



"Putting Georgia Students First"

Student Loan Guarantor

IMPORTANT UPDATE!

TO: Financial Aid Officers
Student Loan Officers

FROM: Ruth T. Vincent, Chief Administrator
Guaranteed Loan Division

DATE: November 4, 2002

SUBJECT: COMMON MANUAL, *Unified Student Loan Policy* **Bulletin 58**

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 # 616 – Applying for a Stafford Loan
Reference # 621 – Treasury Offset
Reference # 622 – Economic Hardship Deferment
Reference # 623 – Withdrawal Dates
Reference # 624 – Forbearance

If you have any questions about the following common bulletin, please contact Audra Head by phone at 770-724-9139 or email at audrah@mail.gsfc.state.ga.us.

COMMON BULLETIN 58

November 4, 2002

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 2003. These changes will also be incorporated into the September 2002 *Integrated Common Manual*. The *Integrated Common Manual* is available on NCHELP's website at www.NCHELP.org in the e-library, and it is also available on several guarantor websites. However, these changes are effective before the next update is scheduled to be delivered.

Applying for a Stafford Loan

This policy removes references to the Stafford common application and promissory note, time-sensitive information about the Master Promissory Note (MPN), and redundant information regarding the implementation of the MPN. This time-sensitive information is now recorded in appendix H. The revision also divides section 5.1 into two subsections, 5.1.A. "Applying for a Federal Stafford Loan" and 5.1.B "Applying for a Federal PLUS Loan."

Affected Sections: Chapter 5 / Introduction
5.1

Effective Date: Stafford loans certified by the school for any period of enrollment beginning on or after July 1, 2000, and for any loan certified on or after July 1, 2000, regardless of the loan period begin date.

Basis: HEA 432(m)(1)(C); §682.102(a), as updated in the *Federal Register* dated November 1, 1999.

Policy Information: 616/Batch 96

Guarantor Comments: None.

Treasury Offset

The *Common Manual* has been revised to standardize the way in which it refers to state offsets and to federal Treasury offsets. The term "Treasury offset" has been added to clarify that federal offsets, managed by the U.S. Treasury Department's Financial Management Service, may include the offset of federal payments other than tax refunds, such as Social Security benefits or federal retirement benefits. A definition of the new term has been added to the glossary. References to state offsets have been revised to eliminate specific mention of state income taxes or taxes and will be more generic since states may offset funds other than tax refunds.

Affected Sections: 6.1.I, 8.9, 8.10, ^{CCI} 8.9, ^{CCI} 8.10, appendix G

Effective Date: January 1, 1999. Guarantors will delay enforcement of FFELP disclosure requirements until such time as the amended provisions are reflected in common application documents. However, lenders should be aware that changes to federal processes have been in place for some time and default consequences to borrowers may be more comprehensive than lenders are currently disclosing to their clients.

Basis: 26 CFR Part 301.

Policy Information: 621/Batch 97

Guarantor Comments: None.

Economic Hardship Deferment

The *Common Manual* is being revised to conform with technical corrections made to federal regulations regarding the length of economic hardship deferments. The revised policy requires the lender to grant an economic hardship deferment in increments of up to 1 year, not to exceed a total of 3 years. Language has also been added to indicate that a borrower who is serving as a volunteer in the Peace Corps may be eligible for an economic hardship deferment for the lesser of the borrower's full term of service in the Peace Corps or the borrower's remaining period of economic hardship deferment eligibility under the 3-year maximum.

Affected Sections: 7.10.P
Effective Date: Economic hardship deferments granted by the lender on or after July 1, 2001.
Basis: Technical corrections to §682.210(s)(6) published in Part III of the *Federal Register*, dated June 29, 2001, page 34763.
Policy Information: 622/Batch 97
Guarantor Comments: None.

Withdrawal Dates

The *Common Manual* has been updated to remove redundant information and to reorganize other information to more clearly delineate the difference between the student's withdrawal date and the date the school determines that the student has withdrawn.

Affected Sections: 4.6
Effective Date: Official or unofficial withdrawal determinations made by the school on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999.
Basis: 34 CFR 668.22.
Policy Information: 623/Batch 97
Guarantor Comments: None.

Forbearance

The *Common Manual* is being revised to add "Repayment Accommodation" and "Exceptional Circumstances" subheadings to existing language in 7.11.D in order to clarify the text describing those forbearance situations. The manual is also being revised to move forbearance information for unpaid refund from "Mandatory Administrative Forbearance" to "Administrative Forbearance" for accurate placement.

Affected Sections: 7.11.B, 7.11.D
Effective Date: For requests for unpaid refund discharges sent to the borrower on or after July 1, 2000, unless implemented earlier by the lender.
Basis: §682.211.
Policy Information: 624/Batch 97
Guarantor Comments: None.