



*Unified Student Loan Policy*

**Policy Update Proposals –Action Required  
Comments due Friday, October 25, 2019**

To: *Common Manual* Governing Board Representatives  
Interested Industry Groups and Others

From: Benjamin Lee  
*Common Manual* Policy Development and Maintenance Contractor (PDMC)

Re: *Common Manual* Policy Update  
Batch 218: Proposal 1329

Date: October 4, 2019

The PDMC issues **Batch 218** for review and comment.

Policy 1329 is a federal policy proposal and is intended to align Common Manual text with federal regulations and other federal publications.

Policy updates are distributed to all guarantors and others in the FFELP community for the opportunity to comment before Governing Board review and approval.

**Please review the policy update and provide written comments by Friday, October 25, 2019 to:**

Benjamin Lee  
Ascendium Education Solutions, Inc.  
[policy@ascendiumeducation.org](mailto:policy@ascendiumeducation.org)

If you have any questions about the enclosed proposal please contact Benjamin Lee via phone at 608-733-2575 or via email at [policy@ascendiumeducation.org](mailto:policy@ascendiumeducation.org).

Enclosures:

Policy Proposal Transmittal  
*Common Manual* Policy Proposal #1329

**Common Manual Policy Proposal Batch 218 Transmittal****October 4, 2019**

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1329	Automatic Discharge for Totally and Permanently Disabled Veterans	<b>13.8.G Total and Permanent Disability</b> Incorporating the new automatic VA TPD discharge process announced by the Department on August 21, 2019.	Federal	Automatic VA TPD discharge notifications received from the Department on or after August 21, 2019.

Batch 218 (Out for Comment)

# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: October 4, 2019

X	DRAFT	Comments Due	Oct. 25, 2019
	FINAL	Consider at GB meeting	
	APPROVED	With Changes/No Changes	

**SUBJECT:** Automatic Discharge for Totally and Permanently Disabled Veterans

**AFFECTED SECTIONS:** 13.8.G Total and Permanent Disability

**POLICY INFORMATION:** V001/1329/Batch 218

**EFFECTIVE DATE/TRIGGER EVENT:** Automatic VA TPD discharge notifications received from the Department on or after August 21, 2019.

**BASIS:**  
Presidential Memorandum and press release from the Department, both dated August 21, 2019.

**CURRENT POLICY:**  
Current policy does not include reference to the automatic VA TPD discharge process.

**REVISED POLICY:**  
Revised policy incorporates the new automatic VA TPD discharge process announced by the Department on August 21, 2019.

**REASON FOR CHANGE:**  
The Department's new procedure for automatic VA TPD.

**PROPOSED LANGUAGE - COMMON MANUAL:**  
Revise Subsection 13.8.G, column 2, page 47, paragraph 2, as follows:

The lender must refer to the Department any borrower or borrower's representative who asserts that the borrower is totally and permanently disabled. The Department will notify the lender if the borrower notifies the Department of their intent to apply for a total and permanent disability discharge or if the Department automatically determines the borrower is eligible through its quarterly database match process with the Department of Veteran's Affairs (VA), and will instruct the lender to suspend collection activity for a period not to exceed 120 days. The Department will also notify the lender if it receives a loan discharge application, and will instruct the lender to suspend collection activities pending the Department's review of the application. The lender must notify the guarantor that the borrower or some party to a loan has applied for total and permanent disability discharge and that the discharge application is under review. A lender must report to the guarantor its receipt of these TPD review notices at least monthly.

Revise Subsection 13.8.G, subheading Discharge Requests Based on VA Determinations, column 1, page 48, paragraphs 6 and 7, as follows:

A borrower is eligible for loan discharge due to total and permanent disability if the borrower provides documentation from the VA showing that the VA has determined the borrower to be unemployable due to a service-connected condition, and this documentation is acceptable to the U.S. Department of Education (the Department). 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. The Department may automatically determine that a borrower is eligible for loan discharge due to total and permanent disability through its quarterly database match process with the VA that identifies totally and permanently disabled veterans with student loan debt. A borrower identified through this process may opt-out of the discharge by notifying the Department of the opt-out decision within 60 days of being notified of their eligibility.

If the Department approves the disability discharge application based on a VA determination, or makes the automatic determination of eligibility through the VA database match process and the borrower does not opt-out, it will notify the borrower's loan holder(s) of the discharge. The Department will notify each lender to file a claim with the guarantor. The borrower is not subject to the 3-year post-discharge monitoring period. The effective date of the discharge is the date 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; ED press release on Auto VA TPD dated August 21, 2019]

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Automatic VA TPD Determinations by ED**

The *Common Manual* has been updated to incorporate the new automatic VA TPD discharge process the Department announced for totally and permanently disabled veterans with student loan debt in August 2019. The Department will do quarterly database matches with the Department of Veteran's Affairs to identify totally and permanently disabled veterans with student loan debt and notify borrowers of their eligibility. Eligible borrower can opt-out of the automatic discharge process by notifying the Department within 60 days of receiving the eligibility notification. The Department will use the established lender notification process to notify lenders to both suspend collection activity for up to 120 days when borrowers are initially notified of their automatic eligibility, and notify lenders of the approved discharge.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:* Veterans with student loan debt who are considered totally and permanently disabled by the Department of Veteran's Affairs will be notified of discharge eligibility and the ability to opt-out of the discharge.

*School:* None.

*Lender/Service:* Lenders could see an increase in volume of VA TPD discharges.

*Guarantor:* Guarantors could see an increase in volume of VA TPD discharges.

*U.S. Department of Education:* The Department could see an increase in volume of borrowers eligible for VA TPD.

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

**POLICY CHANGE PROPOSED BY:**

PDMC

**DATE SUBMITTED TO POLICY DEVELOPMENT AND MAINTENANCE CONTRACTOR:**

August 21, 2019

**DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:**

**PROPOSAL DISTRIBUTED TO:**

CM Guarantor Designees  
Interested Industry Groups and Others