

## Summary of Changes Approved through April 2017

This summary lists changes made since the 2016 Annual Update of the *Common Manual*.  
 Change bars denote the latest policy changes, which were approved January 19, February 16, March 16, and April 20, 2017.  
 Changes made before the 2016 Annual Update are noted in Appendix H.

Common Manual Section	Description of Change	Effective Date/Triggering Event	Policy/Batch
<b>Chapter 2: About the FFELP</b>			
2.3.C Common Forms	Accounts for the Department discontinuing the Public Service Deferment Request (PUB), the Parental Leave/ Working Mother Deferment Request (PLWM), and the Education Related Deferment Request (EDU) deferment forms. Also, the Department eliminated the Student in Rehabilitation Training deferment type from the Parent PLUS Borrower Deferment Request (PLUS). The Department created two new deferment request forms, Graduate Fellowship Deferment Request (GFL) and Rehabilitation Training Deferment Request (RHT), and provided guidance on the documentation that the lender must collect should a borrower request to defer loan repayment based on a deferment for which there is no longer an OMB-approved form. They also provided guidance on requirements to consider a deferment form complete. Incorporates revisions to the Deferment Eligibility Chart, Figure 11-1 to align with these changes.	For deferments, revised forms provided to borrowers on or after June 1, 2016.	1316/207
<b>Chapter 6: School Certification</b>			
6.11.E Exceeding Loan Limits	Incorporates mention of the <i>Reaffirmation Agreement</i> , the new OMB-approved form that a borrower uses to reaffirm any debt that exceeds Stafford annual and/or aggregate loan limits.	For reaffirmation agreements provided to borrowers after March 30, 2016.	1314/206
<b>Chapter 7: Loan Origination</b>			
7.4.A Current Stafford Interest Rates Figure 7-1 Stafford Loan Interest Rates	Revised policy removes the fixed interest rates for FFELP Stafford loans first disbursed on or after July 1, 2010, as no new FFELP loans could be first disbursed on or after July 1, 2010. Revised policy adds the effective variable interest rates for FFELP Stafford loans from July 1, 2012 through June 30, 2017.	Changes in FFELP variable interest rates on July 1, 2011 and thereafter.	1319/208

Common Manual Section	Description of Change	Effective Date/Triggering Event	Policy/Batch
<b>Chapter 11: Deferment and Forbearance</b>			
11.1.B Documentation Required for Authorized Deferment Figure 11-1 Deferment Eligibility Chart	Accounts for the Department discontinuing the Public Service Deferment Request (PUB), the Parental Leave/Working Mother Deferment Request (PLWM), and the Education Related Deferment Request (EDU) deferment forms. Also, the Department eliminated the Student in Rehabilitation Training deferment type from the Parent PLUS Borrower Deferment Request (PLUS). The Department created two new deferment request forms, Graduate Fellowship Deferment Request (GFL) and Rehabilitation Training Deferment Request (RHT), and provided guidance on the documentation that the lender must collect should a borrower request to defer loan repayment based on a deferment for which there is no longer an OMB-approved form. They also provided guidance on requirements to consider a deferment form complete. Incorporates revisions to the Deferment Eligibility Chart, Figure 11-1 to align with these changes.	For deferments, revised forms provided to borrowers on or after June 1, 2016.	1316/207
11.2.B Deferment Documentation—ACTION Program			
11.3.B Deferment Documentation—Armed Forces			
11.5.B Deferment Documentation—Graduate Fellowship			
11.7.B Deferment Documentation—Internship/Residency			
11.9.B Deferment Documentation—NOAA			
11.10.B Deferment Documentation—Parental Leave			
11.11.B Deferment Documentation—Peace Corps			
11.13.B Deferment Documentation—Public Health Service			
11.14.B Deferment Documentation—Rehabilitation Training Program			
11.15.B Deferment Documentation—Tax-Exempt Organization Volunteer			
11.16.B Deferment Documentation—Teacher Shortage Area			
11.17.B Deferment Documentation—Temporary Total Disability			
11.19.B Deferment Documentation—Working Mother			
11.20.B Documentation Required for Authorized Forbearance Figure 11-2 Forbearance Eligibility Chart 11.22 Discretionary Forbearance	Explains the Department's guidance related to the completion of OMB-approved common forbearance request forms, and incorporates the forms into the Forbearance Eligibility Chart.	For mandatory forbearance forms distributed on or after June 1, 2016, and discretionary (general) forbearance forms distributed on or after July 1, 2016.	1317/207
11.21.F Death 11.23.A Death	Allows two additional types of documentation for a death discharge. Those are an accurate and complete original or certified copy of the death certificate that is scanned and submitted electronically or by facsimile transmission, or verification of the borrower's or student's death through an authoritative Federal or State electronic database approved for use by the Department.	For death discharge applications and claims received on or after July 1, 2017.	1321/209

Common Manual Section	Description of Change	Effective Date/Triggering Event	Policy/Batch
11.23.D Teacher Loan Forgiveness 11.24.C National Service, Loan Forgiveness, Department of Defense Repayment, or Active Military State Duty	Revised policy adds to Subsection 11.23.D an additional cross-reference to Subsection 11.24.C where the other TLF forbearance type is explained. In addition, revised policy in Subsection 11.24.C includes reference to the OMB-approved mandatory forbearance request forms, and new subheadings provide clarity on which eligibility criteria pertain to each forbearance type. Revisions also include additional regulatory citations.	For mandatory forbearance forms distributed on or after June 1, 2016.	1318/208
<b>Chapter 13: Claim Filing, Discharge, and Forgiveness</b>			
13.1.D Claim File Documentation 13.1.E Missing Claim File Documentation 13.8.C Death Figure 13-4 Timely Filing Deadlines for Claims and Discharges*	Allows two additional types of documentation for a death discharge. Those are an accurate and complete original or certified copy of the death certificate that is scanned and submitted electronically or by facsimile transmission, or verification of the borrower's or student's death through an authoritative Federal or State electronic database approved for use by the Department.	For death discharge applications and claims received on or after July 1, 2017.	1321/209
13.8.A Bankruptcy	Removes the cross-reference about not yet disbursed or partially disbursed loans when the lender receives a bankruptcy notice.	Retroactive to July 1, 2010.	1315/206
<b>Appendix H: History of the FFELP and the <i>Common Manual</i></b>			
Figure H-1 Summary of Variable-Rate Conversion Provisions	Revised policy removes the fixed interest rates for FFELP Stafford loans first disbursed on or after July 1, 2010, as no new FFELP loans could be first disbursed on or after July 1, 2010. Revised policy adds the effective variable interest rates for FFELP Stafford loans from July 1, 2012 through June 30, 2017.	Changes in FFELP variable interest rates on July 1, 2011 and thereafter.	1319/208

## 7.4 Establishing Stafford Loan Interest Rates

The Stafford loan interest rate varies, based on the date the loan was first disbursed. In addition, a Stafford loan made to a borrower who subsequently enters qualifying military service may be eligible for a reduced interest rate. See [Subsections 7.4.B](#) and [10.9.B](#) for more information.

### 7.4.A Current Stafford Interest Rates

The interest rate on all Stafford loans first disbursed on or after July 1, 2006, is a fixed rate of 6.8% for the life of the loan, except for subsidized Stafford loans made to undergraduate borrowers and first disbursed as follows:

- 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%.<sup>1</sup>~~

[§682.202(a)(1)(ix) and (x)]

Interest rates applicable to Stafford loans first disbursed on or after July 1, 2006, are listed in [Figure 7-1](#).

### 7.4.B Reduced Stafford Interest Rates

The [Higher Education Act of 1965, as amended](#), extends certain provisions of the [Servicemembers Civil Relief Act \(SCRA\)](#) to FFELP loans made before an eligible borrower entered qualifying military service. If a Stafford loan borrower qualifies under Section 207 of the SCRA, the lender is required to reduce the interest rate on any loan that is accruing interest at a higher rate, so that it does not charge the borrower an interest rate that exceeds 6% for the period of the borrower's military service that occurs on or after August 14, 2008. The lower interest rate provision applies

to any loan obtained by an eligible servicemember. [[HEA §428\(d\)](#); [§682.202\(a\)\(8\)](#); *Federal Register* dated July 23, 2009, p. 36565; [DCL GEN-08-12/FP-08-10](#)]

For purposes of this provision, the maximum interest rate must take into consideration any amount of service charges, renewal charges, fees, or any other charges (except for actual insurance) with respect to the Stafford loan. The lender must use the official Department of Defense electronic database, the Defense Manpower Data Center (DMDC), to identify all Stafford borrowers who are performing SCRA-eligible military service, and confirm the beginning and ending dates of the eligible service. The lender must:

- Compare all of its borrowers against the DMDC database at least monthly to accurately identify borrowers eligible for the SCRA interest rate reduction.
- Charge eligible borrowers interest of no more than 6% during periods of eligible service. This may include beginning, extending, or ending the borrower's period of eligibility based on new start or end date information.
- For each reservist and Guard member, use the Order Notification Start Date.
- Send written notification of the interest rate reduction to the borrower within 30 days of changing the interest rate. [[§682.208\(j\)\(1\)–\(2\)](#) and [\(4\)–\(5\)](#)]

The lender may not require the borrower request the reduced interest rate in writing and must accept alternative evidence from the borrower of his or her military service that indicates the information in the DMDC is inaccurate or incomplete. The borrower may present alternative evidence at any time during or after the qualified military service. Acceptable alternative evidence includes one of the following:

- A copy of military orders.
- A certification of the borrower's service by an authorized official on a Department of Education–approved form. [[§682.208\(j\)\(3\)](#)]

If the lender determines that the DMDC information does not match the acceptable alternative evidence provided, the lender must apply the interest rate reduction for the longest

<sup>1</sup> Policy 1319 (Batch 208), approved January 19, 2017

period for which the borrower is eligible using the earliest start date and latest end date provided by a combination of the DMDC data and the acceptable alternative evidence. For a reservist or Guard member, the lender must use the order notification date as the start date of the military service period.

[HEA §428(d); DCL GEN-08-12/FP-08-10; §682.208(j)(4)]

When the borrower's period of military service ends, the lender is not permitted to assess any additional charge or fee to compensate for the difference between the applicable interest rate and the maximum permissible charges under the SCRA.

[*Federal Register* dated July 23, 2009, p. 36565]

Also, a lender may choose to charge a borrower an interest rate that is lower than the maximum interest rate permitted by statute (the statutory rate). If the lender charges a lower rate, the lender must ensure that reports issued to the Department (such as the [Lender's Interest and Special Allowance Request and Report](#) [LaRS report]) are adjusted. See [Appendix A](#) for more information on LaRS reporting.

If a lender chooses to charge a lower interest rate, it must notify the borrower, at the time a lower interest rate is offered, that the lower interest rate ends on the date a [default or ineligible borrower claim](#) is purchased by the [guarantor](#). The revocation of the lower interest rate at the point of default does not apply to an interest rate that is reduced as a result of the SCRA. The lender may provide this information in any format. [Documentation](#) of the notice must be maintained in the borrower's file. A lender is encouraged to include this documentation (showing that the borrower was informed that the lower interest rate expires upon claim purchase) with default and ineligible borrower claim files. The lender will be required to provide this documentation if a borrower challenges the guarantor or the Department for charging the applicable statutory maximum interest rate during postclaim interest accrual. If the issue

goes to court and the decision is in favor of the borrower such that the loan is unenforceable at the statutory maximum interest rate, the lender will be required to [repurchase](#) the loan and the [guarantee](#) will be withdrawn permanently. The lender may be required to reimburse the guarantor for any court costs or court-imposed fines or penalties.

## 7.4.C Previous Stafford Interest Rates

Interest rates applicable to Stafford loans first disbursed before July 1, 2006, are listed in [Figure 7-1](#).

The interest rate on all Stafford loans first disbursed on or after July 1, 1994, through June 30, 2006, is a variable rate not to exceed 8.25%. The [variable interest rate](#) is adjusted annually on July 1, and remains in effect through June 30 of the following year. (Refer to [Figure 7-1](#) for information on the calculation of the [applicable interest rates](#).)

[HEA §427A(f); HEA §427A(g); HEA §427A(j)(1) and (2); HEA §427A(k)(1) and (2)]

The interest rate on any Stafford loan first disbursed before July 1, 1994, was based on whether the borrower was a "[new borrower](#)." For purposes of FFELP loans, a "new borrower" is any borrower who had no outstanding balance on a FFELP loan on the date he or she signed the [promissory note](#) for a FFELP loan. For loans disbursed before July 1, 1994, if the borrower had an outstanding balance on a Stafford loan on the date the borrower signed the application and promissory note, the borrower's new loan carried the same interest rate as the outstanding loans.

Some fixed-rate Stafford loans have been converted to variable interest rates in accordance with [excess interest rebate](#) provisions of the Higher Education Amendments of 1986 and the Higher Education Amendments of 1992. For more information on these provisions, see [Section H.2](#).

## Stafford Loan Interest Rates

Figure 7-1

Disbursement/Loan Period/Borrower Characteristics	Interest Rate
First disbursement on/after 7/1/06	Fixed interest rate of 6.8%
Subsidized Stafford loans made to undergraduate borrowers and first disbursed as follows:	
• On or after July 1, 2008, and before July 1, 2009	• Fixed interest rate of 6%
• On or after July 1, 2009, and before July 1, 2010	• Fixed interest rate of 5.6%
• On or after July 1, 2010, and before July 1, 2011	• Fixed interest rate of 4.5%
• On or after July 1, 2011, and before July 1, 2012	• Fixed interest rate of 3.4% <sup>1</sup>

<sup>1</sup> Policy 1319 (Batch 208), approved January 19, 2017

## 11.21.D False Certification as a Result of the Crime of Identity Theft

If a [guarantor](#) or the Department notifies a lender, or the lender receives reliable information from another source (such as a telephone call or letter from the individual named as the borrower) that an individual may be eligible for a false certification loan [discharge](#) as a result of the crime of identity theft, the lender must grant an [administrative forbearance](#) on any potentially eligible loan for a period not to exceed 60 days, beginning no earlier than the date that the loan discharge eligibility requirements are sent to the individual. If the individual fails to return the discharge documentation within the required time frame, the lender must end the administrative forbearance and the loan's [delinquency](#) resumes at the point at which collection activity was suspended.

[§682.211(f)(8); §682.402(e)(12); §685.215(d)(2)]

If a lender receives a valid identity theft report (as defined in [Section 603\(g\)\(4\) of the Fair Credit Reporting Act](#)) or notification from a [nationwide consumer reporting agency](#) that a borrower's loan may have been the result of the crime of identity theft, the lender may grant an administrative forbearance for a period not to exceed 120 days while the lender determines the legal enforceability of the loan.

[§682.211(f)(6)]

In addition, the lender may grant an administrative forbearance for periods needed by the Department or the guarantor to determine the individual's eligibility for discharge because of false certification as a result of identity theft (see [Subsection 13.8.E](#) for information regarding false certification loan discharge as a result of identity theft). If the discharge is denied, the lender must resume collection activity on the loan within 30 days of the lender's receipt of the denial notice from the guarantor. The lender may capitalize interest accrued during the [forbearance](#) period and the loan's delinquency resumes at the point at which collection activity was suspended.

[§682.402(e)(7)(iii)]

The lender must clearly indicate in the servicing history that an administrative forbearance was granted due to the borrower's potential eligibility for loan discharge for false certification as a result of the crime of identity theft.

## 11.21.E Cures

The lender may grant an administrative forbearance from the date of the earliest unexcused violation to the date the lender receives a full payment or new repayment [agreement](#) that is signed by the borrower to reinstate the [guarantee](#) on the loan.

## 11.21.F Death

If a lender receives reliable but unofficial notification of a borrower's death, or the death of a student for whom a PLUS loan was made in the case of a PLUS loan or a Consolidation loan that paid in full a PLUS loan, the lender must suspend collection activity on the loan for a period of up to 60 days, until the lender receives documentation of the death or verifies the death through an authoritative Federal or State database approved for use by the Department.<sup>1</sup> If the lender needs time in addition to the initial 60-day [mandatory administrative forbearance](#) period to obtain documentation of the death, the lender may grant an administrative forbearance on the loan for up to an additional 60 days, for a total suspension of collection activity of up to 120 days. This forbearance does not require a written request but the lender must send a notice to the borrower's or endorser's address stating that such a forbearance was granted.

See [Subsection 11.23.A](#) for mandatory administrative forbearance requirements regarding death discharges. See [Subsection 13.8.C](#) for information on [claim](#) filing procedures for loans that are eligible for discharge or partial discharge due to a borrower's death, or the death of a student for whom a PLUS loan was made in the case of a PLUS loan or a Consolidation loan that paid in full a PLUS loan.

[§682.211(f)(7); §682.402(b)(3)]

<sup>1</sup> Policy 1321 (Batch 209), approved February 16, 2017

## 11.23 Mandatory Administrative Forbearance

A lender must grant a [mandatory administrative forbearance](#) when applicable. This type of [forbearance](#) does not require the borrower's request or a forbearance agreement between the lender and the borrower. As soon as feasible, the lender must notify the borrower or [endorser](#) that the lender has granted a forbearance and indicate the date that payments should resume. See [Subsection 11.20.G](#) for information regarding the notices that the lender must send when granting a forbearance and during the forbearance period.

Any outstanding [delinquency](#) that precedes the beginning date of a mandatory administrative forbearance period cannot be resolved by the mandatory administrative forbearance. See [Subsection 11.21.G](#) for more information about resolving a delinquency that precedes a mandatory administrative forbearance.

[[HEA §428\(c\)\(3\)](#); [§682.211\(i\)\(1\) and \(2\)](#)]

### 11.23.A Death

The lender must grant a mandatory administrative forbearance after receiving reliable but unofficial notification that the borrower died, or in the case of a [parent PLUS loan](#) or a Consolidation loan that paid in full a parent PLUS loan, the student for whom a parent PLUS loan was made died. This mandatory administrative forbearance ends when the lender receives documentation of the death or verifies the death through an authoritative Federal or State database approved for use by the Department, but in no case can it exceed 60 days.<sup>1</sup> This type of forbearance does not require a request nor is the lender required to notify the borrower or endorser that such a forbearance was granted.

See [Subsection 11.21.F](#) for the [administrative forbearance](#) period applicable to death discharges. See [Subsection 13.8.C](#) for information on [claim](#) filing procedures for loans that are eligible for [discharge](#) or partial discharge due to a borrower's death, or the death of a student for whom a PLUS loan was made in the case of a PLUS loan or a Consolidation loan that paid in full a PLUS loan.

[[§682.211\(i\)\(6\)](#); [§682.402\(b\)\(3\)](#)]

<sup>1</sup> Policy 1321 (Batch 209), approved February 16, 2017

## 11.23.B Exceptional Circumstances

For the following three types of forbearance, the lender is not required to notify the borrower or endorser at the time forbearance is granted, but must do so as soon as feasible (for more information about the content of the required notice, see [Section 11.23](#)). A [mandatory administrative forbearance](#) must be granted by the lender until the Department or the [guarantor](#) notifies the lender that the forbearance period no longer applies. The lender must grant a forbearance to a borrower or endorser during any period, and during the 30 days following the period, when the lender is notified by the Department that any of the following situations apply:

[[§682.211\(i\)\(2\) and \(3\)](#)]

### Local or National Emergency

The lender must grant a forbearance for a local or national emergency. The lender may not require a borrower to submit a request for the forbearance or supporting [documentation](#).

### Military Mobilization

The lender must grant a forbearance for a military mobilization. A military mobilization is defined as a situation in which the U.S. Department of Defense orders members of the National Guard or the Reserves to active duty under Sections [688](#), [12301\(a\)](#), [12301\(g\)](#), [12302](#), [12304](#), and [12306 of Title 10, United States Code](#). A military mobilization also includes the assignment of other members of the Armed Forces to duty stations at locations other than the locations at which they are normally assigned, if the military mobilization involves the activation of the National Guard or the Reserves. The lender must require a borrower or endorser who requests forbearance because of a military mobilization to provide documentation showing that the borrower is subject to a military mobilization as described above.

See [Section H.4](#) for information about a statutory or regulatory waiver authorized by the [HEROES Act](#) that may impact these requirements.

### Disaster

A lender must grant a forbearance for a borrower or endorser if the geographic area in which the borrower or endorser resides has been designated a disaster area by the President of the United States or Mexico, the Prime

Minister of Canada, or by a governor of a [state](#). The lender may not require a borrower to submit a request for the [forbearance](#) or supporting documentation.

### 11.23.C Repayment Accommodation

A lender must grant a [mandatory administrative forbearance](#) to a borrower or [endorser](#) during a period when the borrower or endorser is making payments for a period of:

- Up to 3 years, in cases where the effect of a [variable interest rate](#) on a standard or [graduated repayment schedule](#) would result in a loan not being repaid within the maximum [repayment period](#).
- Up to 5 years, in cases where the effect of decreased installment amounts paid under an [income-sensitive repayment schedule](#) would result in the loan not being repaid within the maximum repayment period. [[§682.211\(i\)\(5\)](#)]

For more information on repayment terms, see [Section 10.6](#).

### 11.23.D Teacher Loan Forgiveness

If a [guarantor](#) notifies a lender, or the lender receives reliable information from another source (such as a telephone call or letter from the borrower) that a borrower may be eligible for teacher loan [forgiveness](#), the lender must grant a [mandatory administrative forbearance](#) on any affected loan for payments of principal and interest that are delinquent or that would be due during the following periods:

- For a period not to exceed 60 days while the lender is awaiting a completed Teacher Loan Forgiveness Application from the borrower.
- For the period beginning on the date that the lender receives a completed Teacher Loan Forgiveness Application and ending on the date the lender receives a denial of the forgiveness application or the forgiveness amount from the guarantor. [[§682.216\(e\)\(1\)\(ii\) and \(iii\)](#)]

If teacher loan forgiveness may be applicable to any Stafford loan(s) that was paid in full by a Consolidation loan, the lender must grant this [forbearance](#) on the entire Consolidation loan.

See [Subsection 11.24.C](#) for more information on the [Teacher Loan Forgiveness Forbearance](#) and [Subsection 13.9.A](#) for more information about the [teacher loan forgiveness program](#).<sup>1</sup>

### 11.24 Mandatory Forbearance

Upon receiving a borrower's request and documentation required to support the borrower's eligibility, a [lender](#) must grant a [forbearance](#) in any of the situations listed below. A lender and the borrower may agree to the terms of the forbearance verbally or in writing. A lender that grants a forbearance based on a verbal agreement with the borrower must record the forbearance terms in the borrower's file and send a notice to the borrower confirming the terms of the forbearance agreement.

If a borrower requests a mandatory forbearance because of student loan debt burden, the lender must forward to the borrower the Mandatory Forbearance Request: Student Loan Debt Burden (SLDB) form.

If a borrower requests a mandatory forbearance for one of the reasons listed below, the lender must forward to the borrower the Mandatory Forbearance Request: Medical or Dental Internship/Residency Program; National Guard Duty; Department of Defense Loan Repayment Program (SERV) form:

- Medical or dental internship/residency
- Active military state duty as a member of the National Guard
- Department of Defense Student Loan Repayment Program

<sup>1</sup> Policy 1318 (Batch 208), approved January 19, 2017

## 11.24.C

### National Service, Loan Forgiveness, Department of Defense Repayment, or Active Military State Duty

The lender must grant forbearance in yearly increments—or a lesser period equal to the actual period during which the borrower is eligible—for any period during which the borrower meets one of the following four criteria:

#### National Service Position

- The borrower Serves in a national service position for which the borrower receives a national service educational award under the National and Community Service Trust Act of 1993 (AmeriCorps). Before granting a forbearance to a borrower or endorser under this program, the lender must require the borrower or endorser to submit documentation of the beginning and ending dates for the period the borrower is serving in a national service position. There is no OMB-approved form for this forbearance. [[§682.211\(h\)\(2\)\(ii\)\(A\)](#)]

#### U.S. Department of Defense Student Loan Repayment Programs

- The borrower Performs service that would qualify the borrower for partial loan repayment under the Student Loan Repayment Programs administered by the U.S. Department of Defense authorized under 10 U.S.C. 2171, 2173, 2174 or any other Department of Defense programs for repayment of student loans. Before granting a forbearance to a borrower or endorser under this program, the lender must require the borrower or endorser to submit documentation of the beginning and ending dates for which the U.S. Department of Defense considers the borrower to be eligible for a partial repayment of the borrower's loan under the Student Loan Repayment Programs. The lender must forward to the borrower the Mandatory Forbearance Request: Medical Internship/Residency Program, National Guard Duty, or Department of Defense Loan Repayment Program (SERV) form. [[§682.211\(h\)\(2\)\(ii\)\(B\)](#); [§682.211\(h\)\(4\)\(ii\)](#); [DCL GEN-16-02](#)]

#### Teacher Loan Forgiveness

- The borrower Maintains eligibility for loan forgiveness under the Teacher Loan Forgiveness Program and, at the time of each annual request, the

lender believes that the cancellation amount will satisfy the anticipated outstanding loan balance at the time of the expected cancellation. Before granting this a-forbearance to a borrower, the lender must forward the Teacher Loan Forgiveness Forbearance Request (TLFF) form to require the borrower or require the borrower to submit the following:

- Documentation showing the beginning and anticipated ending dates of the period during which the borrower expects to perform the qualifying teacher service for that year (see [Subsection 13.9.A](#)).
- A self-certifying statement of the borrower's intent to satisfy the teacher loan forgiveness requirements. [[§682.211\(h\)\(2\)\(ii\)\(C\)](#); [§682.211\(h\)\(4\)\(iii\)](#); [§682.215\(e\)\(1\)\(i\)](#)]

#### National Guard Duty Active State Duty

- The borrower Serves on active military state duty as a member of the National Guard (including a member in retired status) during a time when the governor activates National Guard personnel for active state duty for a period of more than 30 consecutive days, and the Guard's activities are paid with state or federal funds. The forbearance is for a borrower who qualifies for a post-active duty student deferment, but who does not qualify for a military service deferment or other deferment while engaged in active military state duty (see [Section 11.12](#) for more information on the post-active duty student deferment). The forbearance begins on the day after the end of the grace period for a Stafford loan that has not entered repayment, or begins on the day after the end of the in-school deferment for a FFELP loan in repayment. The lender must forward to the borrower the Mandatory Forbearance Request: Medical Internship/Residency Program, National Guard Duty, or Department of Defense Loan Repayment Program (SERV) form. [[§682.211\(h\)\(2\)\(iii\)](#); [DCL GEN-16-02](#)]<sup>1</sup>

Note: Lenders may offer discretionary forbearance to borrowers who do not qualify for mandatory forbearance.

<sup>1</sup> Policy 1318 (Batch 208), approved January 19, 2017

### Bankruptcy Claims

For a [bankruptcy claim](#), the lender must submit—in addition to the preceding items 1 through 6—notification of the bankruptcy filing, such as the Notice of the First Meeting of Creditors (the Notice) or other proof of filing directly received from the borrower’s attorney, the bankruptcy court, or from another source; a copy of the Proof of Claim filed by the lender, if required; and all other pertinent documents sent to or received from the bankruptcy court. If the lender filed any required document with the bankruptcy court in an electronic format, it must include a printed copy of that document in any claim that it files.

[§682.402(f)(3); §682.402(g)(1)(v)(A)]

### Death Claims

For a death [claim](#), the lender must submit—in addition to the preceding items 1 through 7—one of the following:

- An original or certified copy of the death certificate.
- An accurate and complete photocopy of the original or certified copy of the death certificate.
- An accurate and complete original or certified copy of the death certificate that is scanned and submitted electronically or sent by facsimile transmission.
- Verification of the borrower’s or student’s death through an authoritative Federal or State electronic database approved for use by the Department.

~~an original or certified copy, or an accurate and complete photocopy of the original or certified copy, of the death certificate (see Subsection 13.8.C). The use of a fax or electronic version of the death certificate is not permitted.~~

In the event of an exceptional circumstance and on a case-by-case basis, the lender must submit other reliable documentation approved by the guarantor’s CEO. (See [Subsection 13.8.C.](#))

[§682.402(b)(2); §682.402(g)(1)(iii); §685.212(a)(1)]

### Total and Permanent Disability Claims

When the Department notifies the lender to file the TPD claim with the guarantor, the lender must submit the preceding items 1 through 7, and each of the following:

- A copy of the Department’s notification to the lender that the borrower’s discharge application has been approved.

- A FFELP Assignment Support Supplemental Form (TPD-Specific worksheet) when filing a total and permanent disability claim that is not based on a determination by the Department of Veterans Affairs (VA). This form requires the lender to provide certain electronic signature and disbursement information. [[§682.402\(g\)\(1\)\(iv\)](#); the Department’s Mandatory Assignment Guidance dated July 2, 2009]

Some guarantors have additional or alternate requirements. These requirements are noted in [Appendix C](#).

## 13.1.E Missing Claim File Documentation

If a [lender](#) submits a [claim](#) file with any required [documentation](#) missing or incomplete, or if the [guarantor](#) determines that more information is needed to process the claim, the guarantor may attempt to obtain the necessary documentation or return the claim file to the lender with a request for the missing documentation.

To expedite the claim filing process and avoid the return of claim files to the lender, the guarantor may use a fax machine to request and receive missing information from lenders. The types of documentation that may be transmitted and received by fax include, but are not limited to, the [application](#), [promissory note](#), promissory note [assignment](#), specialty claim documentation, payment history information, [deferment](#) or [forbearance](#) documentation, and missing collection history. In the case of documentation where an original or true and exact copy, or an accurate and complete photocopy of the original or certified copy, may be required (such as the promissory note and death certificate), the lender may fax a copy of the document so that the guarantor can continue processing the claim. However, the lender must, within the time frame established by the guarantor, forward the original document—or a copy certified as true and exact, or an accurate and complete photocopy of the original or certified copy—to the guarantor to avoid a future claim return.<sup>1</sup>

- ▲ Lenders may contact individual guarantors for information on faxing claim file documentation. See [Section 1.5](#) for contact information.

If a lender is unable to provide requested documentation, the loan may be subject to [interest](#) penalties or [due diligence](#) violations. If a lender is unable to provide accurate payment information, as required on the Claim Form, the [guarantee](#) on the loan may be canceled. However,

<sup>1</sup> Policy 1321 (Batch 209), approved February 16, 2017

## Suspending Collection

If a lender receives reliable but unofficial notification of a borrower's death, or the death of a student for whom a PLUS loan was made in the case of a PLUS loan or Consolidation loan that paid in full a PLUS loan, the lender must suspend collection activity on the loan for up to 60 days and diligently attempt to obtain the required documentation—~~an original or certified copy, or an accurate and complete photocopy of the original or certified copy, of the death certificate.~~ Required documentation includes one of the following:

- An original or certified copy of the death certificate.
- An accurate and complete photocopy of the original or certified copy of the death certificate.
- An accurate and complete original or certified copy of the death certificate that is scanned and submitted electronically or sent by facsimile transmission.
- Verification of the borrower's or student's death through an authoritative Federal or State electronic database approved for use by the Department.

In the event of an exceptional circumstance and on a case-by-case basis, the guarantor's CEO may approve a discharge based on other reliable documentation of the borrower's or student's death. If additional time is needed to obtain this documentation, collection activity may be suspended for up to an additional 60 days, for a total suspension of up to 120 days. If documentation is not received, the lender should treat the period of suspension as though a [forbearance](#) had been granted. A signed forbearance agreement is not required for this period. The [delinquency](#) status, if any, that existed on the loan before the lender suspended its collection activity remains. The lender must resume collection activity immediately at the level of delinquency at which it was suspended.

[§682.402(b)(2) and (3)]

After receiving the required documentation—~~an original or certified copy, or an accurate and complete photocopy of the original or certified copy,~~ of the borrower's or student's death, as stated above, ~~certificate~~ or notification of discharge approval from the guarantor, the lender may not attempt to collect on a loan or the discharged portion of a loan from the borrower, the borrower's estate, or any [endorser](#).

[§682.402(b)(4)]<sup>1</sup>

<sup>1</sup> Policy 1321 (Batch 209), approved February 16, 2017

## Treatment of Payments

Payments received from the borrower or the borrower's estate or paid on behalf of the borrower after the date of the borrower's or student's death must be returned to the sender. If payments are received and the lender has no indication of an address or party to which payments may be returned, the lender may apply those payments to the loan, but must document the special circumstances. The lender may capitalize the outstanding accrued interest for the period represented by payments that were made but subsequently returned.

[§682.402(b)(5); §685.212(g)(1)]

### Disbursements That Are Not Consummated at the Time of the Borrower's or Student's Death

A Stafford or PLUS loan [disbursement](#) that is unconsummated when the borrower—or the [dependent student](#) for whom a [parent](#) borrows a PLUS loan—dies is not insured. If a lender learns that a borrower—or a student, as applicable—died before a loan disbursement is consummated, the lender must cancel all remaining disbursements of the loan. If after making a loan disbursement to a school, the lender learns that the borrower—or student, as applicable—died before a disbursement is consummated, the lender must contact the school and request an immediate repayment of the unconsummated funds. The school must comply with any request from a lender to return funds that were disbursed to the school after the borrower's or student's death. See [Subsection 7.7.L](#) for information about consummated and unconsummated disbursements. See [Subsection 8.9.D](#) for information about returning loan funds for a deceased borrower.

### Timely Filing Deadline for Death Claims

A lender must file a death [claim](#) within 60 days of receiving one of the following:

- An original or certified copy of the death certificate.
- An accurate and complete photocopy of the original or certified copy of the death certificate.
- An accurate and complete original or certified copy of the death certificate that is scanned and submitted electronically or sent by facsimile transmission.
- Verification of the borrower's or student's death through an authoritative Federal or State electronic database approved for use by the Department.<sup>2</sup>

<sup>2</sup> Policy 1321 (Batch 209), approved February 16, 2017

~~an original or certified copy, or an accurate and complete photocopy of the original or certified copy, of the death certificate.~~ If a lender discovers that it has on file a photocopy, an electronic copy, or a facsimile copy 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 and facsimiles were not acceptable proof of the borrower's death), the lender must file the death claim within 60 days of that discovery. In the event of an exceptional circumstance and on a case-by-case basis, the guarantor's CEO may approve a discharge based on other reliable documentation.

[§682.402(b)(2) and (g)(2)(i)]<sup>1</sup>

If a death claim is not filed by the 60th day, the guarantor will still purchase the claim—unless the lender incurred due diligence or timely filing violations that were not cured before notification of the borrower's death and the violations were based on an earlier delinquency and resulted in cancellation of the guarantee on the loan. However, the claim will be subject to an interest penalty, and the lender will be required to repay all interest benefits and special allowance payments for amounts received or otherwise payable after the expiration of the 60-day filing deadline. (See Section 14.4.)

[§682.402(g)(2)(i)]

### 13.8.D False Certification by the School

A borrower who meets all of the requirements that pertain to a particular type of false certification loan discharge as outlined in this subsection is eligible to have his or her applicable loan(s) discharged. A borrower qualifies for a false certification loan discharge of the loan, in full or in part, if the borrower—or the student for whom a parent obtained a PLUS loan—received any part of the proceeds of a FFELP loan on or after January 1, 1986, to attend a school that did any one of the following:

- Admitted the student on the basis of his or her ability to benefit from its training, even though the student did not meet the applicable requirements for admission on the basis of ability to benefit.
- Signed the borrower's name on the application and/or promissory note without his or her authorization, unless the borrower intended to obtain the loan and the student for whom the loan was made benefited from the proceeds of the loan.

- Endorsed the borrower's name on the loan check or signed the authorization for electronic funds transfer (EFT) or master check without the borrower's authorization—unless the student for whom the loan was made received the proceeds of the loan either by actual delivery of the loan funds or by a credit in the amount of the contested disbursement to charges owed to the school for the portion of the educational program completed by the student.

If the guarantor determines that a borrower is eligible for a loan discharge or a discharge of one or more disbursements of a loan, the discharge cancels the obligation of the borrower to repay the applicable outstanding principal, accrued interest, collection costs, and late fees. It also qualifies the borrower for reimbursement of any amounts paid voluntarily or through forced collection on the amount discharged. The lender or guarantor must ensure that a discharge is reported to nationwide consumer reporting agencies such that any adverse credit history associated with the amount discharged is removed.

[HEA §437(c)]

The guarantor or Department may initiate the discharge process if either determines that the borrower is eligible for discharge based on information in its possession. If, however, the borrower initiates the process by requesting a discharge based on false certification, the borrower must complete, certify, and submit to the lender or guarantor the applicable loan discharge application. Through submission of this application, the borrower:

- Agrees to provide, as requested, other reasonably available true and correct documentation that demonstrates the borrower's eligibility for discharge.
- Agrees to cooperate with the Department (or its designee) in any enforcement action or attempt to recover discharged loan amounts, and to transfer and relinquish to the Department any right to a refund on a discharged loan.
- States whether the student has made a claim with respect to the school's false certification with any third party, such as the holder of a performance bond or a tuition recovery program—and, if so, discloses the amount of any payment received by the borrower (or student) or credited to the loan obligation.

If the lender receives the preliminary notification that the loan was falsely certified, the lender may send the loan discharge application to the borrower. If the guarantor receives the preliminary notification that the loan was

<sup>1</sup> Policy 1321 (Batch 209), approved February 16, 2017

collection costs, origination fees, and guarantee fees) associated with the unpaid refund that should have been made by the school, if both of the following criteria are met:

- The borrower (or the student) has ceased to attend the school that owes the refund.
- The guarantor receives documentation regarding the refund, and the borrower and the guarantor have been unable to resolve the unpaid refund with the school within 120 days from the date the guarantor receives a completed discharge application. See [Subsection 9.5.C](#) for school requirements.  
[§682.402(1)(2); §682.402(n), (o), and (p); §685.216(a)(2)(i); §685.216(d)(1)]

The lender or guarantor must ensure that the discharge is reported to all [nationwide consumer reporting agencies](#) that the lender or guarantor had previously reported information on the loan, such that any adverse credit history associated with the amount discharged is removed.  
[§682.402(1)(3)(ii); §685.216(b)(2)]

If the discharge results in a paid-in-full status on the loan and the lender subsequently receives a payment on that loan, the lender must promptly return those funds to the sender. At the same time, the lender must notify the borrower or the borrower's representative that there is no further obligation to repay the loan. If the borrower or the borrower's representative continues to send payments after the notice is given, all of those payments must be forwarded to the Department. In the case of a tuition recovery fund where the sender is required to make payment, those payments must also be forwarded to the Department. If the discharge does not result in a paid-in-full status, any payments received must be applied to the remaining debt.  
[§682.402(q)]

### Denying the Discharge

If the guarantor denies an unpaid refund loan discharge, the guarantor or the lender must notify the borrower in writing, within 30 days of the guarantor's determination, of the reason for the determination and of the borrower's right to request a review of the determination. If the guarantor notifies the borrower, the guarantor will inform the lender.  
[§682.402(1)(5)(vii)(A)]

The lender must resume collection activities and grant a forbearance for the period when collection activities were suspended. Any interest accrued and not paid during this period may be capitalized.  
[§682.402(1)(5)(vii)(B); §685.216(e)(4)]

If the borrower later submits additional supporting documentation that was not considered in any prior determination, the [guarantor](#) will notify the lender to suspend collection activities until the date the lender receives a response from the guarantor either denying the [discharge](#) or paying the unpaid [refund](#) amount. The guarantor will review the additional documentation and make a determination of the borrower's eligibility for discharge within 30 days of receiving the additional documentation.

If the guarantor upholds its decision to deny the discharge, the guarantor or the lender must again notify the borrower in writing, within 30 days of the determination, of the reason for the determination and of the borrower's right to request a review of the determination. The lender must again resume collection activities and grant a [forbearance](#) for the period when collection activities were suspended. Any interest accrued and not paid during this period may be capitalized.  
[§682.402(1)(5)(vii); §685.216(e)(4)]

## Timely Filing Deadlines for Claims and Discharges\*

## Figure 13-4

### Default Claim ([Subsection 13.6.A](#))

#### *Loans with monthly installments:*

- On or after the 271st day of delinquency but no later than the 360th day of delinquency.

#### *Loans with installments less frequent than monthly:*

- On or after the 331st day of delinquency but no later than the 420th day of delinquency.

### Ineligible Borrower Claim ([Subsection 13.6.B](#))

On or after the 31st day and no later than the 120th day after the date on which the final demand letter is mailed to the borrower.

**Bankruptcy Discharge (Subsection 13.8.A)**

- For filing a bankruptcy claim and proof of claim, the earlier of:
  - Within 30 days after the lender's receipt of Notice of the First Meeting of Creditors, or other confirmation issued by the debtor's attorney or the bankruptcy court.
  - Within 30 days after receiving the guarantor's instruction to file a bankruptcy claim.
- In response to a borrower's filing of an undue hardship petition (adversary complaint), the earlier of:
  - Within 15 days of receiving the petition.
  - Within 15 days of the date on which the guarantor instructs the lender to file a bankruptcy claim.
- In response to the lender's receipt of an extension from the bankruptcy court regarding the undue hardship petition (adversary complaint), the later of:
  - 25 days before the expiration of any extension received.
  - Within 15 days of the date that the guarantor instructs the lender to file a bankruptcy claim.
- If a borrower defaults and then files a bankruptcy petition, the earlier of:
  - Within 90 days of receiving notification of the bankruptcy's conclusion or reversal.
  - The 360th day of delinquency.

**Closed School or False Certification Discharge (Subsections 13.8.B and 13.8.D)**

- Within 60 days of receiving a completed request from the borrower, or
- If the guarantor receives a request directly from the borrower, within 60 days of the guarantor's instruction to file a claim.

**Death Discharge (Subsection 13.8.C)**

Within 60 days of receiving:

- An original or certified copy of the death certificate;
- An accurate and complete photocopy of the original or certified copy of the death certificate;
- An accurate and complete original or certified copy of the death certificate that is scanned and submitted electronically or sent by facsimile transmission; or
- Verification of the death through an authoritative Federal or State electronic database approved for use by the Department.

~~Within 60 days of receiving an original or certified copy, or an accurate and complete photocopy of the original or certified copy, of the death certificate.~~ Within 60 days of redetermining that a lender had a photocopy of a death certificate in the borrower's file for an account that was never submitted as a death claim or was denied as a death claim because, at the time, copies were not acceptable proof of the borrower's death.<sup>1</sup>

**Spouses and Parents of Victims of September 11, 2001 (Subsection 13.8.F)**

Within 60 days of the lender's determination that the borrower qualifies for discharge.

**Total and Permanent Disability Discharge (Subsection 13.8.G)**

Within 60 days of receiving a complete loan discharge application or other form(s) approved by the Department.

**Unpaid Refund Discharge (Subsection 13.8.H)**

Once the lender determines that the borrower's discharge request is complete, it must send the completed request and other required information to the guarantor.

\* See each referenced subsection for the comprehensive requirements applicable to each type of claim or discharge.

<sup>1</sup> Policy 1321 (Batch 209), approved February 16, 2017

## Summary of Variable-Rate Conversion Provisions

Figure H-1

Loans Subject to Conversion	Quarterly Variable Interest Rates prior to Conversion to an Annual Variable Interest Rate <sup>1</sup>		Annual Variable Interest Rates after Conversion to an Annual Variable Interest Rate			
	Quarter ending	Rate	Period	Rate	Period	Rate
<i>Higher Education Amendments of 1986:</i>  8%/10% Stafford loans first disbursed before July 23, 1992, when such loans are accruing at the 10% interest rate.  8%/10% Stafford loans first disbursed on or after July 23, 1992, but before October 1, 1992, when such loans are accruing at the 10% interest rate, to borrowers who had no outstanding FFELP loans on the date the promissory note was signed.	Quarter ending 9/30/92:	7.03%	7/1/93 through 6/30/94:	6.37%	7/1/11 through 6/30/12:	3.31%
	Quarter ending 12/31/92:	6.39%	7/1/94 through 6/30/95:	7.58%	7/1/12 through 6/30/13:	3.34%
	Quarter ending 3/31/93:	6.42%	7/1/95 through 6/30/96:	9.07%	7/1/13 through 6/30/14:	3.30%
	Quarter ending 6/30/93:	6.30%	7/1/96 through 6/30/97:	8.41%	7/1/14 through 6/30/15:	3.28%
	Quarter ending 9/30/93:	6.30%	7/1/97 through 6/30/98:	8.41%	7/1/15 through 6/30/16:	3.27%
	Quarter ending 12/31/93:	6.33%	7/1/98 through 6/30/99:	8.41%	7/1/16 through 6/30/17:	3.60%
	Quarter ending 3/31/94:	6.39%	7/1/99 through 6/30/00:	7.87%		
	Quarter ending 6/30/94:	6.59%	7/1/00 through 6/30/01:	9.14%		
	Quarter ending 9/30/94:	7.40%	7/1/01 through 6/30/02:	6.94%		
	Quarter ending 12/30/94:	7.88%	7/1/02 through 6/30/03:	5.01%		
	Quarter ending 3/31/95:	8.71%	7/1/03 through 6/30/04:	4.37%		
			7/1/04 through 6/30/05:	4.32%		
			7/1/05 through 6/30/06:	6.25%		
			7/1/06 through 6/30/07:	8.09%		
			7/1/07 through 6/30/08:	8.17%		
			7/1/08 through 6/30/09:	5.16%		
		7/1/09 through 6/30/10:	3.43%			
		7/1/10 through 6/30/11:	3.42%			
<i>Higher Education Amendments of 1992:</i>  Stafford loans first disbursed at a fixed rate (7%, 8%, 9%, and 8%/10% loans when accruing at 8% and 10%) on or after July 23, 1992, to borrowers who had outstanding FFELP loans on the date the promissory note was signed.	Quarter ending 9/30/92:	6.88%	7/1/93 through 6/30/94:	6.22%	7/1/11 through 6/30/12:	3.16%
	Quarter ending 12/31/92:	6.24%	7/1/94 through 6/30/95:	7.43% <sup>2</sup>	7/1/12 through 6/30/13:	3.19%
	Quarter ending 3/31/93:	6.27%	7/1/95 through 6/30/96:	8.92% <sup>3</sup>	7/1/13 through 6/30/14:	3.15%
	Quarter ending 6/30/93:	6.15%	7/1/96 through 6/30/97:	8.26% <sup>3</sup>	7/1/14 through 6/30/15:	3.13%
	Quarter ending 9/30/93:	6.15%	7/1/97 through 6/30/98:	8.26% <sup>3</sup>	7/1/15 through 6/30/16:	3.12%
	Quarter ending 12/31/93:	6.18%	7/1/98 through 6/30/99:	8.26% <sup>3</sup>	7/1/16 through 6/30/17:	3.45%*
	Quarter ending 3/31/94:	6.24%	7/1/99 through 6/30/00:	7.72% <sup>2</sup>		
	Quarter ending 6/30/94:	6.44%	7/1/00 through 6/30/01:	8.99% <sup>3</sup>		
	Quarter ending 9/30/94:	7.25% <sup>2</sup>	7/1/01 through 6/30/02:	6.79%		
	Quarter ending 12/30/94:	7.73% <sup>2</sup>	7/1/02 through 6/30/03:	4.86%		
	Quarter ending 3/31/95:	8.56% <sup>3</sup>	7/1/03 through 6/30/04:	4.22%		
			7/1/04 through 6/30/05:	4.17%		
			7/1/05 through 6/30/06:	6.10%		
			7/1/06 through 6/30/07:	7.94% <sup>2</sup>		
			7/1/07 through 6/30/08:	8.02% <sup>3</sup>		
			7/1/08 through 6/30/09:	5.01% <sup>3</sup>		
		7/1/09 through 6/30/10:	3.28% <sup>3</sup>			
		7/1/10 through 6/30/11:	3.27% <sup>3</sup>			

\* Policy 1319 (Batch 208), approved January 19, 2017

<sup>1</sup> Quarterly interest rates are determined by adding 3.25% for the "1986 loans" or 3.10% for the "1992 loans" to the average of the bond equivalent rate of the 91-day Treasury bill rate as auctioned for the preceding 3-month period.

<sup>2</sup> Because the variable rate for Stafford loans in this category may not exceed the original interest rate, this variable interest rate does not apply to Stafford loans first disbursed at a fixed 7% interest rate, which are capped at 7%.

<sup>3</sup> Because the variable rate for Stafford loans in this category may not exceed the original interest rate, this variable interest rate does not apply to Stafford loans first disbursed at a fixed 7% or 8% interest rate, which are capped at 7% and 8%, respectively.