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GOVERNOR



Georgia Student Finance Commission
Georgia Student Finance Authority
Georgia Higher Education Assistance Corporation
GAcollege411

TO: Financial Aid Officers
Student Loan Officers

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

DATE: April 7, 2010

SUBJECT: COMMON MANUAL, *Unified Student Loan Policy Bulletin 125*

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 #1175 – Plans to Combat Unauthorized Distribution of Copyrighted Material
Reference #1176 – School Code of Conduct
Reference #1177 – Interest Capitalization on PLUS Loans
Reference #1178 – Post-Enrollment Deferment
Reference #1179 – Forbearance Contact Clarifications
Reference #1180 – Administrative Forbearance for Aligning Repayment on Certain PLUS Loans
Reference # 1181- Total and Permanent Disability Discharge Eligibility for Paid-in-Full Loans

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 the *Common Manual's* website at www.commonmanual.org. Please carefully note the effective date of each policy change.

Plans to Combat Unauthorized Distribution of Copyrighted Material

The *Common Manual* has been updated to include final rule changes published in the October 29, 2009, *Federal Register*. As a condition of participating in the Title IV programs, a school must certify in its program participation agreement with the Department that it has developed and implemented written plans to effectively combat the unauthorized distribution of copyrighted material by users of the school's information technology network. These written plans must include all of the following:

- The use of one or more technology-based deterrents. No particular technology measure(s) is favored or required for inclusion in the school's plan.
- Mechanisms for educating and informing the school community about appropriate versus inappropriate use of copyrighted material, such as including pertinent information in required student consumer information disclosures, handbooks, honor codes, or codes of conduct.
- Procedures for handling unauthorized distribution of copyrighted materials, including disciplinary procedures.
- Procedures for periodically reviewing the effectiveness of the plans to combat the unauthorized distribution of copyrighted materials by users of the school's network using relevant assessment criteria.

The school has the authority to determine its plans for compliance with the requirement to combat unauthorized distribution of copyrighted material, including a plan that prohibits content monitoring. A school is not required to take measures to effectively combat the unauthorized distribution of copyrighted material that would unduly interfere with the educational and research use of the school's network.

In consultation with the school's chief technology officer or other designated school official, the school must, to the extent practicable, offer legal alternatives to illegal downloading or other acquisition of copyrighted material, as determined by the school. The school must periodically review the legal alternatives that it offers for downloading or otherwise acquiring copyrighted material and make the results of that review available to students through a Website or other means.

Affected Sections:

4.1.A Establishing Eligibility

Effective Date:

August 14, 2008, for:

- Developing plans to combat the unauthorized distribution of copyrighted material using a technology-based deterrent(s).
- Offering alternatives to illegal downloading or peer-to-peer distribution of intellectual property, to the extent practicable.

July 1, 2010, for all other provisions.

Basis:

§668.14(b)(30); *Federal Register* dated August 21, 2009, pp. 42391 to 42393; *Federal Register* dated October 29, 2009, pp. 55910 and 55934.

Policy Information:

1175/167

Guarantor Comments: None.

School Code of Conduct

The *Common Manual* has been updated to clarify that as part of the Program Participation Agreement, each school must develop, publish, administer, and enforce a code of conduct, not only a school that has a preferred lender arrangement. The school must publish the code of conduct prominently on the school's Website and must annually inform the school's agents with responsibilities for FFELP or private education loans of the code of conduct. The code of conduct must prohibit conflicts of interest with regard to interaction with FFELP and private education loans and lenders. Finally, the definition of "opportunity pool loan" has been updated to clarify what constitutes a payment by a school to a lender.

Affected Sections: 4.1.E School Code of Conduct
Appendix G
Effective Date: July 1, 2010.
Basis: §601.21; §668.16(d)(2)(ii); *Federal Register* published October 28, 2009, p. 55631; *Federal Register* published July 28, 2009, p. 37443.
Policy Information: 1176/167
Guarantor Comments: None.

Interest Capitalization on PLUS Loans

The *Common Manual* has been revised to include an additional period of time during which a lender may capitalize interest on a PLUS loan. In addition to those periods currently included in Subsection 10.10.A, a lender is permitted to capitalize interest that accrues on a PLUS loan from the date of the first disbursement to the date that repayment begins.

Affected Sections: 10.10.B Capitalization Frequency
Effective Date: July 1, 2010, unless implemented earlier by the lender.
Basis: §§682.202(b)(2)(i), *Federal Register* dated July 23, 2009, p. 36564; *Federal Register* dated October 29, 2009, p. 55991.
Policy Information: 1177/167
Guarantor Comments: None.

Post-Enrollment Deferment

The *Common Manual* has been revised to clarify that, unless otherwise notified by the Grad PLUS borrower, a lender must automatically grant a 6-month post-enrollment deferment on a Grad PLUS loan first disbursed on or after July 1, 2008, upon notification that the Grad PLUS borrower is no longer enrolled at least half time at an eligible school.

Affected Sections: 11.6.E Post-Enrollment Deferment
Effective Date: GradPLUS loan post-enrollment deferments granted on or after July 1, 2010.
Basis: §682.210(v)(1); *Federal Register* dated October 29, 2009, p. 55994.
Policy Information: 1178/167
Guarantor Comments: None.

Forbearance Contact Clarifications

The *Common Manual* has been revised to incorporate changes published in the *Federal Register* dated October 29, 2009, that modify the required forbearance notifications. The notice that the lender sends to the borrower or endorser must include the projected capitalized interest, and the regulations clarify that the interest must be projected as of the date of each notice. In addition, the policy language is modified to include appropriate references to any applicable endorser on the loan for which forbearance is processed.

Affected Sections: 11.20.I Borrower Contact during Forbearance

Effective Date: Forbearance notices provided by the lender on or after July 1, 2010.
Basis: §682.211(e)(2); *Federal Register* dated October 29, 2009, p. 55994.
Policy Information: 1179/167
Guarantor Comments: None.

Administrative Forbearance for Aligning Repayment on Certain PLUS Loans

The *Common Manual* has been revised to incorporate regulatory changes from the *Federal Register* dated October 29, 2009, that permit a lender to grant an administrative forbearance for purposes of aligning repayment for a borrower. Specifically, a lender may grant an administrative forbearance on a borrower's PLUS loan(s) that was first disbursed prior to July 1, 2008, to align repayment with either of the following:

- The end of the in-school or post-enrollment period on the borrower's PLUS loan(s) that is first disbursed on or after July 1, 2008.
- The grace period end date on the borrower's Stafford loan(s).

When granting this type of administrative forbearance, the lender must notify the borrower that forbearance has been granted. This notice must inform the borrower of the option to cancel the forbearance and continue paying on the PLUS loan.

Affected Sections: Figure 11-2 Forbearance Eligibility Chart
11.21.O Repayment Alignment
Effective Date: Administrative forbearance granted on or after July 1, 2010, unless implemented earlier by the lender.
Basis: §682.211(f)(15); *Federal Register*, dated October 29, 2009, pp. 55994-55995.
Policy Information: 1180/167
Guarantor Comments: None.

Total and Permanent Disability Discharge Eligibility for Paid-in-Full Loans

The *Common Manual* has been revised to clarify that a borrower is not eligible for discharge of a loan that has already been paid in full when the loan holder receives the borrower's total and permanent disability discharge request.

Affected Sections: 13.8.G Total and Permanent Disability
Effective Date: Total and permanent disability discharge requests received on or after March 14, 2004, unless implemented earlier by the loan holder.
Basis: *Federal Register* dated November 1, 2002, page 67067; private letter guidance from Pam Moran, the Department of Education, dated March 14, 2004.
Policy Information: 1181/167
Guarantor Comments: None.