Policy Changes Approved

Batch 232: Proposals 1347 & 1348

The nation's guarantors provide the following summaries to inform schools, lenders, and servicers of the latest *Common Manual* policy changes. Please carefully note the effective date of each policy change.

Income Based Repayment – Partial Financial Hardship

Income Based Repayment – Removal of Partial Financial Hardship Requirement and Standard-Standard

The Manual is being updated to reflect statutory and regulatory changes stemming from the passage of Public Law 119-21, the One big Beautiful Bill Act. One change removes the partial financial hardship requirement for Income Based Repayment (IBR) enrollment and recertification process. As part of this change, there is no longer any consideration or calculation of the standard-standard payment amount for IBR.

Affected Section(s):	10.6.D Minimum Payment Requirements 10.8.D Income-Based Repayment Schedule 10.9 Interest Charges 10.10.B Capitalization Frequency 13.7 Rehabilitation of Defaulted FFELP Loans 13.9.D Loan Forgiveness under the Income-Based Repayment (IBR Schedule) 15.6 Interest Benefits and Special Allowance A.1.B When Federal Interest Benefits Will Be Paid A.2.A Special Allowance and Excess Interest Rates H.4.B Heroes Act Waivers Glossary
Effective Date:	IBR requests received on or after July 4, 2025
Basis:	Public Law (P.L.) 119-21, One Big Beautiful Bill Act, signed July 4, 2025, 91 Fed. Reg. 23768, May 1, 2026, and Dear Colleague Letter GEN-25-04
Policy Information:	1346/232
Guarantor Comments:	None.

Loan Rehabilitation

Loan Rehabilitation – Second Chance Rehabilitations

The Manual is being updated to reflect a statutory change from Public Law 119-21, the One Big Beautiful Bill Act, that allows borrowers a second opportunity to rehabilitate a defaulted loan, beginning July 1, 2027. Previously, borrowers could only rehabilitate a defaulted loan one time.

Affected Section(s):	13.7 Rehabilitation of Defaulted Loans
Effective Date:	Rehabilitation agreements begun on or after July 1, 2027
Basis:	Public Law (P.L.) 119-21, One Big Beautiful Bill Act, signed July 4, 2025
Policy Information:	1347/232

Guarantor Comments: Beginning July 1, 2027, guarantors must let borrowers know that they can rehabilitate a loan a second time.