



Unified Student Loan Policy

Policy Changes Approved October 16, 2003

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 in July 2004. These changes will also be incorporated into the October 2003 *Integrated Common Manual*. The *Integrated Common Manual* is available on several guarantor websites, and it is also available on NCHHELP's website at www.NCHELP.org in the e-library. Please carefully note the effective date of each policy change.

Resolution of an Overpayment

The *Common Manual* states that a borrower who has an overpayment of \$25 or more must resolve that overpayment to be considered eligible for additional Title IV funds. Previous policy in subsection 5.2.D indicated that the borrower could, among other options, make satisfactory arrangements with the school to repay an overpayment. This policy has been updated to acknowledge that the borrower has the additional option of making satisfactory repayment arrangements with the Department to resolve the overpayment.

Affected Sections: 5.2.D Prior Overpayment

Effective Date: Return of Title IV funds regulations are effective for any student who withdrew on or after October 7, 2000, unless implemented earlier by the school on or after November 1, 1999.

Basis: §668.22(h).

Total and Permanent Disability Discharge Application References

The *Common Manual* has been revised to delete references to a total and permanent disability discharge application that is no longer acceptable. The revised policy confirms that the lender must send borrowers requesting discharge due to a total and permanent disability the Loan Discharge Application: Total and Permanent Disability or other form(s) approved by the Department, as specified in Dear Colleague Letter GEN-02-12.

Affected Sections: 12.1.D Claim File Documentation
12.8.E Total and Permanent Disability

Effective Date: Total and permanent disability discharge applications provided to borrowers by the lender on or after March 31, 2003.

Basis: DCL GEN-02-12.

Borrower Payments after Total and Permanent Disability (TPD) Claim

The *Common Manual* policy regarding a payment received after the date a TPD claim is paid has been revised. The new policy eliminates the requirement that, at the time the lender forwards the borrower payment to the guarantor, the lender notify the borrower or other party who sent the payment that there is no obligation to make further payments, unless directed otherwise.

Revising prior guidance from Dear Colleague Letter GEN-02-03, the *Responses to Total and Permanent Disability Outstanding Issues* letter received on March 3, 2003, from Jeff Baker, Program Development, U.S. Department of Education, clarifies in Q&A #2 that the lender is required only to forward to the guarantor a payment received from or on behalf of the borrower after it has filed a total and permanent disability claim and received the claim payment. The Department acknowledges in this letter that requiring both the lender and guarantor to provide a notice to the party who submitted the payment is duplicative.

Affected Sections: 12.8.E Total and Permanent Disability

Effective Date: Borrower payments received on or after April 1, 2003, after a total and permanent disability claim payment has been received by the lender, unless implemented earlier by the guarantor.

Basis: *Responses to Total and Permanent Disability Outstanding Issues* letter from Jeff Baker, Program Development, U.S. Department of Education, received March 3, 2003, Q&A #2.

Waiver of Uninterrupted Service Requirement for Teacher Loan Forgiveness

The *Common Manual* has been revised to state that lender should not consider the time that a borrower is on active duty as a result of a military mobilization as an interruption in the 5 consecutive, complete academic years that a borrower must serve as a full-time teacher at a qualifying school to be eligible for teacher loan forgiveness. This applies to a borrower who is a member of a reserve component of the Armed Forces and is called or ordered to active duty for more than 30 days, and to a borrower who is a regular active duty member of the Armed Forces and is reassigned to a different duty station for more than 30 days.

Affected Sections: 12.9.B Teacher Loan Forgiveness Program
Effective Date: Teacher Loan Forgiveness Program applications submitted by the lender to the guarantor on or after May 14, 2003.
Basis: *Federal Register*, Vol. 68, No. 93, dated May 14, 2003, pages 25821-25822.

Due Diligence in Default Claim Filing

The *Common Manual* has been revised to align text in subsections 11.4.A and 11.4.B with text in subsection 12.6.A. This change adds explicit language in chapter 11 to state that for loans with monthly repayment obligations, a lender must file default claims by the 360th day of delinquency. For loans with repayment obligations less frequent than monthly, a lender must file default claims by the 420th day of delinquency.

Affected Sections: 11.4.A Due Diligence Requirements for Loans with Monthly Repayment Obligations
11.4.B Due Diligence Requirements for Loans with Repayment Obligations Less Frequent Than Monthly
Effective Date: Loans for which the first day of delinquency on the oldest outstanding due date is on or after July 1, 2000, unless implemented earlier by the guarantor.
Basis: §682.411(e)(f)(h) and (l), as updated in the *Federal Register* dated October 29, 1999.

Due Diligence and Ineligible Borrower Claims

The *Common Manual* has been revised to clarify that for ineligible borrower claims, due diligence is monitored from the date the lender receives notification that a borrower is ineligible. A cross-reference to subsection 11.4.F has been added for information on required due diligence activities as well as a cross-reference to subsection 13.4.A for information on timely filing violations.

Affected Sections: 13.3.B Non-Default Claims
Effective Date: Retroactive to the implementation of the *Common Manual*.
Basis: §682.305; §682.406(a)(5); §682.412.

Due Diligence Requirements for Loans with Repayment Obligations Less Frequently Than Monthly

The *Common Manual* has been revised by deleting the note in subsection 11.4.B regarding the chapter's overarching reference to due diligence time frames for loans with monthly repayment obligations, except where noted. Similar language has been moved to the introductory text in chapter 11. The relocated language also provides a cross-reference to section 1.6 for guarantor contact information.

Affected Sections: 11.4.B Due Diligence Requirements for Loans with Repayment Obligations Less Frequent Than Monthly
Effective Date: Retroactive to the implementation of the *Common Manual*.
Basis: None.