

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1213	Determining Current-Year and Prior-Year Charges	<p><u>6.5 Determining the Student's Cost of Attendance (COA)</u> <u>8.7.I Delivery Methods</u> <u>8.8 Managing Credit Balances</u></p> <p>Provides the definition of and explains how to determine current-year and prior-year charges for the purpose of determining if a school may pay minor, prior-year charges with current-year Title IV funds.</p>	Federal	Prior-year charges paid by a school with current-year funds on or after September 8, 2009.
1214	30-Day Payment Due Date Extension for PLUS Loans	<p><u>10.5.B PLUS and SLS Loan First Payment Due Date</u> <u>10.5.D Revised Out-of-School Dates before Conversion to Repayment</u> <u>11.1.I Establishing Repayment after Deferment</u> <u>11.6.D Summer Bridge Extension</u> <u>11.20.J Establishing Repayment after Forbearance</u></p> <p>States that the 30-day payment due date extension to comply with the repayment disclosure requirement is applicable to PLUS Loans</p>	Federal	Plus loans that enter or reenter repayment on or after July 1, 2010.
1215	Definition of Institution-Affiliated Organization	<p><u>Appendix G</u></p> <p>Clarifies that an institution-affiliated organization does not include a lender with respect to any education loan that a lender secures, makes, or otherwise extends to the school's students or their families.</p>	Federal	July 1, 2010.
1216	Teacher Loan Forgiveness Program *Deferred for additional consideration* To be redistributed in Batch 172	<p><u>13.9.A Teacher Loan Forgiveness Program</u></p> <p>Clarifies that, in the case of a borrower with an outstanding balance on a FFELP or FDLP loan on October 1, 1998, the loan's outstanding balance must be considered paid in full or discharged as of the date the borrower obtains a new loan after October 1, 1998.</p>	Correction	Teacher loan forgiveness applications received by a lender on or after July 1, 2001, from new borrowers on or after October 1, 1998.

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1217	Remitting Consolidation Loan Rebate Fee Payments	<p><u>15.7 Interest Payment Rebate Fee</u></p> <p>Provides a current address for mailing Consolidation Loan rebate fees by check and a current process for remitting Consolidation Loan rebate fees through the Automated Clearinghouse (ACH).</p>	Correction	<p>Effective for Consolidation Loan rebate fee payments made by:</p> <ul style="list-style-type: none"> • Automated Clearinghouse (ACH) on or after September 9, 2007. • Check on or after October 1, 2007.
1218	Lender Disbursement	<p><u>7.7.A Earliest Date for Disbursement</u></p> <p>Deletes redundant and incomplete references to rules that a school must use in establishing a disbursement schedule from Manual text that addresses lender disbursement.</p>	Organizational	Upon approval by the <i>Common Manual</i> Governing Board.

Batch 170 (Approved)

COMMON MANUAL – FEDERAL POLICY PROPOSAL

Date: September 16, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Sept 16

SUBJECT: Determining Current-Year and Prior-Year Charges

AFFECTED SECTIONS: 6.5 Determining the Student's Cost of Attendance (COA)
8.7.I Delivery Methods
8.8 Managing Credit Balances

POLICY INFORMATION: 1213/Batch 170

EFFECTIVE DATE/TRIGGER EVENT: Prior-year charges paid by a school with current-year funds on or after September 8, 2009.

BASIS: §668.164(d)(2) and (e); DCL GEN-09-11; 09-10 FSA Handbook, Volume 4, Chapter 1, pp. 4-11 to 4-14.

CURRENT POLICY: Current policy provides for payment of minor prior-year charges with current-year Title IV funds. Current policy does not specify how a school determines current-year and prior-year charges for this purpose.

REVISED POLICY: Revised policy provides the definition of and explains how to determine current-year and prior-year charges for the purpose of determining whether a school may pay prior-year charges with current-year Title IV funds. Revised policy also clarifies that a school that charges at the beginning of the program the total cost of a program that is greater than an academic year in length is required to apportion the amount of charges to each year and this apportionment determines what the school must consider "current-year" charges for the purpose of paying minor, prior-year charges and for determining when the application of Title IV funds to the student's school account creates a credit balance. This apportionment does not apply to the calculation of cost of attendance used for determining a student's aid package, nor does it modify the procedures for the return of Title IV funds calculation.

REASON FOR CHANGE: This change is being made to clarify the requirements related to paying minor, prior-year charges.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 6.5 of the July 2010 *Common Manual*, page 18, column 1, paragraph 2, as follows:

6.5 Determining the Student's Cost of Attendance (COA)

In order for a school to certify a borrower's Stafford or PLUS loan, it must determine the loan amount the borrower is eligible to receive. The first factor in this determination is the student's cost of attendance (COA). A student's COA for a loan period includes tuition and fees applicable to the student's attendance. . . .

If a school requires the student to pay the tuition and fees for an entire program at the time of initial enrollment in the program, and that program of study is greater than an academic year in length, the school must include these total charges in the COA for the first academic year. The cost of attendance for any subsequent academic year must not include any program costs that are assessed at the beginning of the program.

DCL GEN-09-11; 09-10 FSA Handbook, Volume 4, Chapter 1, pp. 4-11 to 4-14

Revise Subsection 8.7.I of the July 2010 *Common Manual*, page 15, column 2, paragraph 2, as follows:

Allocating Charges to the Current and Prior Years Limitation on Payment of Minor, Prior-Year Charges with Current-Year Title IV Funds

The sum of all minor, prior-year charges for tuition, fees, room, board, and other authorized charges ~~—with the student’s or parent borrower’s authorization—~~ educationally related activities that are paid with Title IV funds from the current year must not exceed \$200.
[§668.164(d)(2)]

For the purpose of determining whether a school may pay minor, prior-year charges with Title IV funds from the current year, the costs of education and other services that a school provides to a student are associated with the “year” for which they are provided.

If a student’s financial aid package includes a FFELP or Direct loan, the “year” is the loan period. “Current-year” charges are defined as charges for tuition, fees, room, board, and other authorized charges the school assessed for the current loan period. “Prior-year” charges are defined as those charges assessed for any loan period that precedes the current loan period.

If the student’s financial aid package does not have a FFELP or Direct loan, the “year” is the award year, and costs for the current year are defined as charges for education and other services provided during the current award year.

If the student’s program of study is more than one academic year in length and the school charges the total costs of that program of study at the beginning of the program, then the school must apportion the program’s total charges to each applicable “year” (i.e., each loan period or award year, as appropriate) to determine what, if any, minor, prior-year charges may be paid with current-year Title IV funds. The school must allocate charges to each year or portion of a year based on the education and other services the school provides to the student during the period of time associated with each year or portion of a year. This apportionment determines the amount of charges applicable to the current and prior years. Charges for books, equipment, supplies, or other materials could be allocated on a pro rata basis, or alternatively, could be allocated to the period in which the school requires the student to purchase them. The school must also use the portion of the program’s total charges that it allocates to each “year” for the purpose of determining whether the student has a credit balance of Title IV funds (see Section 8.8).

The allocation of charges for the purposes of paying minor prior-year charges and determining when a credit balance has been created on the student’s account does not modify the calculation of cost of attendance for determining a student’s aid package, nor does it modify the return of Title IV funds calculation. For more information on calculating the cost of attendance, see Section 6.5. For more information on the treatment of institutional costs in the return of Title IV funds calculation, see Subsection 9.5.A.

[§668.164(d)(2) and (e); DCL GEN-09-11; 09-10 FSA Handbook, Volume 4, Chapter 1, pp. 4-11 to 4-14]

Revise Section 8.8 of the July 2010 *Common Manual*, page 16, column 1, paragraph 2, as follows:

8.8 Managing Credit Balances

A credit balance is created when a school credits Title IV funds to a student’s school account and the total amount of funds credited to the account exceeds the amount of tuition and fees, contracted room and board, and other authorized charges allocated to the current loan period or award year, as appropriate~~that the school assessed the student~~. See Section 8.3 for information about required authorizations. ~~And~~ See Subsection 8.7.I for a description of what constitutes authorized charges and allocating charges to the current year.

[§668.164(e); DCL GEN-09-11; 09-10 FSA Handbook, Volume 4, Chapter 1, pp. 4-11 to 4-14]

PROPOSED LANGUAGE - COMMON BULLETIN: Determining Current-Year and Prior-Year Charges

The July 2010 *Common Manual* has been revised to clarify that for the purpose of determining whether a school may pay minor, prior-year charges with Title IV funds from the current year, the costs of education and other services a school provides to a student are associated with the “year” for which they are provided. If a student’s aid package includes a FFELP or Direct loan, the “year” is the loan period. “Current-year” charges are charges for tuition, fees, room and board, and other educationally related activities that the school assessed for the current loan period. “Prior-year” charges are those charges assessed for any loan period that precedes the current loan period. If the student does not have a FFELP or Direct loan, the “year” is the

award year, and costs for the current year are defined as charges for education and services provided during the current award year.

If a school charges, at the beginning of a program, the total costs of a program that is more than the current loan period or award year, as appropriate, the school must apportion the program's total charges to each applicable "year". Institutional charges allocated to each year or portion of a year would be based on the education and services the school provides to the student during the period of time associated with each year or portion of a year. This apportionment determines the amount of charges applicable to the current and prior years. Charges for books, equipment, supplies, or other materials could be allocated on a pro rata basis, or alternatively, could be allocated to the period in which the school requires the student to purchase them. The school must also use the portion of the program's total charges that it allocates to each "year" for the purpose of determining whether the student has a credit balance of Title IV funds.

The allocation of charges for the purposes of paying minor, prior-year charges and determining when a credit balance has been created on the student's account does not modify the calculation of cost of attendance for determining a student's financial aid package, nor does it modify the return of Title IV funds calculation.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower's ability to use current year funds to pay minor prior-year charges may be limited, depending on the period for which the school certifies the current and prior loan.

School:

A school's ability to use current-year funds to pay minor prior-year charges may be limited for a FFELP or Direct loan borrower, depending on the period for which a school certifies the current and prior loan. A school that charges all program costs up front for a program of greater than an academic year in length may be required to update its policies and procedures to ensure that it appropriately determines current-year and prior-year charges.

Lender/Servicer:

None.

Guarantor:

A guarantor may need to amend its program review procedures.

U.S. Department of Education:

The Department may need to amend its program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

January 12, 2010

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

September 9, 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, EdFund; FAME, Great Lakes, HESAA; HESC, NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLSA, TG, USA Funds and VSAC.

Responses to Comments

Most 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:

Several commenters noted that the references to the chapter and page numbers of the 09-10 FSA Handbook were incorrect.

Response:

The Committee agrees.

Change:

The corrections were made as noted.

COMMENT:

One commenter recommended additional language to the Revised Policy statement and a revision of Section 8.8 to stress the important concept that costs must be apportioned to the current year in determining that a credit balance has been created. Several others recommended wordsmithing to the text that was incorporated as well.

Response:

The Committee agrees.

Change:

REVISED POLICY:

Revised policy provides the definition of and explains how to determine current-year and prior-year charges for the purpose of determining whether a school may pay prior-year charges with current-year Title IV funds. Revised policy also clarifies that a school that charges at the beginning of the program the total cost of a program that is greater than an academic year in length is required to apportion the amount of charges to each year, ~~and~~ ~~†~~ This apportionment determines what are considered “current-year” charges for the purpose of paying minor, prior-year charges and for determining when the application of Title IV funds to the student’s school account creates a credit balance. This apportionment does not apply to the calculation of cost of attendance used for determining a student’s aid package, nor does it modify the procedures for the return of Title IV funds calculation.

Revise Section 8.8 of the July 2010 *Common Manual*, page 16, column 1, paragraph 2, as follows:

8.8 Managing Credit Balances

A credit balance is created when a school credits Title IV funds to a student’s school account and the total amount of funds credited to the account exceeds the amount of tuition and fees, contracted room and board, and other authorized charges allocated to the current loan period or award year, as appropriate ~~that the school assessed the student~~. See Section 8.3 for information about required authorizations. And See Subsection 8.7.I for a description of what constitutes authorized charges and allocating charges to the current year.

[§668.164(e); DCL GEN-09-11; 09-10 FSA Handbook, Volume 4, Chapter 1, pp. 4-11 to 4-14]

COMMENT:

One commenter recommended changing the subtitle because the limitation on the payment of prior-year charges is but one element of this proposed text. The primary element is the apportionment of changes, which then affects payment of prior-year charges and creation of credit balances, but not calculation of cost of attendance or RT4.

This commenter also recommended wordsmithing of the first statement in the paragraph immediately preceding this paragraph to describe in detail that a school must obtain the borrower’s authorization to use Title IV funds to pay charges other than tuition, fees, room, and board, whether in the current or prior year. The commenter suggested that replacing the wordy phrase with “other authorized charges” improves readability and is the term used in Section 8.8.

Response:

The Committee agrees.

Change:

Revise Subsection 8.7.I of the July 2010 *Common Manual*, page 15, column 2, paragraph 2, as follows:

~~Allocating Charges to the Current and Prior Years Limitation on Payment of Minor, Prior-Year Charges with Current-Year Title IV Funds~~

The sum of all minor, prior-year charges for tuition, fees, room, board, and other authorized charges with the student's or parent borrower's authorization, educationally related activities that are paid with Title IV funds from the current year must not exceed \$200.

~~[\$668.164(d)(2)]~~

Revise Section 8.8 of the July 2010 *Common Manual*, page 16, column 1, paragraph 2, as follows:

8.8**Managing Credit Balances**

A credit balance is created when a school credits Title IV funds to a student's school account and the total amount of funds credited to the account exceeds the amount of tuition and fees, contracted room and board, and other authorized charges allocated to the current loan period or award year, as appropriate that the school assessed the student. See Section 8.3 for information about required authorizations. And See Subsection 8.7.I for a description of what constitutes authorized charges and allocating charges to the current year.

[\$668.164(e); DCL GEN-09-11; 09-10 FSA Handbook, Volume 4, Chapter 1, pp. 4-11 to 4-14]

COMMENT:

Two commenters suggested a new opening statement in paragraph 4 under the subheading "Allocating Charges to the Current and Prior Year" to emphasize that the school's allocation of institutional costs for the purpose of paying minor, prior-year charges and determining when a credit balance exists has no relationship to institutional costs used in the cost of attendance for determining federal student aid eligibility, nor does it impact the institutional charge amount used in the return of Title IV funds calculation for a withdrawn student. One of these commenters also recommended that paragraph 4 be condensed to provide cross-references to where the reader can obtain more information about determining the cost of attendance and establishing the amount of institutional charges used in the return of Title IV funds calculation. Several others recommended wordsmithing to the text that was incorporated as well.

Response:

The Committee agrees.

Change:

The Committee will amend the text as follows.

The allocation of charges for the purposes of paying minor prior-year charges and determining when a credit balance has been created on the student's account does not modify the calculation of cost of attendance for determining a student's aid package, nor does it modify the return of Title IV funds calculation. A school that charges all program costs at the beginning of a program that is greater than an academic year in length must include the program's total costs in the cost of attendance for the loan period in which those charges are assessed. The cost of attendance for any subsequent loan period must not include any program costs that are assessed at the beginning of the program. For more information on calculating the cost of attendance, see Section 6.5. For more information on the treatment of institutional costs in the return of Title IV funds calculation, see Subsection 9.5.A.

COMMENT:

One commenter stated that DCL GEN-09-11 specifies that the allocation of charges for the purposes of paying minor prior-year charges and determining when a credit balance has been created on the student's account does not modify the calculation of cost of attendance for determining a student's aid package, nor does it modify the return of Title IV funds procedures. The detail on how charges are handled in calculating cost of attendance is more appropriate in Section 6.5, "Determining the Student's Cost of Attendance."

Response:

The Committee agrees.

Change:

Revise Section 6.5 of the July 2010 *Common Manual*, page 18, column 1, paragraph 2, as follows:

6.5

Determining the Student's Cost of Attendance (COA)

In order for a school to certify a borrower's Stafford or PLUS loan, it must determine the loan amount the borrower is eligible to receive. The first factor in this determination is the student's cost of attendance (COA). A student's COA for a loan period includes tuition and fees applicable to the student's attendance. . . .

If a school requires the student to pay the tuition and fees for an entire program that is greater than an academic year in length at the time of initial enrollment in the program, the school must include these total charges in the COA for the first academic year. The cost of attendance for any subsequent academic year must not include any program costs that are assessed at the beginning of the program.

COMMENT:

One commenter stated that current regulations have not been revised to incorporate the guidance the community has received from the Department on this topic. Current regulations clearly refer only to prior-year charges and that is applicable to all aid types.

Response:

The Committee agrees that regulations do not currently reflect the DCL or FSA Handbook guidance. However, the Committee believes that the Department has issued clear and consistent guidance in multiple forums and that it is an important service to schools to ensure that they understand the current federal expectation with respect to this provision. If regulations change at some future point and amend this policy retroactively, the Committee will move promptly to ensure that it updates the Manual's text.

Change:

None.

om/edited-aes

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: September 16, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Sep 16

SUBJECT: 30-Day Payment Due Date Extension for PLUS Loans

AFFECTED SECTIONS: 10.5.B PLUS and SLS Loan First Payment Due Date
10.5.D Revised Out-of-School Dates before Conversion to Repayment
11.1.I Establishing Repayment after Deferment
11.6.D Summer Bridge Extension
11.20.J Establishing Repayment after Forbearance

POLICY INFORMATION: 1214/Batch 170

EFFECTIVE DATE/TRIGGER EVENT: Plus loans that enter or reenter repayment on or after July 1, 2010.

BASIS:
§682.209(a)(2)(v).

CURRENT POLICY:
Current policy states that the 30-day payment due date extension to comply with the repayment disclosure requirement is not applicable to PLUS loans.

REVISED POLICY:
Revised policy states that the 30-day payment due date extension to comply with the repayment disclosure requirement is applicable to PLUS loans.

REASON FOR CHANGE:
This proposal provides compliance with the regulatory change published in the *Federal Register* dated October 29, 2009.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 10.5.B of the July 2010 *Common Manual*, page 7, column 1, paragraph 3, as follows:

In each case, the preceding time frames may be extended for up to 30 days on an PLUS or SLS loan if an extension is necessary for the lender to comply with the requirement that a repayment notification disclosure be sent to the borrower no less than 30 days before the first payment is due. ~~This extension is not applicable to PLUS loans.~~
[HEA §433(b); §682.209(a)(2) and (3); DCL 96-G-287/96-L-186 Q&A #17-#19]

Revise Subsection 10.5.D of the July 2010 *Common Manual*, page 8, column 1, paragraph 3, bullet 3, as follows:

- Reschedule the borrower's first payment due date to a date that is no more than 60 days after the new deferment end date and no more than 75 days after the date on which the lender received the late notification, whichever is later. The preceding time frames may be extended for up to 30 days if an extension is necessary for the lender to comply with the requirement that a repayment disclosure be sent to the borrower no less than 30 days before the first payment is due.

Revise Subsection 11.1.I of the July 2010 *Common Manual*, page 5, column 2, paragraph 1, as follows:

11.1.I Establishing Repayment after Deferment

A borrower's first payment after deferment must be due no later than 60 days—plus the permissible 30-day extension in the case of a Stafford, PLUS, or SLS loan, as outlined in Subsections 10.5.A and 10.5.C—after the date on which an authorized deferment period ends, unless the borrower makes

payments during the deferment period. For information on payments made during deferment, see Subsection 10.11.D.

Revise Subsection 11.6.D of the July 2010 *Common Manual*, page 14, column 1, paragraph 6, as follows:

When the lender receives notice of a student's intent to reenroll, it may maintain the in-school deferment on the loan for up to 30 days following the date the borrower has provided as the beginning of the fall academic period. If the lender does not receive verification of reenrollment by the end of the extension, the lender must convert the loan to repayment on the day following the last date of certified enrollment and capitalize interest accrued during the extension period. A payment due date must be established that is not later than 60 days—plus the 30-day extension in the case of a Stafford, PLUS, or SLS loan, *if applicable*, as outlined in Subsections 10.5.A and 10.5.C. —after the end of the summer bridge extension.

Revise Subsection 11.20.J of the July 2010 *Common Manual*, page 31, column 1, paragraph 1, as follows:

11.20.J
Establishing Repayment after Forbearance

A borrower's first payment due date after an authorized forbearance generally must be no later than 60 days after the date that the forbearance expires. For a Stafford, PLUS, or SLS loan, federal regulations permit the lender to extend the first due date an additional 30 days beyond the standard 60-day limit, if the extension is necessary to permit the lender to comply with requirements that the repayment disclosure be sent to the borrower no less than 30 days before the first payment on the loan is due.

PROPOSED LANGUAGE - COMMON BULLETIN:
30-Day Payment Due Date Extension for PLUS Loans

Based on final rules published in the *Federal Register* dated October 29, 2009, the July 2010 *Common Manual* has been revised to state that the first payment due date on a PLUS loan may be extended for an additional 30 days if an extension is necessary for the lender to comply with the requirement that a repayment disclosure be sent to the borrower no less than 30 days before the first payment is due.

GUARANTOR COMMENTS:
None.

IMPLICATIONS:

Borrower:

The proposed change ensures that a borrower will receive the repayment disclosure at least 30 days before the first payment due date.

School:

None.

Lender/Service:

The proposed change assists a lender in complying with the requirement to provide the repayment disclosure at least 30 days before the first payment due date.

Guarantor:

A guarantor may need to revise program review requirements.

U.S. Department of Education:

The Department may need to revise program review requirements.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:
AES

DATE SUBMITTED TO CM POLICY COMMITTEE:
July 13, 2010

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

September 9, 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, EdFund; FAME, Great Lakes, HESAA (NJ), HESC (NY), NASFAA, NCHELP, NSLP, OGSPLP, PPSV, SCSLC, SLSA,TG, USA Funds and VSAC.

Responses to Comments

Most 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 indicated that when the 30-day extension to the first payment due date was established for Stafford and SLS loans, the effective date was based on the repayment start date. The commenter recommended that the Trigger Event of this proposal be changed to align with the trigger event the industry recommended for similar provisions that applied to other loan types.

Response:

The Committee agrees. The Committee confirmed that the 30-day extension to the first payment due date for an SLS loan was added to the Manual by Policy Proposal #62, approved in April 1996. The trigger event associated with that proposal was "Stafford and SLS loans that enter or reenter repayment on or after July 1, 1996."

Change:

The Trigger Event has been changed as follows:

"Plus loans that enter or reenter repayment on or after July 1, 2010".

COMMENT:

Several commenters requested the *Common Manual* be updated for consistency and use "a PLUS and or SLS loan." One of these commenters also requested updating Subsections 10.5.D, 11.1.I, 11.6.D, and 11.20.J to reflect the applicability of the extension to PLUS loans.

Response:

The Committee agrees.

Change:

The corrections were made as noted above.

COMMENT:

One commenter recommended the correction of the regulatory cite provided in Subsection 10.5.B that stated that the extension does not apply to PLUS loans.

Response:

The Committee agrees.

Change:

REVISED POLICY:

The cite has been changed as follows:

"[HEA §433(b); §682.209(a)(2) and (3); DCL 96-G-287/96-L-186 Q&A #17-#19]"

COMMENT:

One commenter recommended additional clarifying bulletin language for better context.

Response:

The Committee agrees.

Change:

REVISED POLICY:

The Common Bulletin has been changed as follows:

“30-Day Payment Due Date Extension for PLUS Loans

Based on final rules published in the *Federal Register* dated October 29, 2009, the July 2010 *Common Manual* has been revised to state that the first payment due date on a PLUS loan may be extended for an additional 30 days if an extension is necessary for the lender to comply with the repayment disclosure requirement that a repayment disclosure be sent to the borrower no less than 30 days before the first payment is due.

ce/om/edited-aes

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: September 16, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Sept 16

SUBJECT: Definition of Institution-Affiliated Organization

AFFECTED SECTIONS: Appendix G

POLICY INFORMATION: 1215/Batch 170

EFFECTIVE DATE/TRIGGER EVENT: July 1, 2010.

BASIS:
§601.2 Definition of *Institution-Affiliated Organization*.

CURRENT POLICY:
Current policy defines an “institution-affiliated organization” as one that is directly or indirectly related to a school that is engaged in the practice of recommending, promoting, or endorsing education loans for students attending that school or their families, and provides a non-exclusive list of examples.

REVISED POLICY:
Revised policy clarifies that an institution-affiliated organization does not include a lender with respect to any education loan the lender secures, makes, or otherwise extends to the school’s students or their families.

REASON FOR CHANGE:
This change is necessary to incorporate final rules published in the *Federal Register* dated October 28, 2009.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Appendix G of the July 2010 *Common Manual*, page 13, column 2, paragraph 2, as follows:

Institution-Affiliated Organization: Any organization directly or indirectly related to a school that is engaged in the practice of recommending, promoting, or endorsing education loans for students attending that school or their families. Such an organization may include an alumni organization; athletic organization; foundation; or social, academic, or professional organization of a school. An institution-affiliated organization does not include a lender with respect to any education loan the lender secures, makes, or otherwise extends to the school’s students or their families.

PROPOSED LANGUAGE - COMMON BULLETIN:

Definition of Institution-Affiliated Organization

Based on final rules published in the *Federal Register* dated October 28, 2009, the July 2010 *Common Manual* has been revised to clarify the glossary definition of “institution-affiliated organization.” An institution-affiliated organization does not include a lender with respect to any education loan the lender secures, makes, or otherwise extends to the school’s students or their families.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

A school need not monitor a lender who secures, makes, or extends an education loan to the school’s students or their families for compliance with code of conduct or preferred lender arrangement requirements that would be imposed on an institution-affiliated organization that recommends or promotes the lender’s education loan.

Lender/Service:

A lender that secures, makes, or otherwise extends an education loan to a school's students or their families is not subject to the same requirements as an institution-affiliated organization that recommends or promotes the lender's education loan.

Guarantor:

A guarantor may need to clarify its program review procedures.

U.S. Department of Education:

The Department may need to clarify its program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

March 16, 2010

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

September 9, 2010

PROPOSAL DISTRIBUTED TO:

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

Comments Received from:

AES/PHEAA, ASA, EdFund, FAME, Great Lakes, HESAA (NJ), HESC (NY), NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLSA, USA Funds, and VSAC.

Responses to Comments

Many commenters supported this proposal as written. Other commenters recommended only 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 requested that the proposed glossary definition of "institution-affiliated organization" be revised as follows:

Institution-Affiliated Organization: Any organization directly or indirectly related to a school that is engaged in the practice of recommending, promoting, or endorsing education loans for students attending that school or their families. Such an organization may include an alumni organization; athletic organization; foundation; or social, academic, or professional organization of a school. ~~An institution-affiliated organization does not include a lender with respect to any education loan the lender secures, makes, or otherwise extends to the school's students or their families. A lender is not considered directly or indirectly related to a school simply because it secures or makes education loans for the students to attend school.~~

The commenter opined that, as written, the revised language does not clearly state the information that was released in the October 28, 2009 *Federal Register*. The commenter indicated that the suggested change is almost exactly as it is worded in the regulations. The commenter suggested providing the regulatory guidance in plain, more understandable language.

Response:

The Committee respectfully declines to make the commenter's requested change. The Committee believes that the addition to the glossary definition, as originally proposed, aligns with the updated definition of "institution-affiliated organization" published in the October 28, 2009, *Federal Register*, p. 55644:

Institution-affiliated organization: (1) Any organization that—

(2). . .

(ii) Does not include any lender with respect to any education loan secured, made, or extended by such lender.

The Committee also believes that the originally proposed language is more descriptive in terms of acknowledging the multiple roles a lender may play in providing education loans to a school that do not classify the lender as an institution-affiliated organization.

Change:

None.

jcs/edited-ch/kk

COMMON MANUAL – CORRECTION POLICY PROPOSAL

Date: September 16, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Sept 16

SUBJECT: Remitting Consolidation Loan Rebate Fee Payments

AFFECTED SECTIONS: 15.7 Interest Payment Rebate Fee

POLICY INFORMATION: 1217/Batch 170

EFFECTIVE DATE/TRIGGER EVENT: Effective for Consolidation loan rebate fee payments made by:

- Automated Clearinghouse (ACH) on and after September 9, 2007.
- Check on and after October 1, 2007.

BASIS:

Dear Colleague Letter FP-07-11 dated November 20, 2007; Remitting Funds Through ACH Q & A's; Financial Management System FFEL Lender Reporting System *Funds Remittance Guide*, Version 9.4, dated November 13, 2008; Financial Management System FFEL Lender Reporting System *Pay.gov Funds Remittance Guide*, Version 3.2, dated September 22, 2008.

CURRENT POLICY:

Current policy provides an out-of-date address for mailing Consolidation loan rebate fees by check and an out-of-date process for remitting Consolidation loan rebate fees through the Automated Clearinghouse (ACH).

REVISED POLICY:

Revised policy provides a current address for mailing Consolidation loan rebate fees by check and a current process for remitting Consolidation loan rebate fees through the ACH.

REASON FOR CHANGE:

The purpose for this proposal is to update the Manual with currently accurate information for lenders and servicers.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Section 15.7 of the July 2010 *Common Manual*, page 16, column 2, paragraph 5, as follows:

Submitting the Fee

A holder may send its monthly Consolidation loan rebate fee payment to the Department electronically using the Automated Clearinghouse (ACH). The holder may remit payments electronically through Federal Student Aid's Financial Management System using the Pay.gov functionality, and including the FFEL Consolidation Loan Rebate Fee Report and Remittance Form. [Financial Management System FFEL Lender Reporting System *Pay.gov Funds Remittance Guide*, Version 3.2, dated September 22, 2008]

Alternatively, aA holder may remit its monthly fee by acheck payable to the "U.S. Department of Education," with the notation "Consolidation loan fee." The check and the FFEL Consolidation Loan Rebate Fee Report and Remittance Form should be mailed to:

U.S. Department of Education
P.O. Box 979066374584
~~St. Louis, MO 63197-9000~~Pittsburgh, PA 15251-7584

[Financial Management System FFEL Lender Reporting System *Pay.gov Funds Remittance Guide*, Version 3.2, dated September 22, 2008]

Alternatively, a holder may send its fee to the Department electronically, using the Automated Clearinghouse (ACH). Payments by ACH should be transmitted to:

~~Mellon Bank
RTN# 0430-0026-1~~

ACCT# 9116165

The holder should include with its payment a cover letter identifying the holder's name, the holder's lender identification number (LID), the month to which the fees apply, and the amount of unpaid principal and interest on which the fee was calculated.

Payments must be received within 30 days of the end of the month for which the fee is calculated. For example, fees for the month of February must be submitted by March 30.
[HEA §428C(f); DCL 93-G-248; DCL FP-07-11]

PROPOSED LANGUAGE - COMMON BULLETIN:

Remitting Consolidation Loan Rebate Fee Payments

The July 2010 *Common Manual* has been updated with the online payment option for remitting the monthly Consolidation loan rebate fee through Federal Student Aid's Financial Management System by using the Pay.gov functionality.

The Manual has also been updated with the following address for remitting the monthly fee by check payments mailed to the:

U.S. Department of Education
P.O. Box 979066
St. Louis, MO 63197-9000

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:
None.

School:
None.

Lender/Service:
None.

Guarantor:
None.

U.S. Department of Education:
None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

AES

DATE SUBMITTED TO CM POLICY COMMITTEE:

July 13, 2010

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

September 9, 2010

PROPOSAL DISTRIBUTED TO:

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

Comments Received from:

AES/PHEAA, ASA, EdFund, FAME, Great Lakes, HESAA (NJ), HESC (NY), NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLISA, TG, USA Funds, and VSAC.

Responses to Comments

Many commenters supported this proposal as written. Other commenters recommended only 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 requested that the references included in the Basis refer to the latest version for the paper process and the latest version for the Pay.gov process. The commenter also felt this newer cite should be included in each applicable area of the manual.

Dear Colleague Letter FP-07-11 dated November 20, 2007; Remitting Funds Through ACH Q & A's; Financial Management System FFEL Lender Reporting System *Funds Remittance Guide*, Version 9.04, dated ~~September 4, 2007~~ November 13, 2008; Financial Management System FFEL Lender Reporting System *Pay.gov Funds Remittance Guide*, Version 3.2, dated September 22, 2008.

Response:

The Committee agrees.

Change:

Updated references have been added to the Basis and in applicable areas within the Manual.

ly/edited- rrl

COMMON MANUAL – ORGANIZATIONAL POLICY PROPOSAL

Date: September 16, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With no changes	Sept 16

SUBJECT: Lender Disbursement

AFFECTED SECTIONS: 7.7.A Earliest Date for Disbursement

POLICY INFORMATION: 1218/Batch 170

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

BASIS:
§682.207.

CURRENT POLICY:

Current policy states that a lender should be aware of rules that a school must use in establishing a disbursement schedule. Current policy provides an incomplete list of such rules, which are found in their entirety in Section 6.4.

REVISED POLICY:

Revised policy deletes redundant and incomplete references to rules that a school must use in establishing a disbursement schedule from Manual text that addresses lender disbursement. Existing Manual text makes it clear that the school, not the lender, is the party responsible for establishing a disbursement schedule. Revised policy preserves cross-references for the lender to Figure 8-4 and Section 6.4 for more information about the rules that a school must use to establish that schedule.

REASON FOR CHANGE:

This change is necessary to eliminate redundancy within the Manual.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 7.7.A of the July 2010 *Common Manual*, page 12, column 2, paragraph 5, as follows:

7.7.A Earliest Date for Disbursement

A lender or its disbursing agent must not disburse a Stafford or PLUS loan before obtaining a valid Master Promissory Note (MPN), a disbursement schedule provided by the school, and except with the guarantor's prior approval, a guarantee disclosure from the guarantor.

The lender must disburse the loan according to the original schedule provided by the school, or any modifications the school wishes to make to that schedule. If a lender cannot comply with the scheduled dates (for example, the date for the first disbursement has elapsed when the lender receives the guarantee disclosure), the lender may disburse the proceeds on the earliest possible date after the disbursement date requested by the school. The lender may not, under any circumstances, disburse proceeds earlier than the school's scheduled dates. For more information on how a school schedules disbursement dates, see Section 6.4. For more information about the earliest dates that loan funds may be disbursed and delivered, see Figure 8-4.
[§682.207]

Rules That Schools Use in Establishing a Disbursement Schedule

~~Although schools are responsible for establishing a disbursement schedule that provides for disbursements to be made on a payment-period basis, lenders should be aware that federal regulations prohibit the making of a loan's first disbursement earlier than:~~

- ~~• 13 days before the first day of the first payment period for a loan disbursed by EFT or master check.~~

- ~~30 days before the first day of the first payment period for a loan disbursed by individual check.~~
- ~~The 28th day of the first payment period if the student is a first-year undergraduate, first-time borrower and the school is subject to the delayed delivery provisions for such students, and the loan is disbursed by EFT or master check.~~

~~See Figure 8-4 for information on the earliest dates that loan funds may be disbursed and delivered.~~

- ~~The first day of the first payment period if the student is subject to the delayed delivery provisions and the loan is disbursed by individual check.~~

~~If the loan period for a Stafford or PLUS loan consists of one payment period, and the school is required to schedule multiple disbursements (see Subsection 7.7.B), the school must schedule the second or subsequent disbursement so that the disbursement is delivered no earlier than the calendar midpoint between the first and last scheduled days of class in the loan period.~~

~~If the loan period for a Stafford or PLUS loan consists of more than one payment period, the earliest date on which a second or subsequent disbursement may be made is:~~

- ~~13 days before the first day of any subsequent payment period for a loan that is disbursed by EFT or master check.~~
- ~~30 days before the first day of any subsequent payment period for a loan disbursed by individual check.~~

~~§668.167(a); §682.207(b)(1)(iii)}~~

~~For more information on scheduling disbursements and payment periods, see Sections 6.4 and 6.3.~~

PROPOSED LANGUAGE - COMMON BULLETIN:

Lender Disbursement

The July 2010 *Common Manual* has been updated to remove redundant and incomplete information about rules that a school must use in establishing a disbursement schedule from text that addresses lender disbursement. Existing Manual text makes it clear that the school, not the lender, is the party responsible for establishing the disbursement schedule. Revised policy preserves existing cross-references for the lender to Section 6.4 for detailed information about the rules a school must use to schedule disbursements, and to Figure 8-4 for more information about the earliest dates than loan funds may be disbursed and delivered.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Service:

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 13, 2010

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

September 9, 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, EdFund, FAME, Great Lakes, HESAA (NJ), HESC (NY), NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLSA, TG, USA Funds, and VSAC.

Responses to Comments

All commenters supported this proposal as written. We appreciate the review of all commenters and their careful consideration of this policy.

jcs/edited-ch