

**Common Manual Policy Proposal Batch 225 Transmittal****April 22, 2022**

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1335	Exit Counseling	Revised policy requires borrower exit counseling to provide information about third-party student loan debt relief companies. Specifically, exit counseling must provide an explanation that the borrower may be contacted during repayment by third-party student loan debt relief companies, that borrowers should use caution when dealing with those companies, and that the services those companies typically provide are already offered free of charge through the Department or the borrower's servicer.	Federal	For exit counseling provided to borrowers on or after June 20, 2021.

Batch 225 (Approved)

# COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: March 4, 2022

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	No Changes	4/21/2022

**SUBJECT:** Exit Counseling

**AFFECTED SECTIONS:** 4.4.D Exit Counseling

**POLICY INFORMATION:** W003/1335/Batch 225

**EFFECTIVE DATE/TRIGGER EVENT:** For exit counseling provided to borrowers on or after June 20, 2021.

**BASIS:**

Stop Student Debt Relief Scams Act of 2019, Public Law 116-251.

**CURRENT POLICY:**

Current policy does not require borrower exit counseling to include information about third-party student loan debt relief companies.

**REVISED POLICY:**

Revised policy requires borrower exit counseling to provide information about third-party student loan debt relief companies. Specifically, exit counseling must provide an explanation that the borrower may be contacted during repayment by third-party student loan debt relief companies, that borrowers should use caution when dealing with those companies, and that the services those companies typically provide are already offered free of charge through the Department or the borrower's servicer.

**REASON FOR CHANGE:**

Statutory change to HEA §485(b)(1)(A), per Public Law 116-251.

**PROPOSED LANGUAGE - COMMON MANUAL:**

Revise Subsection 4.4.D, page 48, column 1 to add new bullet as follows:

- A printed or an electronic copy of the Department's publication that describes the federal student aid programs.  
[HEA §485(b)(1)(A)(iv) and §485(d)(1); §682.604(a)(2)(x)(B); §685.304(b)(4)(ix)(B)]
- An explanation that:
  - The borrower may be contacted during the repayment period by third-party student loan debt relief companies.
  - The borrower should use caution when dealing with those companies.
  - The services that those companies typically provide are already offered to borrowers free of charge through the Department or the borrower's servicer.[HEA §485(b)(1)(A)(x)]

**PROPOSED LANGUAGE - COMMON BULLETIN:**

**Exit Counseling**

The Manual has been updated to reflect a statutory change requiring borrower exit counseling to provide information about student loan debt relief companies. Specifically, exit counseling must provide an explanation that the borrower may be contacted during repayment by third-party student loan debt relief

companies, that borrowers should use caution when dealing with those companies, and that the services those companies typically provide are already offered free of charge through the Department or the borrower's servicer.

**GUARANTOR COMMENTS:**

None.

**IMPLICATIONS:**

*Borrower:* Borrowers will receive guidance cautioning them about working with student loan debt relief companies.

*School:* Schools are required to ensure that exit counseling provide information about student loan debt relief companies.

*Lender/Servicer:* None.

*Guarantor:* None.

*U.S. Department of Education:* The Department indicated its exit counseling tools have been updated to include information for borrowers about student loan debt relief companies.

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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:**

April 15, 2021

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

April 14, 2022

**PROPOSAL DISTRIBUTED TO:**

CM Governing Board

CM Guarantor Designees

Interested Industry Groups and Others

**Comments Received from:**

NCHER, PPSV, UHEAA, and VSAC

**Responses to Comments**

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All commenters supported the proposal as written.