



"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: January 13, 2003

SUBJECT: COMMON MANUAL, *Unified Student Loan Policy* **Bulletin 60**

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 # 620 – Standards for Electronic Signatures
Reference # 614 – Loan Disbursement and Guarantee
Reference # 633 – False Certification Loan Discharges
Reference # 634 – Consolidation Repayment Start Date
Reference # 635 – In-School Deferments

If you have any questions about the enclosed common bulletin, please contact Sarah Ergle by phone at 770-724-9139 or email at sarahe@mail.gsfc.state.ga.us.

COMMON BULLETIN 60

January 13, 2003

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 December 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.

Standards for Electronic Signatures

The *Common Manual* has been updated to include a reference to Dear Partner Letter GEN-01-06, which provides voluntary standards for lenders to use for electronic signatures in electronic student loan transactions. The voluntary standards protect lenders from loss of guarantee, federal interest benefits, and special allowance payments if a loan is determined to be legally unenforceable based solely on the processes used for the electronic signature or related records. If a lender's processes for electronic signatures and related records do not satisfy these standards and a loan is held by a court to be unenforceable based solely on these processes, the Department will determine on a case-by-case basis whether federal benefits will be denied or paid. A lender is not protected from these losses on loans made using electronic signatures in electronic student loan transactions to students attending foreign schools even if the lender complies with these standards.

In addition, the term "electronic signature" has been added to the manual's glossary and defined as information in electronic format that is attached to or logically associated with an electronic record, and used by a person with the intent to sign the electronic record.

Affected Sections:	3.4, Appendix G
Effective Date:	FFELP documents signed electronically by the borrower on or after October 1, 2000.
Basis:	Public Law 106-229, Electronic Signatures in Global and National Commerce Act (E-Sign Act); DCL GEN-01-06.
Policy Information:	620/Batch 97
Guarantor Comments:	None.

Loan Disbursement

The *Common Manual* has been updated to recognize that some guarantors may have individual agreements with lenders, as described in subsection 3.3.B of the manual, that allow the lender to disburse Stafford and PLUS loan funds prior to the receipt of a notice of loan guarantee from the guarantor. The amended policy also reminds lenders that if funds are disbursed under an individual agreement with the guarantor prior to the receipt of the notice of loan guarantee, any amount disbursed that exceeds the amount for which the borrower is eligible will not be insured by the guarantor, if the lender knew or had reason to know that the borrower did not qualify for the excess amount. (See subsection 7.12.C for information regarding ineligibility due to lender error.)

Affected Sections: 6.2
Effective Date: Retroactive to the effective date of any individual agreement between a guarantor and a lender.
Basis: HEA 428(n); §682.207(b)(1)(i)(A); DCL GEN-99-22.
Policy Information: 614/Batch 99
Guarantor Comments: None.

False Certification Loan Discharge

The *Common Manual* has been revised to clarify that, upon receipt of reliable information that a borrower may be eligible for a false certification loan discharge, a lender must suspend all collection activities on each affected loan and may grant the borrower an administrative forbearance for a period needed by the guarantor or the Department to determine the borrower's eligibility for a false certification loan discharge. Text has been clarified by creating separate subheadings for language regarding suspension of collection and notification to the borrower during the false certification loan discharge process. Text has also been added to clarify that the lender is not required to return payments received from the borrower during the forbearance period. Formatting changes have also occurred in subsections 8.2.H and ^{CCI}8.2.H to align text with subsections 8.2.B, 8.2.C, and 8.2.D and their CCI counterparts.

Affected Sections: 8.2., ^{CCI}8.2.H
Effective Date: Retroactive to the implementation of the *Common Manual*.
Basis: §682.211(f)(7); §682.402(e)(12)(i) and (ii).
Policy Information: 633/Batch 99
Guarantor Comments: None.

Repayment Start Date Definition Revised to Include Consolidation

The glossary definition of "Repayment Start Date" has been revised to include a reference to Consolidation loans. The revised *Common Manual* glossary definition reads as follows:

Repayment Start Date: The date the repayment period begins. For Stafford loans, repayment begins on the day following the last day of the grace period. For PLUS and SLS loans, repayment begins on the date the loan is fully disbursed. For Consolidation loans, repayment begins on the date the loan is disbursed. See sections 7.4 and 9.5.

Affected Sections: Appendix G
Effective Date: Retroactive to the implementation of the *Common Manual*.
Basis: §682.102(e)(5).
Policy Information: 634/Batch 99
Guarantor Comments: None.

In-School Deferments

The *Common Manual* has been revised to align the text of subsection 7.3.A with current policy reflected in subsection 7.10.A. Subsection 7.3.A has been corrected to state that if a lender receives reliable information that indicates that the borrower may be eligible for an in-school deferment, the lender must determine the borrower's eligibility and, if the borrower is eligible, grant the in-school deferment.

Affected Sections: 7.3.A
Effective Date: In-school deferments granted by the lender on or after October 1, 1998.
Basis: §682.210(c)(1).
Policy Information: 635/Batch 99
Guarantor Comments: None.