

Common Manual Policy Proposal Batch 229 Transmittal**March 21, 2023**

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1342	False Certification – Disqualifying Status	Revised policy requires a borrower applying for false certification based on a disqualifying condition to provide information about the state legal requirements for employment that the student could not meet, and supporting documentation proving the borrower had the disqualifying status at the time the loan was certified or originated.	Correction	False certification discharge applications received on or after July 1, 2023
1343	Income Based Repayment (IBR)	Revised policy includes the borrower’s spouse in the family size only for married borrowers who file a joint tax return.	Federal	IBR requests received on or after July 1, 2024

Batch [229] (Approved)

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: March 21, 2024

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With Changes/No Changes	Mar. 21, 2024

SUBJECT: False Certification – Disqualifying Status

AFFECTED SECTIONS: 13.8.D False Certification by the School

POLICY INFORMATION: Z001/1342/Batch 229

EFFECTIVE DATE/TRIGGER EVENT: False certification discharge applications received on or after July 1, 2023

BASIS:

Loan Discharge Application: False Certification (Disqualifying Status), OMB No. 1845-0058, Expiration Date 12/31/2023

CURRENT POLICY:

Current policy only requires a borrower applying for false certification based on a disqualifying condition to state they were unable to meet the legal requirements for employment in the student’s state of residence in the occupation that the training program for which the borrower received the loan was intended due to age (upon completion of training), physical or mental condition, criminal record, or other reason accepted by the Department. It does not require the borrower provide information about the state legal requirements for employment that the student could not meet, and supporting documentation proving the borrower had the disqualifying status at the time the loan was certified or originated.

REVISED POLICY:

Revised policy requires a borrower applying for false certification based on a disqualifying condition to provide information about the state legal requirements for employment that the student could not meet, and supporting documentation proving the borrower had the disqualifying status at the time the loan was certified or originated.

REASON FOR CHANGE:

The documentation requirements were removed from the *Common Manual* through proposal 1339 of Batch 227, approved by the Governing Board on March 16, 2023. The requirements do not appear in regulation. Subsequent to that approval, ED released a revised Loan Discharge Application: False Certification (Disqualifying Status) that includes the documentation requirements. This correction is being made retroactive to the effective date of the prior proposal.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 13.8.D, page 33, column 1, as follows:

False Certification Based on Disqualifying Condition

In the case of a borrower requesting a discharge due to a disqualifying condition, the borrower must complete, certify, and submit to the lender or guarantor the appropriate false certification form approved by the Department. Through submission of this application, the borrower:

- sStates that he or she (or the student in the case of a PLUS borrower) was unable to meet the legal requirements for employment in the student’s state of residence in the occupation that

the training program for which the borrower received the loan was intended due to age (upon completion of training), physical or mental condition, criminal record, or other reason accepted by the Department.

- Provides information about the state legal requirement for employment that the student could not meet, including a reference to or a copy of the specific state law or regulation.
- Provides supporting documentation proving that the borrower had the disqualifying status at the time the loan was certified or originated.

[§682.402(e)(3)(iii) and §685.215(c)(2); Loan Discharge Application: False Certification (Disqualifying Status) OMB No. 1845-0058]

PROPOSED LANGUAGE - COMMON BULLETIN:

Correction to False Certification Disqualifying Status Requirements

The Manual has been updated to reinstate the documentation requirements that were removed through proposal 1339 of Batch 227, approved by the Governing Board in March 2023. The prior proposal eliminated the requirements that a borrower applying for false certification discharge based on disqualifying status provide information about the state legal requirements for employment that the student could not meet, and supporting documentation proving the borrower had the disqualifying status at the time the loan was certified or originated as they were not included in regulation. These requirements, however, appear in ED's Loan Discharge Application: False Certification (Disqualifying Status) form, resulting in a correction to the Manual's language.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower: None.

School: None.

Lender/Service: None.

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 16, 2023

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

February 8, 2024

PROPOSAL DISTRIBUTED TO:

CM Governing Board
CM Guarantor Designees
Interested Industry Groups and Others

Comments Received from:

PPSV, and VSAC

Responses to Comments

All commenters supported the proposal as written.

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: March 21, 2024

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	With Changes/No Changes	Marc. 21, 2024

SUBJECT: Income Based Repayment (IBR)
AFFECTED SECTIONS: 10.8.D Income-Based Repayment Schedule
POLICY INFORMATION: Z002/1343/Batch 229
EFFECTIVE DATE/TRIGGER EVENT: IBR requests received on or after July 1, 2024

BASIS:
34 CFR 682.215(a)(3), as amended by the Final Rule 88 FR 43820, published on July 10, 2023.

CURRENT POLICY:
Current policy includes the borrower’s spouse the family size for married borrowers regardless of tax filing status.

REVISED POLICY:
Revised policy includes the borrower’s spouse in the family size only for married borrowers who file a joint tax return.

REASON FOR CHANGE:
July 10, 2023 Final Rule (88 FR 43820).

PROPOSED LANGUAGE - COMMON MANUAL:
Revise Subsection 10.8.D, page 18, column 2, paragraph 1, as follows:

The borrower must provide a self-certification of family size to the lender. If the borrower fails to certify family size, the lender must assume a family size of one. Family size includes the following:

- The borrower and the borrower’s spouse for a married borrower filing a joint tax return.
- The borrower’s children, including unborn children who will be born during the year for which the borrower certifies family size, if the borrower provides more than half of the children’s support and the children are not included in the family size for any other borrower except the borrower’s spouse who filed a joint tax return with the borrower.
- Other individuals who, at the time the borrower certifies family size, live with the borrower and receive more than half of their support from the borrower and will continue to receive this support from the borrower for the year being certified. Support includes money, gifts, loans, housing, food, clothes, car, medical and dental care, and payment of college costs.

PROPOSED LANGUAGE - COMMON BULLETIN:
Income Based Repayment – Definition of Family Size

The Manual is being revised to incorporate the regulatory change made to the family size definition for income-based repayment. Effective July 1, 2024, the borrower’s spouse is only included in the family size for borrowers who file a joint tax return. The previous rule included the borrower’s spouse in the family size regardless of tax filing status.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower: Borrowers only include their spouse in the family size certification when they file a joint tax return.

School: None.

Lender/Service: Lenders must implement the family size definition change for income-based repayment requests received on or after July 1, 2023.

Guarantor: None.

U.S. Department of Education: None.

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

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