

Common Manual Policy Proposal Batch 215 Transmittal**January 17, 2019**

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1328	Total & permanent Disability	13.8.G Total and Permanent Disability To provide more complete information related to when total and permanent disability discharges become effective.	Federal	For VA TPD – August 14, 2008; For Physician Certified TPD – July 1, 2010; For SSA TPD - July 1, 2013

Batch 215 (Approved)

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: December 7, 2018

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	No Changes	01/17/2019

SUBJECT: Total and Permanent Disability

AFFECTED SECTIONS: 13.8.G Total and Permanent Disability

POLICY INFORMATION: 1328/Batch 215

EFFECTIVE DATE/TRIGGER EVENT: For VA TPD – August 14, 2008; For Physician Certified TPD – July 1, 2010; For SSA TPD - July 1, 2013

BASIS:
For VA TPD – §682.402(c)(9)(x) and (xii)(D); §685.213(c)(2); GEN-09-07. For physician certified and SSA TPD – §682.402(c)(3)(i); §685.213(b)(4).

CURRENT POLICY:
Current policy does not explain the effective dates of the various types of total and permanent disability (TPD) discharge that the Department may grant to FFELP borrowers.

REVISED POLICY:
Revised policy adds clarity and explains the effective dates associated with the various types of TPD discharge. Specifically, revised policy states that when the Department grants a borrower discharge based on a determination made by the Veteran’s Administration (VA), the effective date is the date of the VA determination that the borrower is unemployable due to a service-connected disability. Revised policy also states that when the Department grants a borrower discharge based on documentation from the Social Security Administration (SSA), the effective date is the date the Department receives the borrower’s SSA documentation of Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits. Lastly, revised policy states that when the Department grants a borrower discharge based on certification by a physician, the effective date is the date the physician’s signs the borrower’s TPD application.

REASON FOR CHANGE:
To provide more complete information related to when total and permanent disability discharges become effective.

PROPOSED LANGUAGE - COMMON MANUAL:
Revise section 13.8.G, page 48, column 1, paragraph 6, as follows:

Discharge Requests Based on VA Determinations

...

If the Department approves the disability discharge application based on a VA determination, it will notify the borrower’s loan holder(s) of the discharge. The Department also will notify each lender to file a claim with the guarantor. The borrower is not subject to the 3-year ~~conditional~~ or post-discharge monitoring period. The effective date of the discharge is the date of the VA determination that the borrower is unemployable due to a service-connected disability.

[§682.402(c)(9); §685.213(c)(2), DCL GEN-09-07/FP-09-05; Discharge Application: Total and Permanent Disability]

Revise section 13.8.G, page 48, column 2, paragraph 3, as follows:

Discharge Requests Based on SSA Determinations

...

A borrower is eligible for loan discharge due to total and permanent disability if the borrower provides

documentation from the SSA that includes a notice of award for Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits. The letter must include a statement that the borrower's next scheduled disability review will occur within 5 to 7 years. The borrower is not required to provide additional documentation to support the discharge; however, the borrower is required to complete Sections 1 and 3 of the Discharge Application: Total and Permanent Disability. If approved by the Department, the discharge is effective on the date the Department receives the SSA documentation. [§682.402(c)(2)(iv)(B), and (c)(3)(i)(B); §685.213(b)(4)]

Revise section 13.8.G, page 49, column 1, paragraph 2, as follows:

Discharge Requests Based on Physician Certification

...

The borrower must submit the certification to the Department within 90 days of the date that the physician completed and certified the discharge application. If approved by the Department, the discharge is effective on the date the physician signed the TPD application. [§682.200(b); §682.402(c)(2)(iv)-(v), and (c)(3)(i)(A); §685.213(b)(1), and (b)(4); *Federal Register* dates July 23, 2009, p. 36559]

PROPOSED LANGUAGE - COMMON BULLETIN:

Total and Permanent Disability Effective Dates

The Manual is being revised to include the effective dates associated with the various types of TPD discharge that the Department may grant. Specifically, the Manual is revised to state that when the Department grants a borrower discharge based on a determination made by the Veteran's Administration (VA), the effective date is the date of the VA determination that the borrower is unemployable due to a service-connected disability. The Manual is also revised to state that when the Department grants a borrower discharge based on documentation from the Social Security Administration (SSA), the effective date is the date the Department receives the borrower's SSA documentation of Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits. Finally, the Manual is revised to state that when the Department grants a borrower discharge based on certification by a physician, the effective date is the date the physician signs the borrower's TPD application.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower: None.

School: Adds clarity for responding to questions about TPD effective dates.

Lender/Servicer: Adds clarity for responding to questions about TPD effective dates.

Guarantor: None.

U.S. Department of Education: None.

To be completed by the Policy Development and Maintenance Contractor (PDMC)

POLICY CHANGE PROPOSED BY:

PDMC

DATE SUBMITTED TO POLICY DEVELOPMENT AND MAINTENANCE CONTRACTOR:

November 5, 2018

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

January 17, 2019

PROPOSAL DISTRIBUTED TO:

CM Governing Board Chair
CM Guarantor Designees
Interested Industry Groups and Others

Comments Received from:

ECMC, NASFAA, NCHER, PPSVC, UHEAA, VSAC.

Responses to Comments

All commenters support the proposal as written. We sincerely thank all commenters for their review and feedback. One commenter noted a typo in the proposed Common Bulletin language; that typo has been corrected.