



IMPORTANT UPDATE

TO: Financial Aid Officers
Student Loan Officers

FROM: Jessie Cooper, Compliance Officer
Georgia Student Finance Corporation

DATE: April 8, 2005

SUBJECT: COMMON MANUAL, *Unified Student Loan Policy Bulletin 78*

Each policy statement included in this package represents clarification, revision, or correction to an existing policy. The retroactive effective date associated with each provision is noted at the end of each section.

Enclosed you will find the following according to the order in which the policies were passed:

Reference # 811 – Paid-In-Full Status and Reporting Time Frames
Reference # 820 – Suspending Collection Activity upon Notification of the Student's Death in the Case of a Consolidation Loan that Paid in Full a PLUS Loan
Reference # 821 – Increased Unsubsidized Stafford Loan Limits for Health Profession Students
Reference # 822 – Teacher Certification and Recertification

If you have any questions about the enclosed common bulletin, please contact Jessie Cooper by phone at 770-724-9139 or e-mail at jessiec@gsfc.org.

Attachment

The nation's guarantors provide the following summaries to inform schools, lenders, and servicers of the latest *Common Manual* policy changes. These changes will appear in the manual's next annual update in July 2005. These changes will also be incorporated into the March 2005 *Integrated Common Manual*. The *Integrated Common Manual* is available on several guarantor websites, and it is also available on NCHELP's website at www.NCHELP.org in the e-library. Please carefully note the effective date of each policy change.

Paid-In-Full Status and Reporting Time Frames

The *Common Manual* has been revised to clarify that a lender is required to promptly report to the guarantor each loan that is paid in full. Information has been added to note that a lender may report this loan status change using an electronic exchange. Additionally, the requirement that the lender's notification to the borrower be in a format acceptable under state law has been removed and information noting that a lender must report a loan's paid-in-full status to at least one credit bureau has been added.

Affected Sections: 3.5.H Reporting Loans Paid in Full
Effective Date: Loans paid in full by the borrower or another source on or after January 1, 2005.
Basis: None.
Policy Information: 811/Batch 118
Guarantor Comments: None.

Suspending Collection Activity upon Notification of the Student's Death in the Case of a Consolidation Loan that Paid in Full a PLUS Loan

The *Common Manual* has been revised to state that a lender must suspend collection activity on a Consolidation loan that paid in full a PLUS loan after receiving reliable but unofficial notification that the student for whom a PLUS loan was made has died. The lender must suspend collection activity on the loan for a period of up to 60 days, until the lender receives documentation of the death. If the lender needs time in addition to the initial 60-day mandatory administrative forbearance period to obtain documentation of the death of the borrower or student, the lender may grant an administrative forbearance on the loan for up to an additional 60 days, for a total suspension of collection activity of up to 120 days.

Affected Sections: 10.19.E Death
10.21.A Death
12.8.C Death
Effective Date: Reliable notification of a student's death received by a consolidating lender on or after July 1, 2005.
Basis: §682.402(b)(1), (3) and (6); *Federal Register* dated August 6, 2002, p. 51041; *Federal Register* dated November 1, 2002, p. 67067.
Policy Information: 820/Batch 120
Guarantor Comments: None.

Increased Unsubsidized Stafford Loan Limits for Health Profession Students

The *Common Manual* has been updated to clarify that foreign schools may not certify the increased unsubsidized Stafford loan amounts certified by schools with eligible health profession programs.

Affected Sections: 6.11.C Increased Unsubsidized Stafford Loan Limits for Health Profession Students
Effective Date: Loan periods beginning on or after May 1, 1999.

Basis: DCL GEN-99-21; Private guidance issued to Congressman Matthew G. Martinez by former Education Secretary Richard Riley.

Policy Information: 821/Batch 120

Guarantor Comments: None.

Teacher Certification and Recertification

The Common Manual has been updated to clarify that a student who is not enrolled in a formal teacher certification program but who is taking a series of courses necessary to obtain certification or recertification from the state is also exempt from the requirement that the student be enrolled or accepted for enrollment as a regular student in a degree or certificate program in order to be eligible for FFELP loans. The program, or series of courses, must be required for elementary or secondary teacher certification or recertification in the state where the student plans to teach or in the state where the student is completing the program. The school must develop a process to identify the student as pursuing teacher certification or recertification and must document that the courses are required by the state for teacher certification or recertification. Information has also been added to clarify that this exemption does not apply to students seeking a professional credential or certification that is required for employment as a non-teaching professional (e.g., a school administrator, guidance counselor, or librarian).

Affected Sections: 5.10 Student Enrollment Requirements

Effective Date: Retroactive to the implementation of the *Common Manual*.

Basis: Private guidance received by NSLP from Pam Moran of the Department of Education's Office of Postsecondary Education.

Policy Information: 822/Batch 120

Guarantor Comments: None.