The nation’s guarantors provide the following summaries to inform schools, lenders, and servicers of the latest Common Manual policy changes. These changes will appear in the manual’s next annual update. These changes will also be incorporated into the Integrated Common Manual. The Integrated Common Manual is available on several guarantor websites, and it is also available on Common Manual’s website at www.commonmanual.org. Please carefully note the effective date of each policy change.

Acceptable Death Claim Documentation
The Common Manual has been revised to include as acceptable death claim documentation, an accurate and complete photocopy of the original or certified copy of the death certificate, in addition to the already acceptable documentation of an original or certified copy of the death certificate. In addition, if a lender discovers that it has on file a photocopy of a death certificate for an account that was never submitted as a death claim or was denied as a death claim (because at the time of original receipt, copies were not acceptable proof of the borrower’s death), the lender must file the death claim within 60 days of that discovery.

Affected Sections:

| 13.1.D | Claim File Documentation |
| 13.1.E | Missing Claim File Documentation |
| 13.8.C | Death |
| Figure 13-3 | Timely Filing Deadlines for Claims and Discharges |

Effective Date:
Death discharge requests filed by the lender based on determinations or re-determinations of eligible photocopies on or after July 1, 2008, unless implemented earlier by the lender on or after November 1, 2007. This aligns with the suggested trigger event recommendation document submitted to the Department. If the Department publishes guidance with a different trigger event, the Common Manual will immediately notify schools and lenders of the change.

Basis:
§682.402(b)(2); Preamble language to the Federal Register, dated June 12, 2007, vol.72, p. 32412.

Policy Information:
996/Batch 149

Guarantor Comments:
None.

Discharge Provisions For Spouses and Parents of September 11, 2001, Victims
The Common Manual has been updated to include eligibility requirements, definitions applicable to the discharge, documentation requirements, discharge limitations, claim procedures and notification requirements for spouses and parents of September 11, 2001, victims discharge.

Affected Sections:

| Figure 2-1 | The Life of a Stafford Loan |
| Figure 2-2 | The Life of a Parent PLUS Loan |
| 2.2.C | Repayment |
| 2.3.C | Common Forms |
| 3.5.C | Credit Bureau Reporting |
| 10.10.A | Permitted Capitalization |
| Figure 11-2 | Forbearance Eligibility Chart |
| 11.20.P | Total and Permanent Disability |
| 12.4.E | Endorser Due Diligence |
| 13.8.F | Total and Permanent Disability |
| Figure 13-4 | Timely Filing Deadlines for Claims and Discharges |
| 14.2 | Timely Claim Filing Violations |
| 14.3.B | Non Default Claims |
| 14.4.B | Refile Deadline |
| 15.2 | Borrower Eligibility and Underlying Loan Holder Requirements |
| 15.5.F | Delinquency, Claim Filing, Loan Forgiveness, and Discharge |
A.1.B When Federal Interest Benefits Will Be Paid

**Effective Date:**
Loan discharges granted to spouses and parents of September 11, 2001, victims on or after October 29, 2007.

**Basis:**

**Policy Information:**
1024/Batch 149

**Guarantor Comments:**
None.

Federal Trade Commission Holder Rule Expanded
The *Common Manual* has been updated to include new provisions regarding borrower defenses based on relationships between the school and the lender. Previously, the borrower could assert certain defenses against repayment of the loan solely in the situation where he or she attended a for-profit postsecondary school.

New regulations expand the range of borrower defenses against repayment of the loan to loans made for attendance at all postsecondary schools if any of the following circumstances apply:

- The loan was made by the school or a school-affiliated organization.
- The loan was made by a lender that provided improper inducements to the school or to another party in the making of the loan.
- The loan was made for attendance at a school that referred the borrower to the lender.
- The loan was made for attendance at a school that was affiliated by common control, contract, or other business arrangement with the originating lender.

**Affected Sections:**
3.4.D Borrower Defenses

**Effective Date:**
July 1, 2008.

**Basis:**
§682.209(k).

**Policy Information:**
1025/Batch 149

**Guarantor Comments:**
None.

Identity Theft — Early Implementation
The *Common Manual* has been revised to comply with the regulatory changes published in the *Federal Register* dated November 1, 2007, that relate to situations in which an individual has been the victim of, or alleged victim of, the crime of identity theft.

If a lender receives a valid identity theft report or notification from a credit bureau of an alleged identity theft, a lender must suspend credit bureau reporting on a loan for a period not to exceed 120 days while the lender determines legal enforceability of the loan. A lender may also grant an administrative forbearance for a period not to exceed 120 days on any loan that is potentially eligible for a false certification discharge as a result of the crime of identity theft while the lender determines legal enforceability of the loan. If a lender determines that a loan does not qualify for a false certification loan discharge as a result of the crime of identity theft, but the lender still determines the loan to be legally unenforceable, the lender must notify the credit bureau of the determination.

If, within 3 years of the date the lender determines a loan to be legally unenforceable, a lender receives evidence that the loan was made as the result of the crime of identity theft, the lender may submit a claim and receive federal interest benefits and special allowance payments that would have accrued on the loan.

**Affected Sections:**
3.5.C Credit Bureau Reporting
11.20.D False Certification as a Result of the Crime of Identity Theft
13.8.E False Certification as a Result of the Crime of Identity Theft
A.1.B When Federal Interest Benefits Will Be Paid
A.2.B Termination of Special Allowance

**Effective Date:**
Reports received on or after July 1, 2008, unless implemented earlier by the lender on or after November 1, 2007. *This aligns with the suggested trigger event recommendation document submitted to the Department. If the*
Identity Theft — July 1, 2008 Implementation

The Common Manual has been revised to comply with the regulatory changes published in the Federal Register dated November 1, 2007, that relate to situations in which an individual has been the victim, or alleged victim, of the crime of identity theft.

If a loan is discharged due to closed school or false certification, a lender must request that the credit bureau remove any negative or inaccurate information regarding that loan from an individual’s credit history.

Federal due diligence requirements in collecting any delinquent loan payments, as well as federal credit bureau reporting requirements, do not preempt the provisions of the Fair Credit Reporting Act (FCRA) that provide relief to an individual while a lender determines the legal enforceability of a loan when the lender receives a valid identity theft report or notification from a credit bureau of an alleged identity theft.

For an individual to qualify for a loan discharge due to false certification as a result of the crime of identity theft, the individual must provide the lender with a copy of a local, state, or federal court verdict or judgment that conclusively determines that the individual who is named as the borrower or endorser of the loan was the victim of a crime of identity theft by a perpetrator named in the verdict or judgment.

The Department ends its obligation to pay federal interest benefits and special allowance to a lender on the date a lender determines a loan to be legally unenforceable based on the receipt of an identity theft report or notification from a credit bureau of an alleged identity theft.

Affected Sections:

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
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<tbody>
<tr>
<td>3.5.C</td>
<td>Credit Bureau Reporting</td>
</tr>
<tr>
<td>12</td>
<td>Due Diligence in Collecting Loans</td>
</tr>
<tr>
<td>13.8.E</td>
<td>False Certification as a Result of the Crime of Identity Theft</td>
</tr>
<tr>
<td>A.1.B</td>
<td>When Federal Interest Benefits Will Be Paid</td>
</tr>
<tr>
<td>A.2.B</td>
<td>Termination of Special Allowance</td>
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</table>

Effective Date:

Deletion of loans from credit bureau records, loans discharged on or after July 1, 2008. This aligns with the suggested trigger event recommendation document submitted to the Department. If the Department publishes guidance with a different trigger event, the Common Manual will immediately notify schools and lenders of the change.

Reports received on or after July 1, 2008, unless implemented earlier by the lender on or after November 1, 2007. This aligns with the suggested trigger event recommendation document submitted to the Department. If the Department publishes guidance with a different trigger event, the Common Manual will immediately notify schools and lenders of the change.

False certification identity theft loan discharge claims processed by the lender on or after September 8, 2006.

Interest benefits and special allowance billing discontinuance, loans deemed unenforceable on or after July 1, 2008. This aligns with the suggested trigger event recommendation document submitted to the Department. If the Department publishes guidance with a different trigger event, the Common Manual will immediately notify schools and lenders of the change.

Basis:

Preamble to the November 1, 2007, Federal Register, Vol. 72, No. 211, pages 61984-61986; §682.300(b)(2)(ix); §682.302(d)(1)(viii); §682.402(e)(2); §682.411(o).
Entrance Counseling for Grad PLUS Borrower
The Common Manual has been revised to amend entrance counseling requirements to include provisions applicable to Grad PLUS loans and to provide entrance counseling to all new graduate or professional student PLUS borrowers. In addition, language has been included to reflect that the average anticipated monthly repayment amounts provided to borrowers in their counseling materials must include Grad PLUS loans as well as Stafford loans, depending on the types of loans the student borrower has obtained. Appendix G’s definition of Debt Management Counseling is modified by removing reference to entrance counseling, providing a more precise definition of entrance counseling, providing a more precise definition of exit counseling, and expanding the exit counseling definition.

Affected Sections: 4.4 Providing Information to Students
4.4.B Entrance Counseling
4.4.C Exit Counseling
Figure 8-3 School Requirements before Delivering a FFELP Loan
Appendix G

Effective Date: Entrance and exit counseling provided by the school on or after July 1, 2008, unless implemented by the school on or after November 1, 2007.

Basis: §682.603(d); §682.604(f) and (g).
Policy Information: 1028/Batch 149
Guarantor Comments: None.

Required Notices and Authorizations
The Common Manual has been updated to reflect the disbursement notification requirements published in the November 1, 2007 final regulations. If the borrower provided affirmative confirmation of his or her acceptance of the loan amount offered, the school may continue to follow the current disbursement notification requirements at or near the time of the delivery of loan funds. The notice must be sent within 30 days before or 30 days after it credits loan funds to the student’s school account. If the borrower wishes to cancel all or a portion of the loan disbursement, he or she must notify the school by the later of the first day of the payment period for which the funds are intended or 14 days after the date the school sent the notification that loan funds had been credited to the student’s account at the school.

If the borrower does not provide affirmative confirmation of his or her acceptance of the loan amount offered, the school must send the disbursement notification to the borrower within 30 days before, but no later than 7 days after the school credits loan funds to the student’s school account. The school must allow the borrower 30 days to request a cancellation or a change in the loan amount.

In addition, revised policy includes in the school record-keeping requirements the indefinite retention period for documentation of the confirmation process, which first appeared in the 04-05 FSA Handbook.

Affected Sections: 4.4.B Entrance Counseling
4.5 Recordkeeping Requirements
7.2.A Lender Responsibilities Under a Master Promissory Note
8.2.A Initial Notice of Funds
8.2.B School Notice of Credit to Student Account
8.2.C Borrower Notice to Cancel Loan
8.2.D Notification and Confirmation Requirements for the Multi-Year Feature of the MPN
Figure 8-1
17.3.B The On-Site Review
Appendix G

Effective Date: Loans disbursed on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.

For the retention of documentation of the confirmation process, the publication date of the 04-05 FSA Handbook.

Basis: §682.165(a); 08-09 FSA Handbook, Volume 2, Chapter 9, p. 2-106.
Policy Information: 1029/Batch 149
Guarantor Comments: None.
Scheduled and Borrower-Based Academic Year in Standard Term-Based Credit-Hour Programs

The Common Manual has been updated to clarify the two categories of academic year that determine the frequency of Stafford annual loan limits in a standard term-based, credit-hour program: Scheduled Academic Year (SAY) and Borrower-Based Academic Year (BBAY).

A scheduled academic year (SAY) corresponds to a traditional academic year calendar (e.g., fall and spring semesters; or fall, winter, and spring quarters). A SAY is a "fixed" academic period that generally begins and ends at about the same time each calendar year according to an established schedule that is published in a school's catalog or other materials.

A borrower-based academic year (BBAY) does not have a fixed beginning or ending date. A BBAY begins when a student, or a group of students, begins attendance and tracks the student's (or group's) attendance and progress in a program of study.

For standard term-based credit-hour programs that are offered in a traditional academic year calendar, a school may use either a SAY or a BBAY. A school may use a SAY or a BBAY for a standard term-based program comprised of modules that is offered in a traditional academic year calendar. Both the SAY and BBAY must meet the minimum statutory requirements of an academic year. One exception to this rule is that a BBAY that is used as an alternative to a SAY and that includes a summer term may include fewer than 30 weeks of instructional time, or fewer credit hours than the minimum number required for a SAY.

If a school has a standard term-based program that is not offered in a traditional academic year calendar (i.e., one that corresponds to a SAY), the school must use a BBAY. If the program uses semesters or trimesters, a BBAY consists of any two consecutive terms. If the program uses quarters, a BBAY consists of any three consecutive terms. Mini-sessions (summer or otherwise) must be combined and treated as a single standard term. A BBAY may include a term(s) that a student does not attend if the student could have enrolled at least half time during that term(s), but the BBAY must begin with a term in which the student is actually enrolled. The BBAY for programs that are not offered in a traditional academic calendar must always include enough terms to meet the minimum Title IV academic year requirements for weeks of instructional time.

Although there is no annual loan limit for a parent or Grad PLUS loan, a school must certify a parent or Grad PLUS loan for the same SAY or BBAY loan period that the school uses for the student's Stafford loan.

Affected Sections: 6.1 Defining an Academic Year
6.3.C Standard Term-Based Programs Offered in Modules
Figure 6-2 Appendix G

Effective Date: Publication date of the 05-06 FSA Handbook.
Basis: 05-06 FSA Handbook, Volume 3, Chapter 4, pp. 3-66 to 3-71 and p. 3-74.
Policy Information: 1030/Batch 149
Guarantor Comments: None.

Enrollment Status Definition Changes

The Common Manual has been revised to incorporate final rule changes concerning enrollment status determinations, and to align Section 6.9 of the Manual with text present in glossary definitions.

For an undergraduate program, a school's definition of half-time enrollment must include at least half of the academic workload of the applicable regulatory minimum full-time enrollment standard for that program. Previously, the school's definition of half-time enrollment for an undergraduate student was at least half of the full-time enrollment status defined by the school for its students.

Updated Manual text clarifies an existing requirement for a school to define full-time enrollment status for each of its undergraduate, graduate, or professional programs. The school's definition of half-time enrollment for a graduate or professional program did not change: it must include at least half of the full-time academic workload defined by the school for graduate or professional students enrolled in that program.

In addition, Section 6.9 has been updated to consolidate information about enrollment status for a student who enrolls in correspondence coursework:
• An undergraduate or graduate student who is enrolled solely in correspondence study is never considered more than a half-time student, even if the student is enrolled in enough correspondence coursework to be considered full time. A school’s definition of half-time enrollment for a student enrolled solely in a program of study by correspondence must be at least 12 hours of work per week, or at least six credit hours per semester, trimester, or quarter.

• A student who is enrolled in a non-correspondence study program and combines correspondence coursework with regular coursework may be considered full time. For a graduate or professional student, a school must define full-time enrollment for each of its programs. For an undergraduate student, a school’s definition of full-time enrollment must equal or exceed the applicable minimum full-time enrollment standard. In addition, an undergraduate student enrolled in a non-correspondence program who combines correspondence coursework with regular coursework is considered full-time only if at least half of the student’s full-time academic workload is comprised of regular (i.e., non-correspondence) coursework that meets half of the school’s definition of a full-time academic workload for students enrolled in that program.

Affected Sections: 6.9 Defining Enrollment Status
Effective Date: Enrollment periods that begin on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.

Retroactive to the implementation of the Common Manual for the following:
• Determining enrollment status for a student enrolled solely in a correspondence program.
• Defining full-time enrollment for each of a school’s undergraduate, graduate, and professional programs.

Basis: §668.2(b); preamble to the Federal Register dated August 8, 2007, p. 44621.
Policy Information: 1031/Batch 149
Guarantor Comments: None.

Stafford Loan Interest Rates
The Common Manual has been revised to comply with Section 201 of the College Cost Reduction and Access Act and regulatory changes published in the Federal Register dated November 1, 2007. The interest rate on all Stafford loans first disbursed on or after July 1, 2006, is a fixed rate of 6.8%, except for subsidized Stafford loans made to undergraduate borrowers and first disbursed:

• On or after July 1, 2008, and before July 1, 2009, the interest rate is 6%.
• On or after July 1, 2009, and before July 1, 2010, the interest rate is 5.6%.
• On or after July 1, 2010, and before July 1, 2011, the interest rate is 4.5%.
• On or after July 1, 2011, and before July 1, 2012, the interest rate is 3.4%.

The information on Stafford loan interest rates disbursed prior to June 30, 2006, is relocated from Subsection 7.4.A, Current Stafford Interest Rates, to Subsection 7.4.C, Previous Stafford Interest Rates.

Affected Sections: 7.4.A Current Stafford Interest Rates
7.4.C Previous Stafford Interest Rates

Effective Date:
Subsidized Stafford loans at a fixed interest rate of 6% that are first disbursed to undergraduate borrowers on or after July 1, 2008, and before July 1, 2009.

Subsidized Stafford loans at a fixed interest rate of 5.6% that are first disbursed to undergraduate borrowers on or after July 1, 2009, and before July 1, 2010.

Subsidized Stafford loans at a fixed interest rate of 4.5% that are first disbursed to undergraduate borrowers on or after July 1, 2010, and before July 1, 2011.

Subsidized Stafford loans at a fixed interest rate of 3.4% that are first disbursed to undergraduate borrowers on or after July 1, 2011, and before July 1, 2012.
Simplified Deferment Processing

The Common Manual has been updated to incorporate the regulatory change that allows, but does not require, a lender to grant certain deferments to a new borrower (i.e., first borrowed on or after July 1, 1993), as well as the military service deferment, and the military active duty student deferment, based on a deferment granted by another FFELP loan holder or the Department for the same reason and the same time period. A lender may grant the deferment using the simplified process if the borrower requests it verbally or in writing and the decision to grant the deferment is based on information from the other FFELP loan holder, the Department, or an authoritative electronic database maintained or authorized by the Department that supports eligibility for the deferment for the same reason and the same time period. A lender may rely in good faith on the information it obtains from the other FFELP loan holder, Department or authoritative database unless the lender has information indicating that the borrower does not qualify for the deferment. A lender must resolve any discrepant information before granting a deferment under the simplified process. If the lender grants a deferment using the simplified process, it must notify the borrower that the deferment has been granted and that the borrower has the option to pay the interest that accrues on an unsubsidized FFELP loan or to cancel the deferment and continue to make payments on the loan.

Affected Sections:  11.4 Economic Hardship Deferment  11.5 Graduate Fellowship Deferment  11.8 Military Deferment  11.13 Rehabilitation Training Program Deferment  11.17 Unemployment Deferment

Effective Date:  Deferment requests granted by the lender on or after July 1, 2008, unless implemented earlier by the lender on or after November 1, 2007. This aligns with the suggested trigger event recommendation document submitted to the Department. If the Department publishes guidance with a different trigger event, the Common Manual will immediately notify schools and lenders of the change.

Basis: Preamble to the November 1, 2007, Federal Register, Vol. 72, No. 211, pages 61962 and 62001; §682.210(s)(1)(iii) - (v).

Policy Information: 1033/Batch 149
Guarantor Comments: None.

Special Allowance Rates and Formulas; Definition and Designation of Eligible Not-For-Profit Holder

The Common Manual has been revised to comply with statutory and regulatory changes derived from the College Cost Reduction and Access Act (CCRAA), Public Law 110-84 and the Third Higher Education Act of 2007, Public Law 110-109. For loans first disbursed on or after October 1, 2007, the special allowance factors used to calculate special allowance payments are based on whether or not the lender qualifies as an eligible not-for-profit holder. As prescribed in the CCRAA, an eligible not-for-profit holder is entitled to a higher special allowance payment.

A new definition for Eligible Not-For-Profit Holder, as it relates to special allowance payments on loans first disbursed on or after October 1, 2007, has been added to Appendix G. The manual has also been revised to include reference to Dear Colleague Letter FP-07-12 which provides guidance on how a lender is designated as an eligible not-for-profit holder by the Department of Education.

The manual has also been revised to include updated versions of Figures A-1, A-2, A-3, and A-4, which include the revised special allowance factors prescribed in the CCRAA.

Affected Sections:  A.2.A Special Allowance and Excess Interest Rates  Figure A-1 Special Allowance Formulas  Figure A-2 Examples of Special Allowance Calculations  Figure A-3 Excess Interest Formulas  Figure A-4 Example of Excess Interest Calculations
Effective Date: Loans first disbursed on or after October 1, 2007.
Basis: Higher Education Act of 1965, Sections 435(p) and 438(b)(2)(I), as amended by the College Cost Reduction and Access Act (CCRAA), Public Law 110-84, and the Third Higher Education Act of 2007, Public Law 110-109; §682.302(f); Dear Colleague Letter FP-07-12; Dear Colleague Letter FP-08-01.
Policy Information: 1034/Batch 149
Guarantor Comments: None.

Undergraduate, Graduate, and Professional Students
The Common Manual has been updated with the general provisions final rule changes published in the Federal Register on November 1, 2007. These regulatory changes clarify the definitions of “undergraduate student,” “graduate or professional student,” and provide a new definition of a professional degree.

References to a first undergraduate or professional degree have been removed from the definitions of “undergraduate student,” and “graduate or professional student.”

The definition of “graduate or professional student” has been modified to:

• Remove references to the student's enrollment in an institution of higher education, which excludes eligible proprietary schools.

• Clarify dual-degree programs, i.e., a program that allows an individual to complete a bachelor's degree and either a graduate or professional degree within the same program. A student is considered an undergraduate student for at least the first 3 years of a dual-degree program. The school defines the point at which a student enrolled in a dual-degree program is considered a graduate student after the first 3 years. For example, in a 5-year program leading to a graduate degree, the school may define a student as a graduate student after the first 3 or 4 years of the program.

The definition of “undergraduate student” has been clarified to remove references to the length of the program in academic years, to acknowledge a school's ability to define what a year is in its programs (i.e., based on grade level) for the purpose of determining when a student is an undergraduate or graduate/professional student. An undergraduate student is a student who is enrolled at an eligible school who:

• Is enrolled in a program that usually does not exceed four years, or is enrolled in a four or five year program at a school that is designed to lead to an undergraduate degree. A student enrolled in a program of any other length is considered an undergraduate student for only the first four years of that program.

• Has completed a baccalaureate program of study and who is subsequently completing state-required teacher certification or recertification coursework.

• Is enrolled in a dual-degree program that allows an individual to complete a bachelor's degree and either a graduate or professional degree within the same program. A student is considered an undergraduate student for at least the first three years of a dual degree program.

Finally, the Manual has been updated to incorporate a new definition of “professional degree”: a degree that signifies both completion of the academic requirements for beginning practice in a given profession and a level of professional skill beyond that normally required for a bachelor's degree. Professional licensure is also generally required. Examples of a professional degree include, but are not limited to: Pharmacy (Pharm. D.), Dentistry (D.D.S. or D.M.D.), Veterinary Medicine (D.V.M.), Chiropractic (D.C. or D.C.M.), Law (L.L.B. or J.D.), Medicine (M.D.), Optometry (O.D.), Osteopathic Medicine (D.O.), Podiatry (D.P.M., D.P., or Pod. D.), and Theology (M. Div. or M.H.L.).

Affected Sections: Appendix G
Effective Date: Enrollment periods that begin on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.
Basis: §668.2(b); preamble to the Federal Register dated November 1, 2007, pp.
HEROES Waiver Extension
Previously, HEROES Act waivers were scheduled to end on September 30, 2007. However, Congress removed the September 30, 2007, end-date for the current provisions in statute and, as a result the Department further extended the waivers to September 30, 2012, in a Federal Register notice published December 26, 2007. The Department may terminate or otherwise publish changes to existing waivers prior to the September 2012 date.

Affected Sections: H.4.A HEROES Act Waivers
Effective Date: Affected individuals eligible for waivers of statutory and regulatory provisions on or after October 1, 2007.
Basis: Federal Register, Volume 72, Number 246 dated December 26, 2007, p. 72947.
Policy Information: 1036/Batch 149
Guarantor Comments: None.