



*Unified Student Loan Policy*

**COMMON MANUAL BULLETIN LANGUAGE IMMEDIATE ACTION REQUIRED**

TO: CM Governing Board Representatives  
Interested Industry Groups and Others

FROM: Carol Egan and Carolyn Small, Co-Chairs  
*Common Manual* Policy Committee

RE: *Common Manual* Bulletin Language  
[Batch 161: Proposals 1142 -1145 and 1147]

DATE: October 26, 2009

On October 15, 2009, the *Common Manual* Governing Board approved policy changes to the *Common Manual* as proposed in the five proposals advanced to the Board from Batch 161. The changes made in these proposals will be incorporated into the *Common Manual's* annual update. These changes will also be incorporated into the *Integrated Common Manual*. The *Integrated Common Manual* is available on several guarantor websites and is also available on the *Common Manual* Website at [www.commonmanual.org](http://www.commonmanual.org).

At the same time that the proposed *Common Manual* language was drafted, the *Common Manual* Policy Committee drafted common bulletin language for each policy change. The common bulletin language has been edited and is enclosed for each guarantor to use in publishing interim policy updates to schools and lenders.

The Plan for Maintaining and Updating the *Common Manual* adopted by the *Common Manual* guarantors states that:

“Participating guarantors shall publish all interim updates in their bulletins promptly (within 30 to 45 days) and without revision. However, nothing in the plan shall be construed as prohibiting participating guarantors from also publishing guarantor-specific policies in their bulletins provided such policies do not conflict with the provisions for guarantor-specific policies described in the *Cooperative Agreement for Guarantors Participating in the Common Manual*. Neither shall participating guarantors be prohibited from publishing their own procedures or other information in their bulletins.”

Newsletter editors may delete the policy reference numbers and proposal titles from the publication, and may rearrange the order of the articles or combine articles that are related to the same subject.

Industry participants that publish this information should include a statement directing any questions regarding the policy changes to the primary guarantor serving that reader.

If you have any questions about the enclosed proposals or any aspect of the *Common Manual* process, please contact Carol Egan via email at [cegan@aessuccess.org](mailto:cegan@aessuccess.org) or phone at 717-720-3663, or Carolyn Small via e-mail at [Carolyn.small@iowa.gov](mailto:Carolyn.small@iowa.gov) or phone at 515-725-3413.

Enclosures: Transmittal for Batch 161  
Common Bulletin Language for Batch 161

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](http://www.commonmanual.org). Please carefully note the effective date of each policy change.

**Total and Permanent Disability Claims**

The *Common Manual* has been updated to incorporate a provision that requires a lender to provide to the guarantor certain electronic signature and disbursement information when filing a total and permanent disability claim that is not based on a determination by the Department of Veterans Affairs (VA). The required information must be submitted via the FFELP Assignment Support Supplemental Form (TPD-Specific worksheet).

<b>Affected Sections:</b>	2.3.C	Claim Forms
	13.1.D	Claim File Documentation
<b>Effective Date:</b>	Total and permanent disability claims that are not based on a determination by the Department of Veterans Affairs and that are filed by the lender on or after January 1, 2010, unless implemented earlier by the guarantor.	
<b>Basis:</b>	DGADA letter, dated July 2, 2009.	
<b>Policy Information:</b>	1142/161	
<b>Guarantor Comments:</b>	None.	

**Income Documentation for Income-Based Repayment**

The *Common Manual* has been revised to state that for the purpose of determining whether a borrower has a partial financial hardship (PFH) under an income-based repayment (IBR) plan, the lender may accept a signed copy of the page(s) of the borrower=s most recent federal income tax return that contains the borrower=s AGI, or the tax transcript information from the IRS that contains the adjusted gross income (AGI) and other tax return information. To obtain the tax transcript information from the IRS, the borrower may either submit a signed consent form (IRS Form 4506-T) directly to the lender, or the borrower may submit the form directly to the IRS and request that the information be sent directly to either the lender or the borrower.

<b>Affected Sections:</b>	10.8.D	Income Documentation for Income-Based Repayment
<b>Effective Date:</b>	Income-based repayment (IBR) plan requests received by the lender on or after July 1, 2009.	
<b>Basis:</b>	§682.215(e)(1)(i)(B); <i>Electronic Announcement</i> dated June 12, 2009; private letter guidance from Jeff Baker, U.S. Department of Education, dated June 29, 2009.	
<b>Policy Information:</b>	1143/161	
<b>Guarantor Comments:</b>	None.	

**Credit Standards and Adverse Credit**

The *Common Manual* has been revised by replacing the terms “creditworthy” and “creditworthiness” with terminology related to not having an adverse credit history when used in the context of an applicant=s or endorser=s eligibility for a PLUS loan. This change would align Manual language more consistently with regulatory language, since the federal regulations do not use the terms “creditworthy” or “creditworthiness”

in the context of an applicant's or endorser's eligibility for a PLUS loan. The regulations instead state that in order for an otherwise eligible applicant (or endorser, as applicable) to receive a PLUS loan, the lender must obtain a credit report from at least one national credit bureau and determine, based on that report, that the applicant (or endorser, as applicable) does not have an adverse credit history, as defined in regulations.

In addition, the text in the Manual was revised by replacing the term "creditworthiness" with the term "credit standards" when used in the context of a lender's independent credit criteria for a Stafford or PLUS applicant.

<b>Affected Sections:</b>	2.1.B	Types of Loans Available
	2.2.A	Origination
	6.16	Applying for Federal Stafford and PLUS Loans
	7.1.A.	General Determinations
	7.1.B	Creditworthiness
	7.1.C	Effect of Bankruptcy on Creditworthiness
	7.2.A	Lender Responsibilities under a Master Promissory Note
	Appendix G	
	Appendix H	
<b>Effective Date:</b>	Retroactive to the implementation of the <i>Common Manual</i> .	
<b>Basis:</b>	§682.201(b)(4); §682.201(c)(1)(vii); §682.201(c)(2).	
<b>Policy Information:</b>	1144/161	
<b>Guarantor Comments:</b>	None.	

#### **Increased Unsubsidized Stafford Loan Limits for Health Profession Students**

A health profession student enrolled in a program of study that was originally eligible under the Health Education Assistance Loan (HEAL) program and that is accredited by an approved accrediting agency may receive increased annual and aggregate Stafford loan limits. The *Common Manual* has been updated to align with the FSA Handbook concerning health profession programs that are eligible for the increased unsubsidized Stafford annual and aggregate loan limits, by deleting the 5-year bachelor of pharmacology and graduate of allied health programs from the eligible program list.

<b>Affected Sections:</b>	6.11.A	Stafford Annual Loan Limits
	6.11.D	Increased Unsubsidized Stafford Loan Limits for Health Profession Students
<b>Effective Date:</b>	For deletion of the bachelor of pharmacology program, publication date of the 07-08 FSA Handbook.	
	For deletion of the graduate of allied health program, publication date of the 00-01 FSA Handbook.	
<b>Basis:</b>	00-01 FSA Handbook, Volume 8, p. 8-26; 07-08 FSA Handbook, Volume 3, Chapter 5, pp. 3-102 to 3-104; 08-09 FSA Handbook, Volume 3, Chapter 5, pp. 3-110 to 3-112.	
<b>Policy Information:</b>	1145/161	
<b>Guarantor Comments:</b>	None.	

#### **Additional Unsubsidized Stafford Loan**

The *Common Manual* has been revised to align the glossary definition of "Additional Unsubsidized Stafford Loan" with the loan limits in Subsection 6.11.A and Figure 6-4— specifically, to reflect that dependent undergraduate students, with the exception of those enrolled in undergraduate or graduate preparatory coursework or teacher certification coursework, now have additional unsubsidized Stafford loan eligibility as a result of the Ensuring Continued Access to Student Loans Act (ECASLA) of 2008 (P.L. 110-227).

<b>Affected Sections:</b>	Appendix G
<b>Effective Date:</b>	Stafford loans first disbursed on or after July 1, 2008, for loan periods that include or begin on or after July 1, 2008.
<b>Basis:</b>	HEA §428H, as amended by Ensuring Continued Access to Student Loans Act (ECASLA) of 2008 (P.L. 110-227); DCL GEN-08-08/FP-08-07.
<b>Policy Information:</b>	1147/161
<b>Guarantor Comments:</b>	None.