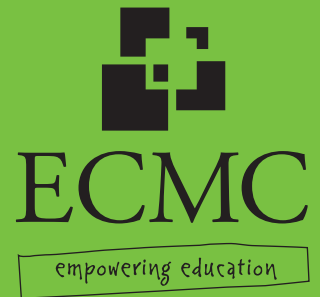


Update



February/March 2009 - Common Manual Policy Changes Section

COMMON MANUAL

Common Manual Corner

This section comes from "Common Manual's" Web site.

Policy Updates

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," which is available on the [National Council of Higher Education Loan Programs \(NCHELP\) e-Library](#) and [www.commonmanual.org](#). Please carefully note the effective date of each policy change.

Servicing Parameters for a Consolidation Loan with Multiple Loan Records

The "Common Manual" has been revised to reflect that although a Consolidation loan may consist of multiple loan records, the Consolidation loan must be serviced as a single loan. Guarantors recognize that a lender may load a Consolidation loan into multiple, separate loan servicing records on its system in order to better track the interest subsidy and interest rate. Guarantors also recognize that a lender may create a new loan servicing record when a loan or loans are added through the 180-day add-on process. Lenders may also provide the guarantor with multiple loan records for the single Consolidation loan to separate the unsubsidized and subsidized portions of the loan. However, these separate records really comprise a single Consolidation loan, made under a single loan application and

promissory note. Generally, this single loan will have a single interest rate (the exception is the underlying portions of the Consolidation loan attributable to a HEAL loan), repayment schedule, first and next payment due date, and one set of deferment and forbearance criteria and eligibility. A Consolidation lender must perform due diligence activities at the loan level, even if the lender establishes more than a single loan servicing record for the subsidized, unsubsidized, and HEAL portions of the loan. That is, the lender must perform due diligence activities on a single payment due date for the single Consolidation loan which is recorded on the lender's system as multiple, separate loan servicing records. Lenders and servicers are expected to maintain adequate internal controls and procedures to ensure that all portions of the single Consolidation loan remain synchronized throughout the life of the loan, and any re-synchronization occurs in a timely manner to ensure that the loan maintains a single due date and amount. The guarantor may examine the lender's controls, procedures, and servicing history during a program review.

Affected Sections

- 3.5.E Reporting Loan Assignments, Sales, and Transfers
- 11.1.A General Deferment Eligibility Criteria
- 11.19 Forbearance
- 12.4 Due Diligence Requirements
- 13.1.A Claim Filing Requirements
- 15.1.A Agreement to Guarantee Federal Consolidation Loans
- 15.2 Borrower Eligibility and Underlying Loan Holder Requirements
- 15.4 Disbursement
- 15.5.A Establishing the First Payment Due Date
- 15.5.B Disclosing Repayment Terms

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Effective Date

Consolidation loan applications received by the lender on or after November 13, 1997.

Basis

Emergency Student Loan Consolidation Act of 1997 (ESLCA) (P.L. 105-78); §682.209(a)(1); §682.210; §682.211; §682.301(a)(3)(iii); §682.406(a)(1); §682, Appendix D.

Policy Information

991/Batch 153

Servicing of a Consolidation Loan with Multiple Loan Servicing Records

The "Common Manual" has been revised to reflect that although the subsidized, unsubsidized, and HEAL portions of a single Consolidation loan may appear as separate loan records on the lender's system, the lender must ensure that the Consolidation loan is serviced as a single Consolidation loan. Thus, the loan must be serviced with a single payment due date and amount which must cover all separate records of the Consolidation loan. If the lender fails to perform due diligence activities on a single payment due date and amount, or fails to grant deferment or forbearance for the single Consolidation loan that contains multiple records, the lender may incur due diligence violations sufficient to cause a loss of guarantee on the loan. The lender may cure the loan by following the procedures in Section 14.5 or 14.6, as applicable.

Affected Sections

14.1.E Violations and Cures Associated with Unsynchronized Servicing of a Consolidation Loan with Multiple Loan Records

Effective Date

Claims filed by the lender on or after January 1, 2009, unless implemented earlier by the guarantor.

Basis

Emergency Student Loan Consolidation Act of 1997 (ESLCA) (P.L. 105-78); §682.102(e)(5); §682.209(a); §682.210; §682.211; §682.301(a)(3)(iii); §682.406(a)(1); §682, Appendix D.

Policy Information

997/Batch 153

NSLDS Enrollment Reporting by Schools

The "Common Manual" has been updated concerning the notice generated by the NSLDS when a school fails to provide timely its updated enrollment data.

A school that fails to provide updated enrollment data to the NSLDS either by the online method or the return of its Submittal File within 30 days from the date the NSLDS created the school's Enrollment Reporting Roster File is considered late. The NSLDS sends a Late Enrollment Reporting Notification via electronic mail if the NSLDS does not receive the school's enrollment status updates within 37 days of the date the NSLDS created the school's Enrollment Reporting Roster File. This electronic mail notification is sent to the enrollment reporting contact and primary contact designated by the school, and to the school's chief executive officer or president. If a school uses a servicer to submit Enrollment Reporting files, the NSLDS does not send a Late Enrollment Reporting Notification to the school's servicer.

Revised policy also provides further information about the date that NSLDS "created" the school's Enrollment Reporting Roster File. The date the Roster File was created is located in a date and time stamp that the NSLDS enters into the Roster File's header record.

Affected Sections

9.2.A National Student Loan Data System (NSLDS) Enrollment Reporting

Effective Date

January 2008.

Basis

NSLDS Newsletter #16 dated December 21, 2007; NSLDS Newsletter #17 dated June 2, 2008.

Policy Information

1055/Batch 153

Alternatives to Recommended Lender Lists

The "Common Manual" has been revised to permit a school that chooses not to publish a recommended lender list, or that has not been able to identify three or more unaffiliated lenders to make loans to its students and parents, to provide alternative information to assist students and parents with their choice of lender. The school may provide either of the following:

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- The names of lenders who have indicated a willingness to make loans to students and parents for attendance at the school.
- A comprehensive list of lenders that have made loans in the past three to five years (or some other time frame established by the school) to students and parents at the school and that have indicated a willingness to continue to provide FFELP loans, as long as the lenders did not provide any prohibited inducement to the school to secure loan applications.

When providing either type of lender information, the school must not provide any additional information about any lender on the list it offers, must make clear that it is not endorsing any lender, and must clearly state that the student and/or parent may choose any FFELP lender that will make loans for attendance at that school.

Affected Sections

4.4.A Recommended Lender Lists

Effective Date

Information provided by schools regarding lenders participating with the school on or after May 9, 2008.

Basis

Federal Register November 1, 2007, Preamble, page 61987; DCL GEN-08-06/FP-08-06.

Policy Information

1063/Batch 153

Regulatory and Statutory Waivers for Students, Borrowers, and Schools Affected by a Disaster

The "Common Manual" has been updated to include comprehensive information found in Disaster Letter 99-28, DCL GEN-04-04, DCL GEN-05-17, and DCL GEN-08-10 about the Department's regulatory and statutory waivers for students, borrowers, and schools affected by a disaster.

Unless stated otherwise, this regulatory relief applies to all Title IV recipients and their families who, at the time of a disaster, were residing in, employed in, or attending a school located in a federally-declared disaster area. This relief also applies to schools that are located in such areas. Federally-declared disaster

designations are available on the Federal Emergency Management Agency's (FEMA) Web site.

A school or lender that deviates from otherwise required actions on the basis of these waivers must document that fact and indicate what alternative procedures were followed.

Schools should consult DCL GEN-04-04 for additional information about waivers that are specific to the Federal Pell Grant, Campus-Based, and Federal Direct Loan Programs.

Need Analysis

A financial aid administrator (FAA) will not count special financial relief aid (for example, grants or low-interest loans) that a victim of a disaster receives from the federal government or from a state as estimated financial assistance (EFA) or income for the purpose of calculating a student's expected family contribution (EFC).

Professional Judgment

An FAA may exercise professional judgment to make adjustments to the cost of attendance (COA) or to the values of the items used in calculating the EFC to reflect a student's special circumstances. The Department encourages an FAA to use professional judgment in order to reflect more accurately the financial need of students and families who are affected by a disaster. The FAA still must make adjustments on a case-by-case basis and clearly document the student's file with the reason(s) for any adjustment.

Verification

A school is not required to complete verification during the award year for those Title IV applicants selected for verification whose records were lost or destroyed because of a disaster. A school must document when it does not perform verification for this reason.

Recordkeeping Requirements for Schools

A school that is affected by a disaster is required to attempt to reconstruct Title IV federal student aid records that are lost because of the disaster. However, a school will not be held responsible for records and documentation that, because of disaster damage, cannot be reconstructed. The school must document that the records were lost due to a disaster.

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Disbursement of FFELP Loan Proceeds

A lender is not required to disburse FFELP loan proceeds to a school according to the school's original disbursement schedule if the lender has been informed that the school has delayed or will delay opening for a scheduled term, or has ceased operations for an undetermined period of time because the school was affected by a disaster. Such a school should request a revised disbursement date(s), and the lender should await a revised disbursement schedule from the affected school. A loan holder may revise information on the loan period and graduation date on a loan record related to the revised disbursement schedule as the information becomes available from the school. In this case, neither the school nor the lender should require a borrower to reapply for a loan.

Credit Balances

If a Title IV credit balance exists for any reason when a student withdraws, including as a result of the school's policy for refunding institutional charges, that credit balance must first be applied to any Title IV grant overpayment that exists as a result of the student's withdrawal. However, if a school grants a waiver of any Title IV grant overpayment that exists as a result of the student's withdrawal, the school must not apply any Title IV credit balance toward the grant overpayment. See "Grant Overpayment Waiver" below.

Satisfactory Academic Progress

If a student fails to meet a school's satisfactory academic progress standards due to a disaster, the school should suspend the satisfactory academic progress standards for that student in accordance with its policies for satisfactory academic progress appeals due to mitigating circumstances. (For more information, see the 2008-09 FSA Handbook, Volume 2, Chapter 10, pp. 2-127 and 2-130.) The school must document in the student's file that a disaster constituted mitigating circumstances that caused the student's failure to maintain satisfactory academic progress.

Enrollment Reporting

If, as a direct result of a disaster, a school is unable to complete and return its Enrollment Reporting Submittal File to the National Student Loan Data System (NSLDS) according to the school's established schedule, the school must contact the NSLDS Customer Service Center (see Section D.6) to modify its reporting schedule. A school that uses a servicer to

report enrollment information to the NSLDS should contact its servicer to determine whether the school's enrollment reporting data submission schedule should be adjusted. If a school receives a warning letter from NSLDS regarding missed reporting deadlines, it should contact NSLDS Customer Service to ensure that reporting schedule modifications have been made.

In-School Period

A Stafford loan borrower who was in an in-school period on the date the borrower's attendance at a school was interrupted due to a disaster should be continued in an in-school status until such time as the borrower withdraws or re-enrolls in the next regular enrollment period, whichever is earlier. This period of disaster-related nonattendance should not result in a borrower entering or using any of his or her grace period. This guidance does not affect the way a school should report a borrower's enrollment status on its Enrollment Reporting Submittal File.

Leaves of Absence

A school is not required to collect a written request for an approved leave of absence from a student who was directly affected by a disaster. A school's documentation of its decision to grant the leave of absence must include the reason for the leave of absence and the reason for waiving the required written request. For more information about the requirements for an approved leave of absence, see Section 9.3.

Institutional Charges and Refunds

A school is strongly encouraged to provide a full refund of tuition, fees, and other institutional charges, or to provide a credit in a comparable amount against future charges for a student who withdraws from school as a direct result of a disaster. The Department urges a school to consider providing easy and flexible re-enrollment options to such a student. However, before a school makes a refund of institutional charges, it must perform the required return of Title IV funds calculation based upon the originally assessed institutional charges. After determining the amount that the school must return to the Title IV programs, any reduction of institutional charges should take into account the funds that the school is required to return. The Department does not expect that a school would both return funds to the Title IV programs and also provide a refund of those same funds to the student.

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Grant Overpayment Waiver

A withdrawn student is not required to repay a Title IV grant overpayment if the circumstances of the student's withdrawal meet all of the following conditions:

- The student was residing in, employed in, or attending a school that is located in a federally-declared disaster area.
- The student withdrew because of the impact of the disaster on the student or the school.
- The student's withdrawal occurred within the academic year during which the federal disaster designation occurred or during the next succeeding academic year, beginning with any academic year that occurs, in whole or in part, with the 2005-06 award year.

A school that waives a student's grant overpayment under these conditions is not required to notify the student or the NSLDS of the overpayment, or refer any portion of the overpayment to the Department. In addition, a school must not apply any Title IV credit balance toward the grant overpayment.

In addition to documenting the application of this waiver in the student's file, a school must also document the amount of any overpayment that has been waived.

Deferment B In-School

A loan holder must treat a loan that was in an in-school deferment status on the date disaster conditions interrupted normal operations at a school as if the loan continues in an in-school deferment until such time as the borrower withdraws or re-enrolls at the next regular enrollment period, whichever is earlier. The borrower, a member of the borrower's family, or another reliable source should notify the loan holder(s) of the borrower's status. This guidance does not affect the way a school should report a borrower's enrollment status on its Enrollment Reporting Submittal File.

Administrative Forbearance

A loan holder may grant an administrative forbearance for up to 3 months to a borrower who has been adversely affected by a disaster. See Subsection 11.21.L.

Other Regulatory Requirements

A school that is affected by a disaster should contact the appropriate School Participation Team (see Section

D.1) to address case-by-case concerns about the following regulatory requirements:

- Credit balances.
- Notices and authorizations.
- Borrower request for loan cancellation.
- Time frames for delivery or return of FFELP funds.
- Institutional eligibility.
- Financial responsibility.
- Administrative capability.
- Late disbursements.
- Return of Title IV funds deadlines and time frames, including the time frame for allowing a student, or parent borrower, to respond to the offer of a post-withdrawal disbursement.

Affected Sections

H.4.C Higher Education Hurricane Relief Act Waivers

Effective Date

For the 3-month administrative forbearance, August 5, 1999. For the Title IV grant overpayment waiver, November 9, 2005. For all other waivers, February 24, 2004.

Basis

Disaster Letter 99-28; DCL GEN-04-04; DCL GEN-05-17; DCL GEN-08-10; preamble to the Federal Register dated August 3, 1999, p. 42178.

Policy Information

1064/Batch 153

Teacher Loan Forgiveness

The "Common Manual" has been revised to add that in the case of a borrower who has taught more than 5 years, any consecutive 5-year period of qualifying service may be counted for teacher loan forgiveness purposes.

Affected Sections

13.9.B Teacher Loan Forgiveness Program

Effective Date

Teacher loan forgiveness determinations made after October 8, 1998.

Continues on page 6

Continued from page 5

Basis

§682.215; Private letter guidance received from the Department dated March 30, 2005.

Policy Information

1065/Batch 153

Loss of Insurance on a Loan due to Identity Theft

The "Common Manual" has been reorganized for clarity by relocating the text within Subsection 13.8.E on identity theft committed by an employee or agent of the lender, the subsequent loss of insurance on the loan, and the requirement that the lender refund to the Department any amounts received as interest benefits and special allowance payments from the subheading "Claim Payment," to a new subheading, "Loss of Insurance."

Affected Sections

13.8.E False Certification as a Result of the Crime of Identity Theft

Effective Date

False certification as a result of identity theft loan discharge claims processed by the lender on or after September 8, 2006.

Basis

None.

Policy Information

1066/Batch 153

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 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

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

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

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Update

Continued from page 6

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

Special Allowance and Interest Rate Reporting

Appendix A of the "Common 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 NCHHELP 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

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 "Common Manual."

Basis

08-09 FSA Handbook, Volume 6, p. 6-1 and 6-31.

Policy Information

1070/Batch 154

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

Continues on page 8

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Eligible Lender - Eligible Financial Institutions

The "Common Manual" has been revised to amend the requirements for certain kinds of lenders to be considered eligible to participate in the FFELP. Under the current requirements, a lender's FFELP loans may not represent more than 50% of the lender's consumer credit portfolio. Existing policy provides three exemptions from this 50% rule and these three existing exemptions remain unchanged. However, the Higher Education Opportunity Act of 2008 adds a fourth exemption for a national or state chartered bank, or credit union, with assets of less than \$1 billion.

Affected Sections

3.1 Eligible Lenders

Effective Date

August 14, 2008.

Basis

HEA §435(d)(1)(A)(ii)(IV) as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315.

Policy Information

1072/Batch 155

New School-as-Lender Audit Requirement

The "Common Manual" has been revised to add the requirement that a school functioning as a lender, a lender serving as a trustee for a school, or a school-affiliated organization participating as a lender in the FFELP have an annual program audit of its lending function that focuses on ensuring that the income (special allowance payments, interest payments received from students and the Department, proceeds from any loan sale, etc.) from its portfolio is used to provide need-based grants and that only a reasonable portion of this income is used to pay administrative expenses. The purpose of the program audit is to ensure that the income from the loan portfolio is used to supplement and not supplant federal and nonfederal funds that would otherwise be directed to need-based grant programs.

Affected Sections

3.2 Schools Acting as Lenders and Eligible Lender Trustee Relationships

Effective Date

First auditable period of the school lender or ELT that begins on or after August 14, 2008.

Basis

HEA §435(d)(8), as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315.

Policy Information

1073/Batch 155

Lender Consumer Reporting Requirements

The "Common Manual" has been revised to reflect statutory changes from the Higher Education Opportunity Act (HEOA) that require the lender to report to all national consumer reporting agencies and that require the lender to report, in addition to previous credit bureau data reporting requirements, that the loan is an education loan.

Affected Sections

3.5.C Credit Bureau Reporting

13.8 Discharge

Effective Date

Loans on which the lender reports credit transactions on or after August 14, 2008.

Basis

HEA §430A(a), as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315.

Policy Information

1074/Batch 155

Lender of Last Resort (LLR) Changes

The "Common Manual" has been revised to update the glossary definition of "lender of last resort," to remove the Student Loan Marketing Association as a designated LLR option, and to insert in the history appendix "waiver" subsections of the Common Manual new text to reference the school-wide LLR options authorized in statute through June 30, 2009.

Revised policy also states that the LLR is not permitted to offer reduced interest rates or reductions or waivers of origination or federal default fees, and that the LLR may not offer other loan terms or conditions to the LLR borrowers that are more favorable than those explicitly provided in statute and regulation. Revised policy stipulates that a lender that provides LLR loans is prohibited from marketing those loans and from violating the prohibited inducement provisions. The policy requires that the LLR provide at least 60 days' notice to the designated guarantor of its intent to cease LLR operations and that the LLR ensure that all loans made

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Update

Continued from page 8

under the LLR program are fully disbursed prior to the date on which it ceases LLR operations.

Affected Sections

3.7.A Eligible Lenders
3.7.C How the LLR Program Works
Appendix G

Effective Date

May 7, 2008.

Basis

HEA §428(j) as amended by the Ensuring Continued Access to Student Loans Act (ECASLA); DCLs GEN-08-05 and GEN-08-08.

Policy Information

1075/Batch 155

Drug Conviction Notices

The “Common Manual” has been updated to include provisions from the Higher Education Opportunity Act that incorporate two new consumer information disclosure requirements for a school. Upon a student’s enrollment, a school must provide the student with a separate, clear, and conspicuous written notice of the penalty (i.e., the loss of Title IV eligibility) if the student is convicted of a state or federal offense involving the possession or sale of an illegal drug that occurred while the student was enrolled in school and receiving Title IV aid. The current “Common Manual” includes detailed information about the time frame for which a student loses Title IV eligibility based on whether the student is convicted of a first, second, or third offense for drug possession, or a first or second offense for drug sale.

A school must also provide a student who loses Title IV eligibility due to a drug-related conviction with a timely, separate, clear, and conspicuous written notice. The notice must advise the student of his or her loss of Title IV eligibility and the ways in which the student may regain that eligibility.

Affected Sections

4.4.B Consumer Information
5.8 Effect of Drug Conviction on Eligibility

Effective Date

For the notice upon enrollment: Students who enroll at the school on or after August 14, 2008.

For the notice upon loss of Title IV eligibility due to a drug conviction: School determinations of a student’s loss of Title IV eligibility on or after 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

HEA §485(k) as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315.

Policy Information

1076/Batch 155

Multiple School Enrollment

The “Common Manual” has been updated based on clarification contained in the FSA Handbook concerning a student who is enrolled simultaneously on at least a half-time basis at more than one school. In such a case, a Stafford or PLUS loan certified by one school is not included as estimated financial assistance (EFA) by another school when determining the student or parent borrower’s eligibility for a Stafford or PLUS loan for the same payment period or period of enrollment.

Affected Sections

5.15 Multiple School Enrollment
6.7 Determining the Amount of Estimated Financial Assistance (EFA)
6.11 Loan Limits

Effective Date

Publication date of the 05-06 FSA Handbook.

Basis

05-06 FSA Handbook, Volume 3, Chapter 5, p. 3-66.

Policy Information

1077/Batch 155

Teacher Education Assistance for College and Higher Education (TEACH) Grants

The “Common Manual” has been updated to include the following salient TEACH grant references:

- Estimated financial assistance (EFA) includes TEACH grant funds. EFA does not include the amount of a TEACH grant that is used to replace the EFC.
- Stafford annual and aggregate loan limits do not include any TEACH grant amount that has been

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converted to an unsubsidized Direct Stafford loan. For a student who withdraws, TEACH grant funds are included in the return of Title IV funds calculation, and in the order of unearned funds that a school must return to the Title IV programs.

- One of the criteria that a borrower, comaker, or endorser must meet to qualify for final total and permanent disability discharge is that, during the 3-year conditional discharge period, the borrower, comaker, or endorser must not receive a new TEACH grant or a new loan under the Federal Perkins Loan Program, the FFELP, or the Federal Direct Loan Program (with the exception of a Consolidation loan that does not include any loans that are in a conditional discharge status).
- A TEACH grant that has been converted to an unsubsidized Direct Stafford loan is not considered for the purpose of calculating a school's cohort default rate.
- A TEACH grant is defined in the glossary as a non-need-based grant intended for undergraduate, certain post-baccalaureate, and graduate students enrolled at TEACH grant-eligible schools who plan to become teachers. In exchange for the grant, a student must agree to serve as a full-time teacher in a high need field, in a low-income school for at least four academic years within eight years of completing the program of study for which the student received the grant. If a TEACH grant recipient does not satisfy the service obligation, the TEACH grant funds that the student received convert to an unsubsidized Direct Stafford loan that must be repaid with interest accruing from the date of disbursement. See the FSA Handbook for more information about the TEACH Grant Program.

Affected Sections

6.6 Determining the Expected Family Contribution (EFC)
6.7 Determining the Amount of Estimated Financial Assistance (EFA)
6.11.A Stafford Annual Loan Limits
6.11.B Stafford Aggregate Loan Limits
9.5.A Return Amounts for the Title IV Grant and Loan Programs
9.5.B Processing Returned Funds
13.8.G Total and Permanent Disability
16.2 Calculation of School Cohort Default Rates
Appendix G

Effective Date

For provisions regarding estimated financial assistance (EFA) and annual and aggregate Stafford loan limits: Loan eligibility determinations made by a school on or after July 1, 2008.

For provisions regarding the return of Title IV funds: TEACH grant recipients who withdraw on or after July 1, 2008.

For total and permanent disability discharge determinations: total and permanent disability discharge applications received by the lender on or after July 1, 2008.

For all other provisions: July 1, 2008.

Basis

§668.22(a)(2) and (i)(2)(v); §668.183(b)(3); §682.200(b); §682.204(c); §682.402(c)(4)(i)(B); §686.1; Federal Register dated June 23, 2008, Vol. 73, No. 121; 08-09 FSA Handbook, Volume 1, Chapter 7, p. 1-81.

Policy Information

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