the date it receives notification from the Department of an *official* cohort default rate that causes the school to no longer meet the qualifications for the exemption. Reference to a "published" cohort default rate has been deleted from Manual text.

**REASON FOR CHANGE:**

This change is necessary to provide consistency and clarity within Manual text.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 6.4.A, page 13, column 1, paragraph 5, as follows:

**6.4.A**  
**Multiple Disbursements and ~~Exceptions~~ Low Cohort Default Rate Exemptions**

The school must establish a disbursement schedule that ensures that a Stafford or PLUS loan is disbursed in two or more installments, regardless of the loan amount. A Stafford or PLUS loan may be disbursed by a single ~~disbursement~~ installment only in the following cases:



- The loan is ~~made~~ certified for a period of enrollment that is not more than one semester, trimester, or quarter, or, for a school without standard terms, not more than 4 months, and if the school's official cohort default rate is less than 10% for each of the three most recent fiscal years for which information data is are available is less than 10%.  
[HEA §428G(a)(3); §682.604(c)(8)(i)]
- The loan is ~~made~~ certified to a student enrolled in a study-abroad program, and if the eligible school at which the student will receive course credit for the study-abroad program has an official cohort default rate of that is less than 5% for the most recent fiscal year for which information data is are available.  
[HEA §428G(e); §682.604(c)(8)(ii)]

A school may begin certifying loans based on these exemptions when it receives from the Department its official cohort default rate notification letter (see Section 16.1) or notification of a successful adjustment or appeal. A school must cease to certify loans based on these ~~exceptions~~ exemptions no later than 30 days after the date it receives a ~~notice~~ notification from the Department of an official cohort default rate that causes the school to no longer meet the necessary qualifications for an exemption.  
[§682.603(h)(i)(2); Cohort Default Rate Guide]

Revise Subsection 8.7.D, page 11, column 2, paragraph 2, as follows:

#### **8.7.D Delayed Delivery**

Unless ~~exempt~~ a school qualifies for an exemption (see the following paragraphs), ~~a~~ the school must not deliver the first disbursement of a Stafford loan to a first-year undergraduate student who is a first time-borrower. . . until the student completes the first 30 days of his or her program of study. . .

...

#### **Low Cohort Default Rate Exemptions**

A school whose is not required to delay the delivery of the first disbursement of a Stafford loan to a first-year undergraduate student who is a first-time borrower in the following cases:

- The school's official cohort default rate is less than 10% for each of the three most recent fiscal years for which data are available is exempt from the requirement to delay delivery of funds to first-year undergraduate students who are first-time borrowers.
- [HEA §428G(b)(1)]

#### **Study-Abroad Exemption**

- An The eligible school at which a student will receive course credit in a study-abroad program is exempt from the requirement to delay delivery of funds to first-year undergraduate study-abroad students who are first-time borrowers if the school has an published official cohort default rate of that is less than 5% for the most recent fiscal year for which information data is are available.

A school may begin certifying loans based on these exemptions when it receives from the Department its official cohort default rate notification letter (see Section 16.1), or notification of a successful adjustment or appeal. The school must cease certifying loans based upon ~~this~~ these exemptions no later than 30 days after the date it receives notification from the Department of an official cohort default rate that causes the school to no longer qualify for this exemption ~~meet the necessary qualifications for an exemption.~~  
[HEA §428G(b)(1) and (e); §682.603(h)(i)(2); §682.604(c)(5)(ii); Cohort Default Rate Guide]

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

**Low Cohort Default Rate Exemptions from Multiple Disbursement and Delayed Delivery Requirements**

The *Common Manual* has been updated to consistently state that exemptions from the delayed delivery and multiple disbursement requirements apply to a school with an *official* cohort default rate of less than 10% for each of the three most recent fiscal years for which data are available. These exemptions also apply to a school with an *official* cohort default rate of less than 5% for the most recent fiscal year for which data is available in the case of a student who will receive course credit at the school for enrollment in a study-abroad program. Such a school may begin certifying loans based on these exemptions when it receives from the Department its official cohort default rate notification letter, or notification of a successful adjustment or appeal. In all cases when a school qualifies for a multiple disbursement and delayed delivery exemption, the Manual explains that a school must cease certifying loans based on the applicable exemption no later than 30 days after the date it receives notification from the Department of an *official* cohort default rate that causes the school to no longer meet the qualifications for an exemption.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*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:**

September 1, 2008

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

January 14, 2010

**PROPOSAL DISTRIBUTED TO:**

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

**Comments Received From:**

AES/PHEAA, ASA, CSLF, Edfund, FAME, Great Lakes, HESC, MGA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, UHEAA, and USA Funds.

**Responses to Comments**

All commenters supported this proposal as written. Several commenters recommended punctuation or wordsmithing changes that were incorporated 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:**

Two commenters questioned whether the verb “is” or “are” should be used with the noun “data.”

**Response:**

The Common Manual Editing Chair researched the issue and proposed that the Policy Committee establish a convention for using “are” throughout the Manual since “data” is the plural form of the Latin noun “datum” and, therefore, requires a plural verb.

**Change:**

The Committee adopted this style convention and made adjustments to the language within the policy. Other occurrences within the Manual will be identified and changed within the technical edit process for consistency.

jcs-om/edited-aes

# COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: January 21, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Jan 21

**SUBJECT:** **Mandatory Administrative Forbearance Eligibility for Internship or Residency**

**AFFECTED SECTIONS:** **11.24.B Internship or Residency**

**POLICY INFORMATION:** **1161/Batch 164**

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

**BASIS:**  
§682.211(h).

**CURRENT POLICY:**  
Current policy states that the eligibility requirements for mandatory administrative forbearance for an internship or residency are the same as those for an internship/residency deferment (see Section 11.7).

**REVISED POLICY:**  
Revised policy states that the eligibility requirements for an internship/residency deferment apply also to the mandatory administrative forbearance for internship or residency, except that the borrower does not need to be a new borrower before July 1, 1993, to qualify for the forbearance.

**REASON FOR CHANGE:**  
This change is necessary to clarify the sole difference between the eligibility requirements for an internship/residency deferment and mandatory administrative forbearance for internship or residency.

## **PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 11.24.B, page 42, column 1, paragraph 2, as follows:

### **11.24.B Internship or Residency**

A lender must grant forbearance to a qualified borrower who meets either of the following criteria:

- The borrower has exhausted his or her eligibility for internship/residency deferment.
- The borrower's promissory note does not provide for an internship/residency deferment.

Eligibility and documentation requirements are the same as for a borrower who has requested an internship/residency deferment (see Section 11.7), except that the borrower does not need to be a new borrower before July 1, 1993, to qualify for forbearance. In addition, the documentation requirements are the same for both deferment and forbearance (see Subsection 11.7.A). A lender must grant forbearance in 12-month increments unless the actual period during which a borrower is eligible is less than 12 months. See Subsection 11.20.I for information regarding notices that the lender must send when granting a forbearance and during the forbearance period.

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

### **Mandatory Administrative Forbearance Eligibility for Internship or Residency**

The *Common Manual* has been revised to clarify that the eligibility requirements for an internship/residency deferment apply also to the mandatory administrative forbearance for an internship or residency, except that the borrower does not need to be a new borrower before July 1, 1993, to qualify for the forbearance.

**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:**  
July 28, 2009

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**  
January 14, 2010

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

**Comments Received From:**  
AES/PHEAA, ASA, CSLF, Edfund, FAME, Great Lakes, HESC, MGA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, UHEAA, and USA Funds.

**Responses to Comments**

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Most of the commenters supported this proposal as written. 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 adding information to Subsection 11.24.B, paragraph 2, first sentence, as follows:

“Eligibility and documentation requirements are the same as for a borrower who has requested an internship/residency deferment (see Section 11.7), except that the borrower does not need to be a new borrower before July 1, 1993, in order to qualify for the forbearance, or submit an Education Related Deferment Request.”

The rationale for this suggestion is that the addition information adds clarity--a deferment form is not required for the forbearance, although all the other documentation requirements are the same.

**Response:**

The Committee appreciates the commenter’s suggestion that the documentation requirements differ slightly because the borrower does not have to submit an Education Related Deferment Request in order to qualify for the forbearance.

**Change:**

The Committee made adjustments to the language to specifically cross reference Subsection 11.7.A for the

documentation requirements for the internship or residency forbearance.

ma/edited-chh

# COMMON MANUAL – ORGANIZATIONAL POLICY PROPOSAL

Date: January 21, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With No Changes	Jan 21

**SUBJECT:** Historic Special Allowance Information

**AFFECTED SECTIONS:** A.2.B Termination of Special Allowance  
Appendix H

**POLICY INFORMATION:** 1162/Batch 164

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

**BASIS:**  
None.

**CURRENT POLICY:**

Current policy includes outdated text providing instruction to the lender regarding the termination of special allowance on unconsummated loans with first disbursement dates prior to October 1, 1992.

**REVISED POLICY:**

Revised policy moves these outdated references to the history appendix, as lenders have no current need for this information in practice or to support current audits.

**REASON FOR CHANGE:**

Appendix H is a better location for information related to historical loan administration rules.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection A.2.B, page 13, column 1, paragraph 1, bullets 8 and 9, as follows:

The Department's obligation to pay special allowance for an eligible loan ends on the earliest of the following dates, as applicable:

- ...
- ...
- ...
- ...
- ...
- ...
- ...
- ...
- ~~For a loan first disbursed prior to October 1, 1992, the date the lender receives a returned, uncashed disbursement check for the loan.~~  
[§682.302(d)(1)(ii)]
- ~~For a loan first disbursed prior to October 1, 1992, the 120th day after the disbursement date if the disbursement check has not been cashed or the EFT/master check funds have not been released from the school's account to the borrower by that date.~~  
[§682.302(d)(1)(v)]
- ...

Revise Appendix H, page 6, column 1, by inserting a new topic under the subheading "December 26, 1986" following the entry for "Refunds," as follows:

*Special allowance:* The lender must terminate special allowance billing on the earlier of the date that it receives a returned, uncashed disbursement check for the loan or the 120th day after the disbursement date if the disbursement check has not been cashed or the EFT or

master check funds have not been released from the school's account to the borrower by that date.

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Historic Special Allowance Information**

The *Common Manual* has been revised to remove from Subsection A.2.B references to special allowance provisions for unconsummated loans predating October 1992, and to insert a reference to those provisions in the history appendix.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*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:**

October 9, 2009

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

January 14, 2010

**PROPOSAL DISTRIBUTED TO:**

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

CM Governing Board Representatives

**Comments Received From:**

AES/PHEAA, ASA, CSLF, EdFund, FAME, Great Lakes, HESC, MGA, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLND, SLSA, TG, UHEAA, and USA Funds.

**Responses to Comments**

Most of the commenters supported this proposal as written. One commenter provided minor wordsmithing suggestions that were incorporated without a response. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

bg/edited-tmh