



IMPORTANT UPDATE

TO: Financial Aid Officers
Student Loan Officers

FROM: Jessie Cooper, Compliance Officer
Georgia Student Finance Commission

DATE: November 30, 2007

SUBJECT: COMMON MANUAL, *Unified Student Loan Policy Bulletin 102*

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 # 979 – Providing Consolidation Loan Information to Borrowers
Reference # 980 – Borrowing from FFELP and FDLP
Reference # 981 – Federal Data Matches
Reference # 982 – Required Authorizations for Delivering Parent PLUS Loan Funds to the Student
Reference # 983 – Release of Endorser

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.

Providing Consolidation Loan Information to Borrowers

The *Common Manual* has been revised in Subsection 15.3.A to acknowledge current technologies in the delivery of information to prospective Consolidation loan borrowers. The Manual has also been revised to suggest that consolidating lenders provide Consolidation loan applicants with a complete explanation of any applicable loss of loan benefits if a borrower is consolidating loans from other loan programs into a Consolidation loan and an explanation of any special benefits that the lender may offer on Federal Consolidation loans and the criteria for obtaining those benefits.

Affected Sections: 15.3.A Providing Consolidation Loan Information
Effective Date: July 1, 2008, unless implemented earlier by the lender.
Basis: None.
Policy Information: 979/Batch 144
Guarantor Comments: None.

Borrowing from FFELP and FDLP

The *Common Manual* has been updated to clarify that a school that participates in both the FFELP and the Federal Direct Loan Program (FDLP) may certify loans of different types (Stafford, PLUS) under separate programs for the same period of enrollment for the same student. For example, the school may certify a Stafford loan under the FFELP and a PLUS loan under the FDLP for the same period of enrollment. A school is prohibited from certifying a loan of the same type under each program for the same student for the same period of enrollment.

Affected Sections: 4.1.A Establishing Eligibility
Effective Date: Stafford and PLUS loans certified on or after December 1, 2006, unless implemented earlier by the school.
Basis: HEA §454(a)(4); *Federal Register* dated November 1, 2006, pp. 64392 and 64400; 07-08 FSA Handbook, Volume 3, Chapter 5, p. 3-78.
Policy Information: 980/Batch 144
Guarantor Comments: None.

Federal Data Matches

The *Common Manual* has been updated to include information on the National Student Loan Data System (NSLDS), the Department of Justice (DOJ), and the Department of Veterans Affairs (VA) federal data matches required in determining student and borrower eligibility. NSLDS information has been removed from Appendix F, FFELP Community Initiatives, as NSLDS is no longer an initiative, but a fully operating system which is owned and maintained by the Department. Current references in 5.2.A to the Immigration and Naturalization Service (INS) have been replaced with references to the Department of Homeland Security, United States Citizenship and Immigration Service (USCIS), which now performs the citizenship data match.

Affected Sections: 5.2 Federal Data Matches
5.2.A Citizenship Data Match
5.2.D Prior Overpayment
5.2.E Prior Default
Appendix F FFELP Community Initiatives
Effective Date: Implementation of any federal data match is determined by the Department.

Basis: None.
Policy Information: 981/Batch 144
Guarantor Comments: None.

Required Authorizations for Delivering Parent PLUS Loan Funds to the Student

The *Common Manual* has been revised to clarify that a school must obtain a parent PLUS borrower's written authorization to deliver parent PLUS loan funds directly to the student, in addition to any other authorization it must obtain from the student (e.g., an authorization to deliver funds to the student's bank account or to the student's stored-value card).

Affected Sections: 8.3 Required Authorizations
Effective Date: Publication date of the 97-98 FSA Handbook.
Basis: 97-98 FSA Handbook, Chapter 10, pp. 34 and 41.
Policy Information: 982/Batch 144
Guarantor Comments: None.

Release of Endorser

The *Common Manual* has been revised to align the Manual's policy text with Appendix H, by including additional instances in which an endorser may be released from his or her obligation to repay a loan or some portion of a loan. A lender may release an endorser from his or her repayment obligation on a loan if the borrower's obligation to repay the loan is discharged through total and permanent disability, false certification loan discharge, closed school loan discharge, or unpaid refund loan discharge. If only a portion of the borrower's loan is discharged, the endorser remains obligated on any remaining portion of the loan. In addition, an endorser may be released because of the endorser's bankruptcy proceedings or total and permanent disability.

Affected Sections: 12.4.E Endorser Due Diligence
Effective Date: Retroactive to the implementation of the *Common Manual*.
Basis: §682.402(c)-(f); the Endorser Addendum to Federal PLUS Loan Application and Master Promissory Note; Conditional disability discharge guidance developed in coordination with NCHelp and the Department's Conditional Disability Discharge Unit.
Policy Information: 983/Batch 144
Guarantor Comments: None.