

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 2006. These changes will also be incorporated into the February 2006 *Integrated Common Manual*. The *Integrated Common Manual* is available on several guarantor websites, and it is also available on NCHelp's website at www.NCHELP.org in the e-library. Please carefully note the effective date of each policy change.

Taxpayer Relief Act Reporting Requirements

The *Common Manual* has been updated to align figure 13-1 with the revised Claim Form that is being distributed by the Default Aversion and Claims Standardization (DACs) Subcommittee of NCHelp's Program Operations Committee. A new field has been added to the Claim Form to capture the amount of unpaid origination fee and unpaid capitalized interest that are included in the principal balance on the date the claim is filed. These amounts will be reported separately in field 20b of the Claim Form. This information is required for loans first disbursed on or after September 1, 2004, to fulfill reporting requirements in Internal Revenue Service regulations.

Affected Sections:	Figure 13-1
Effective Date:	Claims filed by the lender on or after January 1, 2006, for loans first disbursed on or after September 1, 2004.
Basis:	Final rules published under Section 221 of Internal Revenue Code and amendments to the final regulations under section 6050S of the Code relating to the information requirements for interest payments received on qualified education loans, published in the May 7, 2004, <i>Federal Register</i> , Volume 69, No. 89, pages 25489-25499.

Required Information on Common Claim Form

Figure 13-1 is revised to add a new required field for disability claims to capture the total amount of payments made on behalf of the borrower after the date the borrower became unable to work or earn money. New fields have been added for the PLUS student's last-known complete address and the PLUS student's home telephone number. Several new fields have been added for the validity of information being requested. Also, some of the "If Available" fields have been changed to "Required" fields. Further, technical edits have been made to correct the terms "reinsured" and "unreinsured" to "insured" and "uninsured" respectively. Finally, several item descriptions were changed slightly for clarity and consistency.

Affected Sections:	Figure 13-1
Effective Date:	Claims first filed by the lender on or after January 1, 2006.
Basis:	None.

Processing Closed School and False Certification Loan Discharge Applications

Subsections 13.8.B and 13.8.D of the *Common Manual* have been revised to align more closely similar processing requirements for closed school and false certification loan discharge applications. Language has been added to the closed school subsection that states that the lender may capitalize unpaid interest that accrues during the forbearance period and that a borrower's request for discharge may not be denied solely due to the borrower's failure to return the completed loan discharge application within 60 days. In addition, language has been added to clarify that if the lender receives a completed loan discharge application from the borrower at a later date, the lender must process the loan discharge application and, if the borrower appears to qualify for the loan discharge, file a claim with the guarantor.

Language has been added to the false certification subsection to clarify that the lender is deemed to have exercised forbearance on the loan(s) beginning on the date on which the lender suspended collection

activity, if a borrower fails to submit a completed loan discharge application within 60 days of being notified of that option.

Affected Sections: 13.8.B Closed School
13.8.D False Certification
Effective Date: Retroactive to the implementation of the *Common Manual*.
Basis: §682.402(d) and (e)

Processing Closed School Loan Discharge Applications

The *Common Manual* has been revised to reinsert language in subsection 13.8.B that was inadvertently omitted during the restructuring of this subsection. The reinserted language states that on the same date that the guarantor pays a claim due to a closed school loan discharge, it will refund to the borrower all borrower payments made on the loan, minus any funds received from a third-party source. For an eligible loan that was previously paid in full by or on behalf of the borrower, the guarantor will notify the lender that the loan obligation is discharged and will refund to the borrower payments made on the loan, minus any funds received from a third-party source.

If borrower payment records are unavailable or incomplete at the time the lender files the claim, the guarantor will refund to the borrower the difference between the original loan principal and the principal balance outstanding with the lender. Any additional amounts not included in the claim payment may be paid later through a supplemental claim based on proof of borrower payments or supplemental documentation provided by the lender.

Affected Sections: 13.8.B Closed School
Effective Date: Retroactive to the implementation of the *Common Manual*.
Basis: None.