

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 2005. These changes will also be incorporated into the January 2005 *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.

Loan Disbursement

The *Common Manual* has been updated to reflect a regulatory technical correction published in the *Federal Register* on December 31, 2003, that clarifies that schools and lenders are prohibited from obtaining a borrower's power of attorney or other authorization to endorse or otherwise approve the cashing of a loan check, or the delivery of loan funds disbursed through electronic funds transfer (EFT). Schools and lenders are also prohibited from using a document containing the borrower's power of attorney to support another party's endorsement or other method used to approve the cashing of a loan check, or the delivery of loan funds disbursed through EFT.

Affected Sections: 7.7 Disbursing the Loan
7.7.C Disbursement by Individual Check
7.7.D Disbursement by Electronic Funds Transfer (EFT) or Master Check

Effective Date: Powers of attorney received by the school or lender and used to negotiate documents on or after January 30, 2004, unless implemented earlier by the guarantor.

Basis: §682.207(b)(2).

"Three-Times Rule" for Graduated and Income-Sensitive Repayment Schedules

The *Common Manual* has been revised to specifically state that according to the "three-times rule," if a borrower has chosen a graduated or income-sensitive repayment schedule, a lender must not permit any single installment to be more than three times greater than any other installment.

Affected Sections: 9.8.B Graduated Repayment Schedule
9.8.C Income-Sensitive Repayment Schedule

Effective Date: Retroactive to the implementation of the *Common Manual*.

Basis: §682.209(a)(7)(ii).

Default Aversion Assistance Request Period

The *Common Manual* has been revised to add into subsections 11.4.A and 11.4.B a current policy for lenders on requesting default aversion assistance when a default aversion assistance request has been canceled and the loan again ages to the level at which default aversion assistance is required by the guarantor. This policy text was moved from the section that deals with due diligence requirements for telephone and skip tracing to the appropriate subsections that address the default aversion assistance request period. The existing language in 11.5.A has also been revised to provide consistency with the new language in subsections 11.4.A and 11.4.B.

Affected Sections: 11.4 Due Diligence Requirements
11.4.A Due Diligence Requirements for Loans with Monthly Repayment Obligations
11.4.B Due Diligence Requirements for Loans Repayment Obligations Less Frequently Than Monthly
11.5.A Default Aversion Assistance Request (DAAR)

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:

None.