

Sonny Perdue
GOVERNOR



Timothy A. Connell
PRESIDENT

TO: Financial Aid Officers
Student Loan Officers

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

DATE: March 10, 2009

SUBJECT: COMMON MANUAL, *Unified Student Loan Policy Bulletin 115*

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 #1079 – Social Security Numbers on Individual Checks and Master Check Transmittals
Reference #1080 – Elimination of the Child Care Provider Loan Forgiveness Program
Reference #1081 – Revised Notice of Assignment, Sale, or Transfer
Reference #1082 – Revisions in Permitted and Prohibited Activities
Reference #1083 – Student Consumer Information
Reference #1084 – Extenuating Circumstances in Adverse Credit Determinations
Reference #1086 – In-School and Post Enrollment Deferments for PLUS Loans
Reference #1087 – In-School Deferment from NSLDS Data
Reference #1088 – Loan Forgiveness Program for Service in Areas of National Need
Reference #1089 – Loan Repayment Program for Civil Legal Assistance Attorneys

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.

Social Security Numbers on Individual Checks and Master Check Transmittals

The *Common Manual* has been revised to remove the requirement that the lender provide the borrower's and/or the student's Social Security number (SSN) on an individual check. The Manual continues to require that the lender provide sufficient identifying information on the check to ensure that the school may efficiently match the check to the appropriate student. Such information may include the borrower's and/or student's SSN, a student identifier assigned by the school or lender and communicated to the other party, or other reliable identifying information.

In addition, for a lender that issues master checks, the lender is required by federal regulation to include the borrower's name and SSN, but in the case of a parent PLUS Loan, there is no federal requirement that the lender include the dependent student's SSN. Manual language has been revised to permit the lender to use alternate identifiers for the dependent student on the master check transmittal as well.

Affected Sections:	7.7.C	Disbursement by Individual Check
	7.7.D	Disbursement by Electronic Funds Transfer (EFT) or Master Check
Effective Date:	Loan disbursement checks issued by the lender on or after July 1, 2009, unless implemented earlier by the lender or the guarantor.	
Basis:	None.	
Policy Information:	1079/Batch 156	
Guarantor Comments:	None.	

Elimination of the Child Care Provider Loan Forgiveness Program

The Higher Education Opportunity Act (HEOA), P.L. 110-315, eliminated the Child Care Provider Loan Forgiveness Program. Text regarding this program will be moved to the History Appendix during the annual update of Appendix H.

Affected Sections:	2.3.C	Common Forms
	Figure 11-2	Forbearance Eligibility Chart
	11.24.C	National Service, Loan Forgiveness, or Department of Defense Repayment
	Chapter 13	Claim Filing, Discharge, and Forgiveness
	13.9	Forgiveness
	13.9.A	Loan Forgiveness Demonstration Program for Child Care Providers
	13.9.B	Teacher Loan Forgiveness Program
	Appendix D.9	Other Department Contact Information
	Appendix G	Glossary
Effective Date:	August 14, 2008.	
Basis:	HEA §428K, as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315.	
Policy Information:	1080/Batch 156	
Guarantor Comments:	None.	

Revised Notice of Assignment, Sale, or Transfer

The *Common Manual* has been revised to require that the notification that the lender or holder sends to the borrower when the loan is assigned, sold, or transferred to another lender or holder also include the effective date of the transaction, the date on which the current holder or servicer will stop accepting

payments and the date that the new holder or servicer will begin accepting payments.

Affected Sections:	3.4.B Loan Assignment, Sale, or Transfer
Effective Date:	Loans assigned, sold, or transferred by the lender or holder on or after August 14, 2008.
Basis:	HEA §428(b)(2)(F)(i), as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315; DCL GEN-08-12/FP-08-10.
Policy Information:	1081/Batch 156
Guarantor Comments:	None.

Revisions in Permitted and Prohibited Activities

The *Common Manual* has been revised to limit the assistance that a lender may provide to a school to technical assistance comparable to the kinds of technical assistance provided to a school by the Department under the Federal Direct Loan Program.

Revised policy also amends certain existing lender prohibitions. In addition to retaining the prohibition against the offering—directly or indirectly—of points, premiums, payments, and other inducements, a lender is not permitted to offer—directly or indirectly—prizes, stock or other securities, travel, entertainment expenses, tuition payment or reimbursement, the provision of information technology equipment at below-market value, additional financial aid funds, or other inducements to any school or employee of the school to secure applications for FFELP loans or to secure FFELP loan volume. Payments have been defined to specifically include payments for referrals and for processing or finder fees. Revisions have also been made to the following prohibited activities:

- Payments or other benefits provided to a student at a postsecondary school who acts as a lender's representative to secure FFELP loan applications from individual prospective borrowers, *unless* the student is also employed by the lender for other purposes and the student has made all appropriate disclosures regarding employment with the lender.
- Compensating a school financial aid office employee or a school employee who has responsibilities with respect to the school's student loans or other financial aid for service on an advisory board, commission, or group established by a lender or group of lenders, *except that* a lender may reimburse such an employee for reasonable expenses incurred in that service.

Revised policy adds a prohibition against entering into any type of consulting arrangement or other contract, with an employee in the financial aid office of a school or an employee who has responsibilities with respect to student loans or other financial aid at the school, to provide services to the lender. In addition, revised policy clarifies that the prohibition against unsolicited mailings applies to mailings made by mail or electronically and to mailings to students and families of students enrolled in secondary or postsecondary schools, unless the lender has previously made a FFELP loan to the student or the student's parent.

Revised policy also prohibits a lender from performing for a school or paying, on behalf of a school, another person to perform any function that the school is required to perform under any Title IV program. However, text was revised to state that a lender may participate in person in a school's required exit counseling as long as the school's staff is in control of the counseling, whether in person or via electronic capabilities, and such counseling does not promote the products or services of any specific lender.

Affected Sections:	3.4.C Permitted and Prohibited Activities
Effective Date:	Lender activities that occur on or after August 14, 2008.
Basis:	HEA §435(d)(5) as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315; DCL GEN-12-08/FP-08-10.
Policy Information:	1082/Batch 156
Guarantor Comments:	None.

Student Consumer Information

The *Common Manual* has been updated to include Higher Education Opportunity Act changes that incorporate new or modified consumer information disclosure requirements for a school, as follows:

- The terms and conditions of any FFELP, FDLP, or Federal Perkins loan that a student receives.

- Any plans the school has to improve its academic programs.
- The school's policies on unauthorized peer-to-peer file sharing, including disciplinary actions that are taken against students who use the school's information technology system to engage in unauthorized distribution of copyrighted materials. Annually, a school must explicitly inform students that a student may be subject to civil and criminal penalties for unauthorized distribution of copyrighted material, including unauthorized peer-to-peer file sharing.
- Student body diversity at the school, including information on the percentage of enrolled, full-time students who are male, female, receive a Federal Pell grant, and are a self-identified member of a major racial or ethnic group.
- From data gathered through alumni surveys, student satisfaction surveys, the National Survey of Student Engagement, the Community College Survey of Student Engagement (as applicable), state data systems, or other relevant sources:
 - Information about employment placement and the types of employment obtained by graduates of the school's degree or certificate programs.
 - The types of graduate and professional education in which graduates of the school's four-year degree programs enrolled.
- At a school that maintains on-campus student housing facilities, the school's annual fire safety report and its campus fire safety practices and standards.
- The school's current campus policies regarding immediate emergency response and evacuation, including the use of electronic and cellular communication (if appropriate).
- The retention rate of certificate- or degree-seeking, first-time, full-time undergraduate students entering the school.
- The school's policies regarding vaccinations.
- The school's transfer-of-credit policy including, at a minimum, the criteria the school uses regarding the transfer of credit earned at another school and a list of other schools with whom the school has established an articulation agreement. An articulation agreement is an agreement among schools that specifies the acceptability of transfer courses toward meeting specific degree or program requirements. The Department may not require a school to establish a particular policy, procedure, or practice regarding transfer of credit.
- At a school that provides on-campus housing, the school's missing student notification policy for students who reside in on-campus housing. This policy must inform each such student of all of the following:
 - A student may confidentially register contact information for an individual the school will contact no later than 24 hours after the school determines that the student is missing.
 - The school must notify a custodial parent or guardian no later than 24 hours after the school determines that a student who is under 18 years of age, and not an emancipated minor, is missing.
 - The school will notify the appropriate law enforcement agency no later than 24 hours after the school determines that the student is missing.

Revised policy deletes the following consumer information-related requirements:

- Disclosing conditions under which a FFELP borrower may obtain deferment for service in the Peace Corps, under the Domestic Volunteer Service Act of 1973, or comparable volunteer service for a tax-exempt organization.
- Collecting a student signature on consumer information disclosures and retaining a copy of the completed disclosure in the student's file.

Revised policy clarifies that foreign schools are exempt from the requirement to collect and distribute a report on campus crime statistics, but must keep a daily crime log and make timely warnings of crimes to the campus community.

In addition, other non-substantive changes have been made to the Manual's text to more closely align it with existing regulatory language.

Affected Sections: 4.4.B Consumer Information
Effective Date: August 14, 2008.

If the Department publishes guidance with a different triggering event, the Common Manual will immediately notify the FFELP community of the change.

Basis: The deletion of the requirement to retain a signed consumer information disclosure in the student's file is retroactive to the implementation of the *Common Manual*.
HEA §485(a), (e), (f), (h), (i), and (j) as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315; DCL GEN-08-12; Student Right to Know and Campus Security Act (P.L. 101-542); DCL GEN-90-41.

Policy Information: 1083/Batch 156
Guarantor Comments: None.

Extenuating Circumstances in Adverse Credit Determinations

The *Common Manual* has been revised to permit a lender to approve a loan for a PLUS applicant with adverse credit by determining that extenuating circumstances exist if, during the period beginning on January 1, 2007, and ending on December 31, 2009, the applicant is or has been 180 days or less delinquent on mortgage loan payments on the borrower's primary residence or on medical bill payments for the applicant or the applicant's family.

Affected Sections: 7.1.B Creditworthiness
Effective Date: Effective for loans first disbursed on or after July 1, 2008, for extenuating circumstances existing between January 1, 2007, and December 31, 2009.

Basis: HEA §428B(a)(3)(B)(i), as amended by the Ensuring Continued Access to Student Loans Act (ECASLA), P.L. 110-227 and the Higher Education Opportunity Act (HEOA), P.L. 110-315; DCL GEN-08-08/FP-08-07; DCL GEN-08-12/FP-08-10.

Policy Information: 1084/Batch 156
Guarantor Comments: None.

In-School and Post-Enrollment Deferments for PLUS Loans

The text of the *Common Manual* has been revised to clarify that a PLUS borrower who meets the conditions for an in-school deferment may defer all of his or her PLUS, Stafford, and Consolidation loans, as applicable. The Manual has also been revised to comply with the provisions of the Higher Education Opportunity Act (HEOA) regarding the eligibility of a parent PLUS borrower to receive an in-school deferment for a PLUS loan first disbursed on or after July 1, 2008, and borrowed on behalf of a student who meets the conditions for an in-school deferment. An in-school deferment on a parent PLUS loan first disbursed on or after July 1, 2008, and based on the enrollment of the dependent student is loan-specific as opposed to borrower-specific.

PLUS loan borrowers are eligible to receive in-school deferments as follows:

- A Grad PLUS borrower may receive an in-school deferment based on his or her at-least-half-time enrollment at an eligible school. A lender must grant the in-school deferment if it receives information that supports the borrower's eligibility for the deferment; i.e., no request from the borrower is required.
- A parent PLUS borrower may receive an in-school deferment based on his or her at-least-half-time enrollment at an eligible school. A lender must grant the in-school deferment if it receives information that supports the borrower's eligibility for the deferment i.e., no request from the borrower is required.

- A parent PLUS borrower may receive an in-school deferment based on the at-least-half-time enrollment status of the dependent student for whom the PLUS loan is borrowed, if the PLUS loan was first disbursed on or after July 1, 2008. The parent borrower must request the deferment from the lender.

In addition, the HEOA permits the lender to grant an additional period of deferment for a PLUS loan first disbursed on or after July 1, 2008. This period is called a post-enrollment deferment. The post-enrollment deferment applies to a 6-month period that begins on the day after the PLUS borrower or student for whom a PLUS loan was borrowed ceases to be enrolled at least half time at an eligible school. PLUS loan borrowers are eligible to receive post-enrollment deferments as follows:

- A Grad PLUS borrower may receive a post-enrollment deferment beginning on the day after his or her at-least-half-time enrollment at an eligible school, as determined by the out-of-school date provided by the school. A lender must grant the post-enrollment deferment if it receives information that supports the borrower's eligibility for the deferment; i.e., no request from the borrower is required.
- A parent PLUS borrower may receive a post-enrollment deferment beginning on the day after his or her at-least-half-time enrollment at an eligible school. The parent borrower must request the post-enrollment deferment from the lender.
- A parent PLUS borrower may receive a post-enrollment deferment beginning on the day after the at-least-half-time enrollment status of the dependent student for whom the PLUS loan is borrowed, as determined by the out-of-school date provided by the school. The parent borrower must request the post-enrollment deferment from the lender.

If both the parent PLUS borrower and the student for whom a PLUS loan was borrowed meet the conditions for an in-school deferment, the parent PLUS borrower may request a deferment during any 6-month period beginning on the later of the day on which the parent or the student ceases to be enrolled at least half time.

Affected Sections:	11.6	In-School Deferment and Summer Bridge
	11.6.A	Eligibility Criteria—In-School
Effective Date:	PLUS loans first disbursed on or after July 1, 2008.	
Basis:	HEA §428B(d)(1) as amended by the Higher Education Opportunity Act (HEOA), P. L. 110-315, DCL GEN-12-08/FP-08-10.	
Policy Information:	1086/Batch 156	
Guarantor Comments:	None.	

In-School Deferment from NSLDS Data

The *Common Manual* has been revised to require a lender, at the request of a school, to use data on the National Student Loan Data System (NSLDS) to process a borrower's in-school deferment.

Affected Sections:	11.6.B	Deferment Documentation—In-School
Effective Date:	In-school deferments granted by the lender on or after August 14, 2008.	
Basis:	HEA §428(b)(1)(Y), as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315; DCL GEN-08-12/FP-08-10.	
Policy Information:	1087/Batch 156	
Guarantor Comments:	None.	

Loan Forgiveness Program for Service in Areas of National Need

The *Common Manual* has been updated to include information regarding the Loan Forgiveness Program for Service in Areas of National Need that was added to the Higher Education Act as a result of the Higher Education Opportunity Act (HEOA), P.L. 110-315. The Department will grant loan forgiveness under this program on a first-come, first-served basis, contingent on the availability of annual federal appropriations. This program is currently not funded. To qualify under this forgiveness program, a borrower must be employed full time in an area of national need and must not be in default on the loan for which forgiveness is sought. A borrower with a parent PLUS loan or a Consolidation loan that repaid a parent PLUS loan is not eligible for loan forgiveness under this program.

Affected Sections:	13.9.B	Loan Forgiveness Program for Service in Areas of National Need
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Effective Date: School, academic, or calendar year of full-time employment completed after August 14, 2008.
Basis: HEA §428K, as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315.
Policy Information: 1088/Batch 156
Guarantor Comments: None.

Loan Repayment Program for Civil Legal Assistance Attorneys

The *Common Manual* has been updated to include information regarding the Loan Repayment Program for Civil Legal Assistance Attorneys that was added to the Higher Education Act as a result of the Higher Education Opportunity Act (HEOA), P.L. 110-315. The Department will grant loan repayment under this program on a first-come, first-served basis, contingent on the availability of annual federal appropriations. This program is currently not funded. When funds are available, in order to qualify under this program, a borrower must be employed full time as a civil legal assistance attorney for a period of at least 3 years and must not be in default on the loan for which repayment is sought. A borrower with a parent PLUS loan, a Consolidation loan that repaid a parent PLUS loan, or any loan other than a FFELP, Federal Direct, or Federal Perkins loan (e.g., a HEAL, HPSL, etc.) will not be eligible for loan repayment under this program.

Affected Sections: 13.9.C Loan Repayment Program for Civil Legal Assistance Attorneys
Effective Date: August 14, 2008.
Basis: HEA §428L, as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315.
Policy Information: 1089/Batch 156
Guarantor Comments: None.