

Common Manual Policy Proposal Batch 216 Transmittal

April 1, 2019

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1320	Loan Rehabilitation and Interest Capitalization	<p>10.10 Capitalizing Accrued Interest 13.7 Rehabilitation of Defaulted FFELP Loans Conforms common policy with a regulatory change which prohibits capitalizing outstanding accrued interest when a lender purchases a rehabilitated loan and establishes the borrower’s repayment schedule.</p>	Federal	For rehabilitated loans purchased after October 16, 2018.
1323	Closed School Discharge	<p>13.8.B Closed School Revised policy states that upon resuming collection on a loan for which a borrower has failed to submit a completed Loan Discharge Application: School Closure form within 60 days of being notified of that option, the lender must provide the borrower another Loan Discharge Application: School Closure form and an explanation of the requirements and procedures for obtaining a discharge. Revised policy also explains why and how lenders may be informed of a borrower’s automatic discharge related to schools that close on or after November 1, 2013. For such schools, a borrower’s obligation to repay the loan can be discharged without the borrower completing a Loan Discharge Application: School Closure form if the Department or guaranty agency determines that the borrower did not re-enroll in any title IV-eligible institution within a period of three years after the school closed.</p>	Federal	<p>For the requirement to send a second application, initial closed school discharge applications sent to borrowers on or after December 14, 2018.</p> <p>For the automatic discharge process, notifications received on or after December 14, 2018, from guarantors or the Department.</p>