

December 31, 2009

OSFA/FFELP #09-10:03

Dear Student Loan Participant:

On November 19, 2009, the *Common Manual* Governing Board approved eight proposals from Batch 162 to modify the *Common Manual*. The changes will be incorporated into the *Common Manual* with the publication of the next annual update. Enclosed are the following updates:

- **U.S. Passport Card for United States Citizenship and Immigration Services (USCIS) Documentation**
- **Borrower Eligibility for a new Loan When a Prior Loan is Conditionally Discharged**
- **Additional Unsubsidized Stafford Loan Eligibility**
- **In-School and Post-Enrollment Deferments for PLUS Loans**
- **Stafford Annual Loan Limits for a Student Enrolled in Teacher Certification Coursework or Preparatory Coursework for a Graduate or Professional Program**
- **Regaining Eligibility for New Stafford Loan Funds after an Inadvertent Overaward**
- **Borrower Right to Cancel All or a Portion of Stafford or PLUS Loan Funds Disbursed by EFT or Master Check**
- **Prorated Stafford Annual Loan Limits+**

For further information you may contact me at (850) 410-6846 or e-mail at reitha.scott@fldoe.org.

Sincerely,

Reitha Scott, Policy Manager
Office of Student Financial Assistance

COMMON MANUAL UPDATES

Borrower Eligibility for a New Loan When a Prior Loan is Conditionally Discharged

Current policy states that for a borrower to receive a new loan when that borrower has received a conditional discharge of a prior loan due to an initial determination that the borrower is totally and permanently disabled, the borrower must do all of the following:

- Obtain a physician's statement certifying that the borrower may now engage in substantial gainful activity.
- Sign a statement acknowledging that any loan that has been conditionally discharged may not be discharged due to the same or any disability existing at the time the borrower applied for a total and permanent disability discharge or when the new loan is made, unless the disabling condition substantially deteriorates to the extent that the definition of total and permanent disability is met.
- Sign a statement acknowledging that collection activity will resume on any loans in a conditional discharge period.

The *Common Manual* has been revised to state that, in addition to current requirements, a borrower whose prior Title IV loan(s) is conditionally discharged due to an initial determination that the borrower is totally and permanently disabled must do the following before a school may certify a new Stafford or PLUS loan for the borrower:

- Submit a request to the Department's Conditional Discharge Disability Unit indicating that the loan(s) that is currently conditionally discharged be returned to repayment.
- Advise the school that the process of returning the conditionally discharged loan(s) to repayment has been initiated.

Revised policy states that before a school may certify a new loan for a borrower whose prior Title IV loan(s) is conditionally discharged due to an initial determination that the borrower is totally and permanently disabled, the school must confirm that the borrower has initiated the process to return the conditionally discharged loan(s) to repayment. The school also must determine whether the status of the loan (default or non-default) will trigger additional requirements before it certifies a new loan for the borrower. If the loan(s) was in a default prior to being conditionally discharged, the school may be required to document that the borrower has either made satisfactory repayment arrangements with the loan holder in order to reinstate Title IV eligibility or rehabilitated the defaulted loan(s).

Revised policy states that a school must not deliver any new loan funds until it confirms that the conditionally discharged loan(s) has been returned to repayment.

Further, revised policy provides a note in Subsection 13.8.G to refer the reader to Section 5.4 for information about eligibility requirements that a borrower must meet in order for the borrower to receive a new loan after he or she has received a prior loan discharge due to total and permanent disability.

COMMON MANUAL UPDATES

Affected Sections: 5.4.A Conditional Discharge of a Prior Loan Due to Total and Permanent Disability
 Figure 5-1 Effect of Title IV Loan Status on Student Aid Eligibility
 6.15 School Certification of the Loan
 8.7 Delivering Loan Funds at Eligible Schools
 13.8.G Total and Permanent Disability

Effective Date: New loan requests received by a school on or after August 28, 2009.

Basis: §682.201(a)(5); private guidance from Pam Moran of the Department, dated August 28, 2009; the Department's Total and Permanent Disability Website (<http://disabilitydischarge.ed.gov>).

Policy Information: 1149/Batch 162

Guarantor Comments: None.

COMMON MANUAL UPDATES

Additional Unsubsidized Stafford Loan Eligibility

The *Common Manual* has been updated to clarify that if a parent is approved for a PLUS loan, the student is not eligible for the additional unsubsidized Stafford loan funds available to an independent student, even if another parent has been denied a PLUS loan. The calculation of the amount of additional unsubsidized Stafford loans funds that a student may be eligible for has also been reorganized to facilitate understanding.

Affected Sections: 6.15.D Additional Unsubsidized Stafford Loan Certification for
a Dependent Student

Effective Date: Publication date of Volume 3 of the 06-07 FSA Handbook, unless
implemented earlier by the guarantor.

Basis: 06-07 FSA Handbook, Volume 3, Chapter 4, p. 3-73.

Policy Information: 1150/Batch 162

Guarantor Comments: None.

COMMON MANUAL UPDATES

In-School and Post-Enrollment Deferments for PLUS Loans

The Deferment Eligibility Chart, Figure 11-1, has been revised to incorporate the in-school deferment for parent PLUS borrowers. A parent PLUS borrower whose loan(s) was first disbursed on or after July 1, 2008, may request an in-school deferment if the dependent student for whom the parent borrower obtained the PLUS loan(s) meets the conditions for an in-school deferment. In addition, the chart has been revised to reference the 6-month post-enrollment deferment that is available upon request for parent PLUS borrowers beginning on the day after the parent or the student for whom the PLUS loan(s) is obtained ceases to be enrolled at least half time, as reported by the school.

Additionally, the chart has been revised to reflect that a Grad PLUS borrower, whose loan(s) was first disbursed on or after July 1, 2008, is eligible to receive a six-month post-enrollment deferment beginning on the day after he or she ceases to be enrolled at least half time as reported by the school. A lender must grant the post-enrollment deferment if it receives information that supports the Grad PLUS borrower's eligibility. A Grad PLUS borrower may, however, choose to not accept the post-enrollment deferment.

Affected Sections: Figure 11-1 Deferment Eligibility Chart

Effective Date: PLUS loans first disbursed on or after July 1, 2008.

Basis: HEA §428B(d)(1) as amended by the Higher Education Opportunity Act (HEOA), P.L. 110-315; DCL GEN-12-08/FP-08-10.

Policy Information: 1151/Batch 162

Guarantor Comments: None.

COMMON MANUAL UPDATES

Stafford Annual Loan limits for a Student Enrolled in Teacher Certification Coursework or Preparatory Coursework for a Graduate or Professional Program

The *Common Manual* has been corrected to align Figure 6-4 with existing text in Subsection 6.11.F, to state that proration is “not applicable” to the base Stafford annual loan limit for a student enrolled in teacher certification coursework or preparatory coursework for admission into a graduate or professional program. Figure 6-4 already correctly states that 1) proration is not applicable to the additional unsubsidized Stafford annual loan limit for a student enrolled in teacher certification coursework or preparatory coursework for admission into a graduate or professional program, and 2) proration is not applicable to the Stafford annual loan limits for a student enrolled in preparatory coursework for admission into an undergraduate program.

Affected Sections: Figure 6-4 Stafford Annual and Aggregate Loan Limits for Undergraduate Students

Effective Date: Publication date of Volume 8 of the 02-03 FSA Handbook.

Basis: 02-03 FSA Handbook, Volume 8, pp.8-9 and 8-10.

Policy Information: 1152/Batch 162

Guarantor Comments: None.

COMMON MANUAL UPDATES

Regaining Eligibility for New Stafford Loan Funds after an Inadvertent Overaward

The *Common Manual* has been updated to clarify a Stafford loan borrower's eligibility for additional Stafford loan funds after an inadvertent overaward has been resolved.

If a Stafford borrower inadvertently exceeds the Stafford annual or aggregate loan limit, the student is ineligible for additional Title IV aid until the student resolves the excess. A school must document how a student who has inadvertently exceeded a Stafford annual or aggregate loan limit has resolved the excess before the school may award the student additional Title IV aid. However, once it is resolved, the borrower does not necessarily regain eligibility to receive additional Stafford loan funds only to the extent the borrower has reduced his or her outstanding Stafford loan debt to an amount that is less than the applicable annual loan limit or aggregate loan limit. For example, a dependent undergraduate student who inadvertently exceeded the \$23,000 limit. The school must not certify any additional subsidized Stafford loan funds for the student, however, if the dependent student has not exceeded the combined Stafford aggregate loan limit of \$31,000, the school may certify unsubsidized Stafford loan funds, up to the 31,000 limit. For an independent undergraduate student in this same situation who did not exceed the combined Stafford aggregate loan limit of \$57,500, the school may certify unsubsidized Stafford loan funds, up to the \$57,500 limit. During the academic year in which a student exceeds an annual loan limit, the school must not certify additional Stafford loan funds unless the student reduces his or her outstanding Stafford loan debt to an amount less than the applicable annual loan limit.

Affected Sections: 6.11.E Exceeding Loan Limits

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

Basis: 08-09 FSA Handbook, Volume 3, Chapter 5, p. 3-107.

Policy Information: 1153/Batch 162

Guarantor Comments: None.

COMMON MANUAL UPDATES

Borrower Right to Cancel All or a Portion of Stafford or PLUS Loan Funds Disbursed by EFT or Master Check

The *Common Manual* has been updated to clarify the interaction between Subsections 8.2.C and 8.2.D. A cross-reference is provided from Subsection 8.2.C, “School’s Notice of Credit to Student’s Account,” to Subsection 8.2.D, which has been renamed “School’s Notice of Borrower’s Right to Cancel loan Disbursed by EFT or Master Check.” Subsection 8.2.D clarifies that a school must return the loan proceeds, cancel all or a portion of the loan or loan disbursement, as applicable, or do both if the school receives a borrower’s cancellation request within certain time frames after the school sends the borrower a notice advising the borrower of the right to cancel the loan. Finally, Subsection 9.2.D states that the school must advise the borrower of the right to cancel a loan disbursed by EFT or master check as part of the school’s notice of credit to the student’s account, and cross-references Subsection 8.2.C for more information about the content of that notice and when it must be sent.

Affected Sections: 8.2.C School Notice of Credit to Student Account
 8.2.D Borrower Notice to Cancel Loan

Effective Date: Loans disbursed on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.

Basis: §668.165(a)(2)(ii).

Policy Information: 1154/Batch 162

Guarantor Comments: None.