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Georgia Student Finance Commission  
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GAcollege411

**TO:** Financial Aid Officers  
Student Loan Officers

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

**DATE:** March 9, 2010

**SUBJECT:** COMMON MANUAL, *Unified Student Loan Policy Bulletin 124*

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 #1163 – Transfer of Ownership Notification or Assignment  
Reference #1164 – Student Consumer Information  
Reference #1165 – Increased Unsubsidized Stafford Loan Limits for Health  
Profession Students and Academic Year Length  
Reference #1166 – How to Pay Credit Balances  
Reference #1167 – Delivery Methods

If you have any questions about the attached bulletin, please contact Jessie Cooper at 770-724-9139 or [jessiec@gsfc.org](mailto: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 the *Common Manual's* website at [www.commonmanual.org](http://www.commonmanual.org). Please carefully note the effective date of each policy change.

**Transfer of Ownership Notification or Assignment**

The *Common Manual* was previously updated with the new data elements that both the selling and purchasing lenders are required to include in their notification to the borrower of a loan sale, assignment, or transfer. New regulatory language amends current terminology to use the term "transfer of an ownership interest" with respect to loans that are transferred or sold and for which the lender is required to send notification to an affected borrower. The Manual's language is amended in this single context to use the term "transfer of an ownership interest."

<b>Affected Sections:</b>	3.4.B Loan Assignment, Sale, or Transfer
<b>Effective Date:</b>	Loan transfers of ownership and assignments on or after July 1, 2010, except that the new data elements required in the change notification to the borrower were effective with the implementation of the Higher Education Opportunity Act on August 14, 2008.
<b>Basis:</b>	§682.208(e).
<b>Policy Information:</b>	1163/165
<b>Guarantor Comments:</b>	None.

**Student Consumer Information**

The *Common Manual* has been updated to conform with regulatory changes published in the October 28, 2009, *Federal Register*. Revised policy replaces the guarantor recommendation that the school summarize the terms of a FFELP loan in its consumer information requirements with a requirement for the school to describe the terms and conditions of Title IV loans (i.e., a FFELP, FDLP, or Perkins Loan) that are available to a student who enrolls at the school.

<b>Affected Sections:</b>	4.4.B Consumer Information
<b>Effective Date:</b>	Student consumer information disclosures provided by a school on or after July 1, 2010.
<b>Basis:</b>	§668.42(a)(1) and (4); <i>Federal Register</i> , Vol. 74, No. 143, dated July 28, 2009, p. 37446; <i>Federal Register</i> , Vol. 74, No. 207, dated October 28, 2009.
<b>Policy Information:</b>	1164/165
<b>Guarantor Comments:</b>	None.

**Increased Unsubsidized Stafford Loan Limits for Health Profession Students and Academic Year Length**

The *Common Manual* is being revised to provide guidance for a school that is certifying increased unsubsidized Stafford loan funds for certain health profession students who are attending programs that have academic years that are other than 9 or 12 months in length. It is permissible to certify the increased unsubsidized Stafford annual loan limit for an academic year that meets the requirements of a Title IV academic year, but that is shorter than 9 months in length. In such cases, the school is not required to prorate the limit but may certify the full 9-month limit if the student is otherwise eligible. For an academic year that is 10 or 11 months in length, the school must divide the applicable 9-month loan limit by nine and multiply that amount by the number of months in the student's academic year.

**Affected Sections:** 6.11.D Increased Unsubsidized Stafford Loan Limits for Health Profession Students  
**Effective Date:** Loans certified by the school for eligible students in certain eligible health professions programs on or after July 1, 1996.  
**Basis:** Private letter guidance from Pam Moran, U.S. Department of Education, dated September 21, 2009; 09-10 FSA Handbook, Volume 3, Chapter 6, pp. 3-100 to 3-112.  
**Policy Information:** 1165/165  
**Guarantor Comments:** None.

### How to Pay Credit Balances

The *Common Manual* has been revised by renaming Subsection 8.8.A “Timeframes for Paying Credit Balances.” Subsections 8.8.B, 8.8.C, and 8.8.D have been redesignated as 8.8.C, 8.8.D, and 8.8.E, respectively. A “new” Subsection 8.8.B, entitled “How to Pay Credit Balances” has been added. Subsection 8.8.B contains text, moved from Subsection 8.7.H, that addresses the delivery methods that a school may use in the payment of a credit balance to a borrower. These methods are the issuance of a school check, making payment to a borrower’s bank account, and making payment by means of a stored-value card. Proposal 1167 revises Subsection 8.7.H with regard to a school’s delivery methods for loan proceeds, i.e., crediting a student’s account at the school and direct delivery to a borrower.

**Affected Sections:** 8.8.A Delivering Credit Balances  
8.8.B Holding Credit Balances  
8.8.C Treatment of Title IV Credit Balance When a Student Withdraws  
8.8.D Treatment of a Title IV Credit Balance When a Student Dies  
**Effective Date:** Effective for schools opening bank accounts or issuing stored-value cards to pay credit balances to a student or parent borrower on or after July 1, 2008, unless implemented earlier on or after November 1, 2007.  
**Basis:** §668.164(c) and (e); DCL GEN-05-16; 09-10 FSA Handbook, Volume 4, Chapter 1, pp. 4-14 to 4-18.  
**Policy Information:** 1166/165  
**Guarantor Comments:** None.

### Delivery Methods

The *Common Manual* has been reorganized to clarify that there are two methods for delivering loan funds to borrowers, by establishing two new subheadings. These new subheadings are “Crediting the Student’s Account” and “Direct Delivery to a Borrower”. Information on current- and prior-year charges is now addressed under the first subheading. Information related to releasing or mailing a loan check to the borrower, issuing a school check to the borrower, initiating an electronic funds transfer (EFT) transaction to a bank account designated by the borrower, issuing a stored-value card, or dispensing cash to the borrower now resides under the second subheading.

In addition, the details with regard to initiating payments to a borrower by means of a designated bank account, opening a bank account, and stored-value cards has been moved to a new Subsection 8.8.B, “Paying Credit Balances” (see policy proposal 1166).

**Affected Sections:** 8.7.H Delivery Methods  
**Effective Date:** Upon approval by the *Common Manual* Governing Board.  
**Basis:** None.  
**Policy Information:** 1167/165  
**Guarantor Comments:** None.