

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 April 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.

Total and Permanent Disability Loan Discharge Determination with New Loan

The *Common Manual* has been revised to state that if a borrower receives a new loan under the Perkins, FFEL, or Direct Loan Programs (with the exception of a Consolidation loan that does not include any loans that are in a conditional discharge status) within 3 years of the date the borrower became unable to work and earn money, the borrower is not eligible for discharge on that loan or any loan made prior to that date. This 3-year period, i.e., the conditional discharge period, begins on the date the borrower became unable to work and earn money, as certified by the physician. The lender must review its records for any new loan(s) made to the borrower on or after the date the borrower became totally and permanently disabled. If the lender's records indicate (or the lender is otherwise aware) that a new loan(s) was made during the 3-year conditional discharge period, the lender must deny the discharge and inform the borrower.

Affected Sections:	13.8.E Total and Permanent Disability
Effective Date:	Total and permanent disability loan discharge applications received by the lender on or after July 1, 2006, unless implemented earlier by the guarantor.
Basis:	§682.402(c)(1)(ii)(B).

Borrower Authorization to Release Loan Funds Received via EFT or Master Check

The *Common Manual* has been updated to remove language that implies that when a borrower signs the Master Promissory Note (MPN), he or she is giving the lender permission to disburse Stafford or PLUS loan funds, as applicable, via electronic funds transfer (EFT) or master check. Revised language clarifies that when the borrower signs the MPN, he or she is authorizing the school to release funds received via EFT or master check from the school account to the student's account with the school.

Affected Sections:	8.3 Required Authorizations 8.7.H Delivery Methods
Effective Date:	Information applicable to Stafford loans is retroactive to the

implementation of the Federal Stafford Loan Master Promissory Note (Stafford MPN); and information applicable to PLUS loans is retroactive to the implementation of the Federal PLUS Loan Application and Master Promissory Note (PLUS MPN).

Basis: None.

Teacher Loan Forgiveness Payment Application

The *Common Manual* has been revised to state that unless instructed otherwise by the borrower, a lender must apply a teacher loan forgiveness payment received on the borrower's behalf first to any outstanding unsubsidized Federal Stafford loan balances, next to any outstanding subsidized Federal Stafford loan balances, and then to any eligible outstanding Federal Consolidation loan balances.

Affected Sections: 13.9.B Teacher Loan Forgiveness Program
Effective Date: Teacher Loan Forgiveness Applications received after October 1, 1998.
Basis: §682.215(f)(5).

Deferment Eligibility

The *Common Manual* has been revised to more clearly state that if all of the loans that qualified the borrower as a "new borrower" in one category are paid in full through consolidation, the borrower changes to the "new borrower" category applicable to the date on which the Consolidation loan is made. The borrower is eligible for deferments in that category on the Consolidation loan and all subsequent loans. In addition, revised policy removes an incorrect regulatory citation and replaces it with a correct citation.

Affected Sections: 11.1.A General Deferment Eligibility Criteria
Effective Date: Retroactive to the implementation of the *Common Manual*.
Basis: None.