

IMPORTANT UPDATE

TO: Financial Aid Officers
Student Loan Officers

FROM: Ruth T. Vincent, Director
Guaranteed Loan Division

DATE: April 19, 2004

SUBJECT: COMMON MANUAL, *Unified Student Loan Policy Bulletin 71*

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 # 761 – Assignment of a Loan and the Claim Form
Reference # 763 – Unemployment Deferment Eligibility Criteria
Reference # 764 – Convictions for Drug Possession or Distribution and Their Effect on Title IV Aid Eligibility
Reference # 765 – Delinquency Existing before an Out-of-School Date Change
Reference # 766 – Claim Form Data Requirements
Reference # 767 – Timely Filing for Default Claims
Reference # 768 – Glossary Definitions for Application and Promissory Note Processes

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.

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 2004. These changes will also be incorporated into the March 2004 *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.

Assignment of a Loan and the Claim Form

The *Common Manual* has been updated to acknowledge that the Claim Form contains the loan assignment language that meets the requirement that the claim file contain the holder's original assignment of a loan to the guarantor. A lender that files its claims using the paper Claim Form is not required to provide any other information or certifications. Other assignment options previously provided in the manual have been removed.

A lender using an electronic claim filing process should continue to work directly with the guarantor to develop an accurate, timely assignment process that corresponds with the claim filed

Affected Sections:	12.1.D Claim File Documentation
Effective Date:	Claims filed by the lender on or after July 1, 2003, unless implemented earlier by the guarantor.
Basis:	Claim Form.
Policy Information:	761/Batch 112
Guarantor Comments:	None.

Unemployment Deferment Eligibility Criteria

The *Common Manual* has been revised to provide additional policy information for determining an unemployment deferment period, as follows:

- An initial unemployment deferment period may not begin earlier than the begin date that a borrower requests.
- The ending of the condition that entitled a borrower to an unemployment deferment is one of the events that determines the end date of an unemployment deferment period.

Affected Sections:	10.16 Unemployment Deferment 10.16.C Length of Deferment—Unemployment
Effective Date:	Unemployment deferment requests processed by a lender on or after March 14, 2003.
Basis:	§682.210(a)(6)(i); §682.210(b)(1)(v); §682.210(h); DCL GEN-03-04.
Policy Information:	763/Batch 112
Guarantor Comments:	None.

Convictions for Drug Possession or Distribution and Their Effect on Title IV Aid Eligibility

The *Common Manual* has been revised to update information regarding drug convictions to differentiate between a student who has his or her eligibility for Title IV aid denied when sentenced by a court due to conviction of possession or distribution of a controlled substance and a student who has his or her eligibility for Title IV aid denied due to drug conviction information that he or she reports on the Free Application for Federal Student Aid (FAFSA). In addition, language quoted directly from the Student Aid Report (SAR) has been replaced with a general statement that advises schools and lenders that the SAR provides a warning regarding a student's potential loss of Title IV aid eligibility if he or she is convicted of possession or distribution of a controlled substance.

Affected Sections: 5.1.B Student Eligibility Requirements
Effective Date: None.
Basis: None.
Policy Information: 764/Batch 112
Guarantor Comments: None.

Delinquency Existing before an Out-of-School Date Change

The *Common Manual* has been revised to state consistently that when a lender processes an earlier out-of-school date on a loan that is delinquent, the lender may not resolve that delinquency with an administrative forbearance. The lender may apply an administrative forbearance for the period from the adjusted (correct) repayment start date to the previous repayment start date.

Affected Sections: 9.5.E Revised Out-of-School Dates after Conversion to Repayment
Effective Date: Retroactive to the implementation of the *Common Manual*.
Basis: §682, Appendix D.
Policy Information: 765/Batch 112
Guarantor Comments: None.

Claim Form Data Requirements

The *Common Manual* has been updated to align the claim filing policy with the Claim Form instructions. Revised policy clarifies that all loans included on the Claim Form must have the same lender ID and, if available, the same claim review status, in addition to the same loan type, due date, and interest-paid-through date.

Affected Sections: 12.1.A Claim Filing Requirements
Effective Date: The same "lender ID" requirement is effective for claims filed by a lender using the Claim Form on or after July 1, 2002.
The same "claim review status, if available" requirement is effective for claims filed by a lender using the Claim Form on or after July 1, 1998.
Basis: Claim Form.
Policy Information: 766/Batch 112
Guarantor Comments: None.

Timely Filing for Default Claims

The *Common Manual* has been revised to provide consistency in the explanation of filing time frames for default claims by aligning the text in subsection 12.6.A with text in subsections 11.4.A and 11.4.B. Revised policy states that a lender is strongly encouraged to file a default claim on or after the 300th day of delinquency and may not file a default claim before the 271st day of delinquency for loans with monthly installments. For loans with installments due less frequently than monthly (e.g., quarterly), a lender is strongly encouraged to file a default claim on or after the 360th day of delinquency and may not file a default

claim before the 331st day of delinquency.

Affected Sections: 12.6.A Default Claims
Effective Date: Effective for loans for which the first day of delinquency on the oldest outstanding due date is on or after July 1, 2000, unless implemented earlier by the guarantor.
Basis: None.
Policy Information: 767/Batch 112
Guarantor Comments: None.

Glossary Definitions for Application and Promissory Note Processes

Several glossary definitions have been added, updated, or deleted to reflect the current application and promissory note processes used in the FFELP. The definition of “common application” is being deleted from the glossary and the following definitions of “common form” and “Federal Consolidation Loan Application and Promissory Note” are being added:

Common Form: A standardized form for the administration of the FFELP that is developed and maintained by FFELP participants and approved by the Department. For more information and a list of the common forms, see subsection 2.3.C.

Federal Consolidation Loan Application and Promissory Note: A common form that a borrower—or, as applicable, spouses as comakers—must complete to apply for a Federal Consolidation loan. For more information about Federal Consolidation loans, see chapter 14.

In addition, the definition of “Master Promissory Note” has been updated and definitions of “Federal PLUS Loan Application and Master Promissory Note (PLUS MPN),” “PLUS MPN,” “Federal Stafford Loan Master Promissory Note (Stafford MPN),” and “Stafford MPN” have been added, as follows:

Master Promissory Note: (MPN) See “Federal Stafford Master Loan Promissory Note (Stafford MPN)” and “Federal PLUS Loan Application and Master Promissory Note (PLUS MPN).”

Federal PLUS Loan Application and Master Promissory Note: (PLUS MPN) A common form that allows a parent borrower to receive loans for either a single academic year or multiple academic years. The parent borrower must complete a separate PLUS MPN for each dependent student for whom he or she wishes to borrow (see section 6.16).

PLUS MPN: See Federal PLUS Loan Application and Master Promissory Note.

Federal Stafford Loan Master Promissory Note: (Stafford MPN) A common form that allows a student borrower to receive loans for either a single academic year or multiple academic years (see section 6.16).

Stafford MPN: See Federal Stafford Loan Master Promissory Note.

Affected Sections: appendix G
Effective Date: None.
Basis: None.
Policy Information: 768/Batch 112
Guarantor Comments: None.