



IMPORTANT UPDATE

TO: Financial Aid Officers
Student Loan Officers

FROM: Jessie Cooper, Compliance Officer
Georgia Student Finance Commission

DATE: November 2, 2007

SUBJECT: COMMON MANUAL, *Unified Student Loan Policy Bulletin 101*

The attached policy change summaries have been prepared by the nation's guarantors in order to clarify, revise or correct existing policies contained in the Common Manual. The effective date associated with each provision is noted at the end of each section.

The following summaries are listed in the order that the policy changes were passed:

Reference # 944 – Economic Hardship Deferment Eligibility Criteria
Reference # 976 – Including a Retroactive Period in a Loan Period
Reference # 977 – Prorated Loan Limits
Reference # 978 – Loss of Eligibility for Special Allowance Payments

If you have any questions about the attached 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. These changes will also be incorporated into the *Integrated Common Manual*. The *Integrated Common Manual* is available on several guarantor websites, and it is also available on *Common Manual's* website at www.commonmanual.org. Please carefully note the effective date of each policy change.

Economic Hardship Deferment Eligibility Criteria

The *Common Manual* has been updated to align economic hardship deferment eligibility criteria with Department guidance published in the Preamble language in the *Federal Register* dated June 29, 1994, page 33587. A borrower is eligible for an economic hardship deferment if he or she is receiving payment or benefit under a federal or state public assistance program, such as Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, or state general public assistance.

Affected Sections:	11.4.A Eligibility Criteria—Economic Hardship
Effective Date:	Economic hardship deferments granted by the lender on or after January 1, 2008, unless implemented earlier by the lender.
Basis:	Preamble language in the <i>Federal Register</i> , dated June 29, 1994, page 33587; §682.210(s)(6)(ii).
Policy Information:	944/Batch 143
Guarantor Comments:	None.

Including a Retroactive Period in a Loan Period

The *Common Manual* has been updated to address certifying a loan that includes a retroactive period. A school may certify a borrower's eligibility for a Stafford or PLUS loan retroactive to the beginning of the current period of enrollment for a student or parent borrower, as applicable, who, for example, requests a loan during the second or subsequent payment period in the period of enrollment. A school may also certify a borrower's eligibility for a Stafford or PLUS loan retroactive to the beginning of the current period of enrollment in situations where a student or parent borrower, as applicable, regains eligibility after an earlier loss of eligibility due to failure to maintain satisfactory academic progress, failure to meet citizenship requirements, a default or overpayment in a Title IV program, inadvertent borrowing in excess of the Stafford annual or aggregate loan limit, or a drug-related conviction. However, a school may include a retroactive portion of the current enrollment period in a Stafford or PLUS loan period only if the student attended and completed that retroactive period on at least a half-time basis. For example, a school may certify a loan in the spring term for a fall/spring period of enrollment and include the costs for the fall term in the student's cost of attendance for the loan period, provided that the student completed the fall term on at least a half-time basis. The school must ensure that a loan period including a retroactive period does not exceed the maximum allowable loan period, and meets applicable criteria for determining the frequency of Stafford annual loan limits. If a student attended during a retroactive period on a less-than-half-time basis, a school must not include the retroactive period in the loan period or that retroactive period's costs in the cost of attendance for the loan period.

Affected Sections:	6.2 Determining the Loan Period
Effective Date:	Publication date of the 03-04 FSA Handbook.
Basis:	03-04 FSA Handbook, Volume 8, Chapter 6, p. 8-63.
Policy Information:	976/Batch 143
Guarantor Comments:	None.

Prorated Loan Limits

The *Common Manual* has been revised to clarify that loan proration is required, when applicable, for an undergraduate student who is seeking a professional credential or certification necessary for employment in a *non-teaching* profession. Loan proration is not required for a student completing coursework necessary for a professional credential or certification from a state if that credential or certification is

required for employment as a teacher in an elementary or secondary school.

Affected Sections: 6.11.F Prorated Loan Limits
Effective Date: Retroactive to the implementation of the *Common Manual*
Basis: §682.204(a)(6) and (7); 07-08 FSA Handbook, Volume 3, Chapter 4, p. 3-92.
Policy Information: 977/Batch 143
Guarantor Comments: None.

Loss of Eligibility for Special Allowance Payments

The *Common Manual* has been revised to clarify that any failure on the part of a lender to fulfill due diligence on a Consolidation loan may result in a loss of eligibility for any interest benefits and special allowance payments that might otherwise apply to that Consolidation loan. This change aligns Subsection 15.1.A with current language in Section 12.4.

Affected Sections: 15.1.A Agreement to Guarantee Federal Consolidation Loans
Effective Date: Retroactive to the implementation of the *Common Manual*.
Basis: §682.302(d)(1)(iv).
Policy Information: 978/Batch 143
Guarantor Comments: None.