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GOVERNOR



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TO: Financial Aid Officers
Student Loan Officers

FROM: Richard M. Hawkshead *RMH*
Vice President, Internal Audit and Compliance

DATE: January 7, 2009

SUBJECT: COMMON MANUAL, *Unified Student Loan Policy Bulletin 113*

The attached policy change summary has been prepared by the nation's guarantors in order to clarify, revise or correct existing policy contained in the Common Manual. The effective date of the provision is noted at the end of policy change.

Reference #1003 – Economic Hardship Deferment Eligibility
Reference #1067 – Notification of Check Availability
Reference #1068 – Total and Permanent Disability
Reference #1069 – Special Allowance and Interest Rate Reporting
Reference #1070 – Title IV Program Definitions
Reference #1071 – Simplified Deferment Processing

If you have any questions about the attached bulletin, please contact Jessie Cooper at 770-724-9139 or jessiec@gsfc.org or me at 770-724-9012.

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

The *Common Manual* has been revised to clarify that non-taxable income such as child support, life insurance proceeds, and gifts and bequests that are not included in the computation of the adjusted gross income (AGI) should not to be treated as income for purposes of determining eligibility for an economic hardship deferment.

Affected Sections: 11.4.A Eligibility Criteria - Economic Hardship
Effective Date: Economic hardship deferment eligibility determinations made on or after July 1, 2009, unless implemented earlier by the guarantor.
Basis: §682.210(s)(6)(x); IRS 1040 Instructions 2007.
Policy Information: 1003/Batch 154
Guarantor Comments: None.

Notification of Check Availability

The *Common Manual* has been revised to comply with the regulatory changes published in the *Federal Register* dated November 1, 2007, that relate to delivering loan funds to a borrower when a student does not pick up a check issued by a school. Revised language provides that if the student does not pick up the check within 21 days of the school's notice that the check is available, the school must immediately mail the check to the borrower, initiate an electronic funds transfer (EFT) of those funds to the borrower's bank account, or return the funds to the lender.

Affected Sections: 8.7.H Delivery Methods
Effective Date: Checks issued for direct payment by the school on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.
Basis: §668.164(c)(1)(ii)(B).
Policy Information: 1067/Batch 154
Guarantor Comments: None.

Total and Permanent Disability

The *Common Manual* currently states that a borrower must submit the total and permanent disability certification to the lender within 90 days of the date that the physician completed and certified the discharge application. If the *lender receives* the discharge application after this 90-day time frame, a borrower must have the physician complete a new application and the borrower must submit the application to the lender within 90 days of the physician's certification of the new discharge application.

The Manual is being revised to state if the *borrower submits* the discharge application after the 90-day time frame, the borrower must have the physician complete a new application and must submit the new application to the lender within 90 days of the physician's new certification.

Affected Sections: 13.8.G Total and Permanent Disability
Effective Date: Total and permanent disability applications received by the lender on or after July 1, 2008.
Basis: §682.402(c); National Council of Higher Education Loan Program's Total and Permanent Disability Q&A confirmed by the Department on March 25, 2008.
Policy Information: 1068/Batch 154
Guarantor Comments: None.

Special Allowance and Interest Rate Reporting

Appendix A of the Manual has been updated to incorporate a revised version of Figure A-5, "LaRS Special Allowance and Interest Rate Reporting for FFELP Loans," provided by the NCHelp Program Regulations Committee.

Affected Sections:	Figure A-5 LaRS Special Allowance and Interest Rate Reporting for FFELP Loans
Effective Date:	Loans first disbursed on or after October 1, 2007.
Basis:	Public Law No. 110-84; §682.302(b); DCL FP-07-11.
Policy Information:	1069/Batch 154
Guarantor Comments:	None.

Title IV Program Definitions

The *Common Manual* has been revised to include separate glossary definitions of the following federal student aid programs that are referenced in existing Manual text:

- **Federal Perkins Loan:** A low-interest, long-term loan intended for undergraduate or graduate and professional students with financial need. The Federal Perkins Loan Program is one of the campus-based programs that are administered by a school's financial aid office. For more information, see the FSA Handbook.
- **Federal Supplemental Educational Opportunity Grant: (FSEOG)** A grant intended for undergraduate students with exceptional financial need. The FSEOG is one of the campus-based programs that are administered by a school's financial aid office. For more information, see the FSA Handbook.
- **Federal Work-Study: (FWS)** An employment program intended for undergraduate or graduate and professional students with financial need that allows students to work part time to help pay for their educational costs. The FWS program is one of the campus-based programs administered by a school's financial aid office. For more information, see the FSA Handbook.

Affected Sections:	9.5.A Return Amounts for Title IV Grant and Loan Programs Appendix G
Effective Date:	Retroactive to the implementation of the <i>Common Manual</i> .
Basis:	08-09 FSA Handbook, Volume 6, p. 6-1 and 6-31.
Policy Information:	1070/Batch 154
Guarantor Comments:	None.

Simplified Deferment Processing

The Manual has been revised to clarify that when a lender is granting a deferment using the simplified deferment processing method, the lender may base the deferment on information from an authoritative electronic database maintained or authorized by the Secretary that supports eligibility for the deferment for the same reason and same time period.

Affected Sections:	11.4.D Simplified Deferment Processing 11.5.D Simplified Deferment Processing 11.8.D Simplified Deferment Processing 11.9.D Simplified Deferment Processing 11.14.D Simplified Deferment Processing 11.18.D Simplified Deferment Processing
Effective Date:	Deferment requests granted by the lender on or after July 1, 2008, unless implemented earlier by the lender on or after November 1, 2007.
Basis:	§682.210(s)(1)(iii).
Policy Information:	1071/Batch 154
Guarantor Comments:	None.