



IMPORTANT UPDATE

TO: Financial Aid Officers
Student Loan Officers

FROM: Jessie Cooper, Compliance Officer
Georgia Student Finance Commission

DATE: January 9, 2007

SUBJECT: COMMON MANUAL, *Unified Student Loan Policy Bulletin 94*

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 # 909 – NSLDS Ad Hoc Reporting
Reference # 912 – Guarantor Review of Exceptional Performer Claims
Reference # 913 – Lender Disbursement through an Escrow Agent
Reference # 914 – Bankruptcy Claims and Lenders Designated as Exceptional Performers
Reference # 915 – False Certification Claim Purchase Time Frame
Reference # 916 – Stafford Undergraduate Annual and Aggregate Loan Limits
Reference # 917 – Deferment Eligibility
Reference # 918 – Delinquency Period and the Definition of Default

If you have any questions about the attached bulletin, please contact Jessie Cooper at 770-724-9139 or 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.

NSLDS Ad Hoc Reporting

The *Common Manual* has been updated to include information regarding the National Student Loan Data System (NSLDS) ad hoc reporting. In addition to submitting regular reports to the NSLDS, a school is required to report enrollment status changes that affect the grace period, repayment responsibility, or deferment privileges of a borrower. An ad hoc report must be submitted within 30 days unless the school expects to submit a Submittal File within the next 60 days. Revised policy also provides ad hoc reporting methods the school may use.

A school (or its designated servicer) must respond to all requests for borrower information from guarantors and lenders for information about recipients of Title IV loan funds—including information needed to locate the borrower, to determine the borrower's eligibility for deferment, or to establish the borrower's repayment schedule.

In addition, subsection 9.2.B has been renamed "Ad Hoc Reporting" and a new subsection 9.2.C "Information Sharing with the Department, a Lender, or a Guarantor" has been added.

Affected Sections:	9.2 Student Enrollment Status Reporting 9.2.B Reporting Student Enrollment Changes to the Lender or Guarantor
Effective Date:	Enrollment status changes reported by a school on or after March 1, 1997.
Basis:	§682.610(c)(2); <i>Dear Colleague Letters</i> GEN-96-17 and GEN-96-L-189; October 2005 <i>NSLDS Enrollment Reporting Guide</i> , Chapter 3, Section 3.3.
Policy Information:	909/Batch 135
Guarantor Comments:	None.

Guarantor Review of Exceptional Performer Claims

The *Common Manual* has been revised to state that a guarantor may not return a claim due to errors in repayment conversion, due diligence, or timely filing to a lender or lender servicer designated as an exceptional performer. However, if the lender is unable to provide a complete claim or if the loan is otherwise ineligible for claim payment (such as due to a previous, unresolved loss of loan guarantee) the guarantor must return the claim file despite the lender's or servicer's exceptional performer designation.

Affected Section:	13.2 Claim Returns
Effective Date:	Claims filed by exceptional performer lenders and lender servicers on or after March 2004.
Basis:	§682.415(b)(5)(i) and (ii); <i>Dear Colleague Letter</i> FP-04-04, Q1.17/A1.17, Q1.22/A1.22, and Q1.24/A1.24.
Policy Information:	912/Batch 136
Guarantor Comments:	None.

Lender Disbursement through an Escrow Agent

The *Common Manual* has been revised to reflect statutory changes derived from the HERA requiring a lender that disburses loan proceeds through an escrow agent to make funds available to the escrow agent no earlier than 10 days prior to the date of the scheduled disbursement.

Affected Section: 7.7 Disbursing the Loan
Effective Date: Loan proceeds paid by a lender to an escrow agent on or after July 1, 2006.
Basis: Higher Education Act of 1965, section 428(i)(1), as amended by the Higher Education Reconciliation Act (HERA) of 2005; *Dear Colleague Letter* GEN-06-02/FP-06-01.
Policy Information: 913/Batch 136
Guarantor Comments: None.

Bankruptcy Claims and Lenders Designated as Exceptional Performers

The *Common Manual* has been revised to state that bankruptcy claims filed by a lender designated as an exceptional performer are subject to review for the lender's compliance with standard bankruptcy policies and requirements. The lender's failure to comply with those requirements may result in the guarantor's return of the bankruptcy claim to the lender, or, if the claim has been purchased, the lender's repurchase of the loan(s).

Affected Section: 13.1.A Claim Filing Requirements
13.5 Claim Repurchase
Effective Date: Bankruptcy notifications received by the lender or after July 1, 2007, unless implemented earlier by the guarantor.
Basis: 34 CFR 682.402(f)(4); FP-04-04, Q1.17/A1.17 and Q1.22/A1.22; Private letter guidance issued by the Department on March 28, 2006.
Policy Information: 914/Batch 136
Guarantor Comments: None.

False Certification Claim Purchase Time Frame

Common policy language for the false certification claim payment time frame has been revised in section 13.3 to be more consistent with the language in subsection 13.8.D. The guarantor has 30 days from the date the guarantor approves the loan discharge application to pay the false certification claim. Language in both subsections has been revised to acknowledge that the loan may be determined to be dischargeable under several circumstances, including the guarantor's approval of a borrower's loan discharge application, the guarantor's own discharge determination, and the guarantor's receipt of notification from the Department that the borrower is eligible for the loan discharge.

Affected Section: 13.3 Claim Purchase or Discharge Payment
13.8.D False Certification by the School
Effective Date: Retroactive to the implementation of the *Common Manual*.
Basis: §682.402(e)(7)(ii).
Policy Information: 915/Batch 136
Guarantor Comments: None.

Stafford Undergraduate Annual and Aggregate Loan Limits

The *Common Manual* has been revised to clarify the content of Figure 6-4 by changing the title to "Stafford Undergraduate Annual and Aggregate Loan Limits." In addition, the numerator in Proportional Proration Calculation #2 (for prorating loan eligibility in a program of study that is less than one academic year in length) has been corrected to specify "number of weeks enrolled in program" divided by "number of weeks in academic year."

Affected Section: Figure 6-4 Stafford Annual Loan Limits
Effective Date: Retroactive to the implementation of the *Common Manual*.
Basis: 34 CFR 682.204(a)(1)(iii) and (d)(1)(iii); 2006-2007 *Federal Student Aid Handbook*, Volume 3, Chapter 4, page 3-80.
Policy Information: 916/Batch 136
Guarantor Comments: None.

Deferment Eligibility

The *Common Manual* has been revised to state consistently that a deferment is *available* to a borrower who is experiencing conditions that qualify the borrower for the deferment, thereby emphasizing that deferment is an entitlement for an eligible borrower.

Affected Section:	11.2 ACTION Program Deferment
	11.3 Armed Forces Deferment
	11.4 Economic Hardship Deferment
	11.6 In-School Deferment and Summer Bridge
	11.7 Internship/Residency Deferment
	11.8 Military Deferment
	11.9 National Oceanic and Atmospheric Administration Corps Deferment
	11.10 Parental Leave Deferment
	11.11 Peace Corps Deferment
	11.12 Public Health Service Deferment
	11.14 Tax-Exempt Organization Volunteer Deferment
	11.15 Teacher Shortage Area or Targeted Teacher Deferment
	11.18 Working Mother Deferment
Effective Date:	Retroactive to the implementation of the <i>Common Manual</i> .
Basis:	§682.210(a)(1)(i).
Policy Information:	917/Batch 136
Guarantor Comments:	None.

Delinquency Period and the Definition of Default

Appendix G of the *Common Manual* has been revised to align the definition of default with current manual policy in section 13.6 and federal guidance in §682.200(b) and Appendix D to 34 CFR Part 682. The reference to 270 “consecutive” days has been removed, and the manual glossary now defines default as the failure of a borrower (or endorser or comaker, if any) to make installment payments when due, provided that this failure persists for a period of 270 days for a loan repayable in monthly installments.

Affected Section:	appendix G
Effective Date:	Retroactive to the implementation of the <i>Common Manual</i> .
Basis:	§682.200(b); Appendix D to 34 CFR Part 682, Introduction, C. <i>Due Diligence</i> .
Policy Information:	918/Batch 136
Guarantor Comments:	None.