



IMPORTANT UPDATE

TO: Financial Aid Officers
Student Loan Officers

FROM: Jessie Cooper, Compliance Officer
Georgia Student Finance Corporation

DATE: March 29, 2006

SUBJECT: COMMON MANUAL, *Unified Student Loan Policy Bulletin 86*

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 # 855 – Suspending Collection Activity on a Consolidation Loan that is Partially Eligible for Unpaid Refund Discharge or Teacher Loan Forgiveness

Reference # 856 – Title IV Credit Balances

Reference # 857 – Unpaid Refund Discharge

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 2006. These changes will also be incorporated into the March 2006 *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.

Suspending Collection Activity on a Consolidation Loan That Is Partially Eligible for Unpaid Refund Discharge or Teacher Loan Forgiveness

The *Common Manual* has been revised to align policies for suspending collection activity and granting an administrative forbearance on a Consolidation loan when a portion of the loan may be eligible for unpaid refund discharge or teacher loan forgiveness with existing policies on partial Consolidation loan discharge due to school closure, false certification, or the death of a student for whom an underlying PLUS loan was made. Revised policy states that a lender must suspend collection activity and grant an administrative forbearance on the entire Consolidation loan while awaiting documentation and during a guarantor's review of a portion of the loan's eligibility for unpaid refund discharge or teacher loan forgiveness. In addition, revised policy removes outdated information, stating that forbearance does not require the written request of the borrower, from subsection 11.19.P. References to a borrower's discharge "request" or "request form" have been replaced, as appropriate, with references to a loan discharge or forgiveness application. Lastly, revised policy aligns with existing text in subsections 13.8.B and 13.8.D to acknowledge that a lender may learn of a borrower's potential eligibility for loan discharge or forgiveness from a guarantor, or the Department, or another source (such as a telephone call or letter from the borrower).

Affected Sections: **11.19.C Closed School or False Certification**
 11.19.P Unpaid Refund Discharge
 11.21.D Teacher Loan Forgiveness
 13.8.B Closed School
 13.8.D False Certification
 13.8.F Unpaid Refund
 13.9.B Teacher Loan Forgiveness Program

Effective Date: Unpaid refund discharge or teacher loan forgiveness requests from the borrower, or notifications from the guarantor or the Department, received by a consolidating lender on or after July 1, 2006.

Basis: None.

Policy Information: 855/Batch 128

Guarantor Comments: None.

Title IV Credit Balances

The *Common Manual* has been updated to clarify that a Title IV credit balance occurs when the total amount of Title IV funds credited to the student's account exceeds tuition and fees, contracted room and board, and other authorized school charges.

Affected Sections: **8.8 Managing Credit Balances**
 8.8.A Delivering Credit Balances

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

Basis: §668.164(e).

Policy Information: 856/Batch 128

Guarantor Comments: None.

Unpaid Refund Loan Discharge

Subsection 13.8.F, Unpaid Refund, has been reorganized to more closely mirror the formatting of the Closed School and False Certification subsections for consistency. Several subheadings and sub-subheadings have been revised as follows:

1. Procedures for Discharging Loans has been changed to Suspending Collection Activity,
2. Processing the Borrower's Request has been changed to Processing the Discharge Application,
3. Discharge Approvals has been changed to Processing an Approved Discharge, and
4. Discharge Denials has been changed to Denying the Discharge.

Also, two paragraphs previously placed under Processing the Borrower's Request have been moved to Suspending Collection Activity for better placement of the language. Further, when the term "request" is used to describe the discharge application, the term is changed to "application" or "discharge application" as appropriate

Affected Sections:	13.8.F Unpaid Refund
Effective Date:	Retroactive to the implementation of the <i>Common Manual</i> .
Basis:	None.
Policy Information:	857/Batch 128
Guarantor Comments:	None.