



IMPORTANT UPDATE

TO: Financial Aid Officers
Student Loan Officers

FROM: Jessie Cooper, Compliance Officer
Georgia Student Finance Commission

DATE: January 10, 2008

SUBJECT: COMMON MANUAL, *Unified Student Loan Policy Bulletin 103*

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 # 984 – Lender Fee
Reference # 985 – Consolidation Loan Verification Certificates
Reference # 986 – Student Eligibility Requirements
Reference # 987 – Additional Unsubsidized Stafford Loan Eligibility for a
Dependent Student
Reference # 988 – Disclosure Requirements
Reference # 989 – Overawards
Reference # 990 – Excess Interest Rebates

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

Lender Fee

The *Common Manual* has been revised to comply with statutory changes derived from the College Cost Reduction and Access Act (P.L. 110-84). For loans first disbursed on or after October 1, 1993, and prior to October 1, 2007, a lender is charged a lender fee equal to 0.5% of the principal amount of each FFELP loan made. Beginning with loans first disbursed on or after October 1, 2007, a lender is charged a lender fee equal to 1.0% of the principal amount of each FFELP loan made. Conforming changes have also been made to the glossary definition of "Lender Fee" in Appendix G.

Affected Sections:	3.5.A Federal Origination Fee and Lender Fee 15.1.A Agreement to Guarantee Federal Consolidation Loans Appendix G
Effective Date:	Loans first disbursed on or after October 1, 2007.
Basis:	Higher Education Act of 1965, Section 438(d), as amended by the College Cost Reduction and Access Act (P.L. 110-84).
Policy Information:	984/Batch 145
Guarantor Comments:	None.

Consolidation Loan Verification Certificates

The *Common Manual* has been revised to clarify the circumstances under which a loan holder may decline to complete a Consolidation Loan Verification Certificate (LVC). The list of extenuating circumstances has been expanded and Manual text is expanded to note the cases in which the loan holder must notify the Federal Student Aid Financial Partners staff of its decision not to complete an LVC.

Affected Sections:	15.3.C Reviewing the Loan Verification Certificate
Effective Date:	Consolidation Loan Verification Certificates (LVCs) received by a loan holder on or after May 22, 2007.
Basis:	DCL GEN-07-03/FP-07-07.
Policy Information:	985/Batch 145
Guarantor Comments:	None.

Student Eligibility Requirements

The *Common Manual* has been revised to clarify that, if the only Title IV aid applied for is a parent PLUS loan, the student is not required to certify a statement of educational purpose by completing the Free Application for Federal Student Aid (FAFSA). To receive a parent PLUS loan without completing a FAFSA, the student must complete and submit to the school a separate statement of educational purpose.

Affected Sections:	5.1.B Student Eligibility Requirements
Effective Date:	Retroactive to the implementation of the <i>Common Manual</i> .
Basis:	§668.32(h).
Policy Information:	986/Batch 145
Guarantor Comments:	None.

Additional Unsubsidized Stafford Loan Eligibility for a Dependent Student

Subsection 6.15.D of the *Common Manual* has been reorganized to improve the clarity of the subsection and to add another exceptional circumstance in which a dependent student is eligible to receive additional

unsubsidized Stafford loan funds. Also, language is added to clarify that the school must document its reason if it refuses to certify the loan or to certify the full amount of unsubsidized Stafford loan funds for which the student is eligible.

Affected Sections: 6.15.D Additional Unsubsidized Stafford Eligibility for a Dependent Student
Effective Date: Retroactive to the implementation of the *Common Manual*.
Basis: None.
Policy Information: 987/Batch 145
Guarantor Comments: None.

Disclosure Requirements

The *Common Manual* has been revised to remove the requirement that a lender provide, through the initial disclosure, information on how a borrower's interest rate is calculated. This information is no longer necessary as FFELP loan interest rates are currently fixed.

Affected Sections: 7.6.A General Initial Disclosure Requirements
Effective Date: Disclosures provided by the lender to a borrower on or after July 1, 2006.
Basis: §682.205(a)(2)(vii).
Policy Information: 988/Batch 145
Guarantor Comments: None.

Overawards

The *Common Manual* has been revised to clarify that an overaward may occur not only from a student's receipt of additional Title IV funds, but also from receiving additional non-Title IV financial assistance, such as a scholarship or an alternative loan.

Affected Sections: 8.6 Managing Overawards
Effective Date: Retroactive to the implementation of the *Common Manual*.
Basis: HEA §428G(d)(2); §682.200; §682.604(h); and 07-08 FSA Handbook, Volume 5, Chapter 1, p. 5-6.
Policy Information: 989/Batch 145
Guarantor Comments: None.

Excess Interest Rebates

Subsection 10.9.C of the *Common Manual* is being revised to remove historic information on excess interest rebates, called "windfall profits," which were last required in 1994. This information is present in Section H.2 . The information is being replaced with the current requirement for excess interest rebates, effective for loans first disbursed on or after April 1, 2006.

Affected Sections: 10.9.C Excess Interest Rebates
Effective Date: Upon approval by the Governing Board.
Basis: §682.305(d)(1).
Policy Information: 990/Batch 145
Guarantor Comments: None.