



"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: March 19, 2003

SUBJECT: COMMON MANUAL, *Unified Student Loan Policy* **Bulletin 62**

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 # 631 – Economic Hardship Deferment
- Reference # 641 – Next Due Dates for PLUS and SLS Loans
- Reference # 642 – First and Next Payment Due Dates for Stafford Loans
- Reference # 643 – Claim Purchase and Claim Returns
- Reference # 644 – Claim Purchase Time Frames
- Reference # 645 – Organizational Changes to Text
- Reference # 646 – Reissuing a Loan Disbursement

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 62

March 19, 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 February 2003 *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, some of these changes are effective before the next update is scheduled to be delivered.

Economic Hardship Deferment

The *Common Manual* has been revised to coordinate the policy language related to the determination of the borrower's Title IV debt burden with federal regulations and with the requirements of the Economic Hardship Deferment Request form issued in Dear Colleague Letter GEN 02-08. The revised policy specifies that the lender must include defaulted loans when determining the borrower's Title IV debt burden for the purposes of an economic hardship deferment if the borrower provides documentation that he or she has made repayment arrangements satisfactory to the holder of the defaulted loans.

Affected Sections: 7.10.P
Effective Date: Retroactive to the implementation of the *Common Manual*..
Basis: 34 CFR 682.210(s); Economic Hardship Deferment Request form, issued in Dear Colleague Letter GEN-02-08.
Policy Information: 631/Batch 101
Guarantor Comments: None.

Next Due Dates for PLUS and SLS Loans

When establishing the next payment due date on a PLUS or SLS loan following a period of forbearance, deferment, or post-deferment grace, the lender may provide the borrower a due date that is no later than 60 days after the end of the forbearance, deferment, or post-deferment grace period. The due date may be later than 60 days if the borrower makes a prepayment during the period that advances the due date. Previous policy required the lender to establish the next payment due date no later than 45 days after the end of the applicable period.

Affected Sections: 7.4.B, 7.4.C
Effective Date: Next payment due dates for PLUS and SLS loans established by the lender on or after November 1, 2002.
Basis: None.
Policy Information: 641/Batch 101
Guarantor Comments: None.

First and Next Payment Due Dates for Stafford Loans

The *Common Manual* has been revised to reflect revised regulations regarding Stafford loan first payment due dates and next payment due dates following periods of forbearance, deferment, and post-deferment grace. Lenders are required to establish a Stafford borrower's first payment due date no later than 60 days, not 45 days as previously required, after the repayment start date. Lenders also are required to establish the due date following a period of forbearance, deferment, or post-deferment grace no later than 60 days, not 45 days as previously required, after the end of that period.

Previously, lenders were required to establish the first payment due date on a Stafford loan no later than 45 days after the repayment start date and the next payment due date no later than 45 days after a period of forbearance, deferment or post-deferment grace.

Affected Sections: 7.4.B, 7.9.G, 7.10.B, 7.11.K
Effective Date: First payment due dates and next payment due dates established by the lender on or after November 1, 2002.
Basis: 34 CFR 682.209(a)(3)(ii).
Policy Information: 642/Batch 101
Guarantor Comments: None.

Claim Purchase and Claim Returns

The *Common Manual* has been revised to reflect changes in federal regulations regarding the time frame in which the guarantor must purchase an approved total and permanent disability claim or return the claim. Guarantors are required to purchase an approved total and permanent disability claim or return the claim not later than 90 days after the claim was received by the guarantor. Previously, guarantors were required to purchase an approved total and permanent disability claim or return the claim not later than 45 days after receiving the claim from the lender.

Affected Sections: 8.4, ^{CCI}8.4, 8.6, ^{CCI}8.6
Effective Date: Total and permanent disability claims received by the guarantor on or after July 1, 2003, unless implemented earlier by the guarantor.
Basis: 34 CFR 682.402(h).
Policy Information: 643/Batch 101
Guarantor Comments: None.

Claim Purchase Time Frames

The *Common Manual* has been updated to clarify that for an unpaid refund discharge request for a closed school, the guarantor is required to purchase an approved discharge request or return the request to the lender within 45 days. For an unpaid refund discharge request for an open school, the guarantor may take up to 120 days to resolve the unpaid refund with the school. The guarantor is required to purchase an approved discharge request or return it to the lender within 45 days from the date the eligibility determination is made. A cross reference to subsection 8.2.I has been added.

Affected Sections: 8.6, ^{CCI}8.6
Effective Date: Unpaid refund discharges granted on or after July 1, 2000, for loans disbursed, in whole or in part, on or after January 1, 1986.
Basis: 34 CFR 682.402(l)(2)(ii); 34 CFR 682.402(n)(1).
Policy Information: 644/Batch 101
Guarantor Comments: None.

Organizational Changes to Text

The *Common Manual* has been revised to eliminate information related to guarantor processing. The *Common Manual* was established to provide information regarding guarantor policies related to school and lender requirements and does not provide information related to guarantor services, processing, or those policies related to the guarantors' administrative issues. The manual has also been revised to combine related information from two subsections into one.

Affected Sections: 6.1.B, 6.1.G
Effective Date: July 1, 2003.
Basis: None.
Policy Information: 645/Batch 101
Guarantor Comments: None.

Reissuing a Loan Disbursement

The *Common Manual* has been revised to provide an explanation of the circumstances under which a lender may reissue a disbursement. A lender may reissue a loan disbursement if the original disbursement was made according to the school's disbursement schedule, the loan was canceled or not

consummated, and the school subsequently determines that the student should have received the disbursement.

Affected Sections: 6.2.G
Effective Date: July 1, 2003.
Basis: None.
Policy Information: 646/Batch 101
Guarantor Comments: None.

