

April 30, 2014

OSFA/FFELP #13-14-03

Dear Student Loan Participant:

On April 17, 2014, the *Common Manual* Governing Board approved six proposals from Batch 199 to modify the *Common Manual*. The changes will be incorporated into the *Common Manual* with the publication of the next quarterly integrated update. Enclosed are the following updates:

- **Reporting Requirements Regarding a Borrower's Total and Permanent Disability Discharge Application**
- **Changes to Eligibility Reinstatement Rules**
- **Lender Disclosures**
- **Changes in Participation Rate Index Threshold**
- **Online and Distance Learning Qualification for a Closed School Discharge**
- **Loan Rehabilitation Details Removed**

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

Reporting Requirements Regarding a Borrower's Total and Permanent Disability Discharge Application

The *Common Manual* is being revised to require a lender to notify the guarantor at least monthly that it has received notification that the borrower or some party to a loan has a total and permanent disability discharge application under review with the Department.

Affected Sections: 13.8.G Total and Permanent Disability

Effective Date: Guarantor receipt of lender notifications that a borrower's total and permanent disability discharge application is under Department review on or after June 1, 2014, unless implemented no earlier than July 1, 2013, by the guarantor.

Basis: None

Policy Information: 1296/Batch 199

Guarantor Comments: None.

COMMON MANUAL UPDATES

Changes to Eligibility Reinstatement Rules

The *Common Manual* is being revised to include the following two updates to regulations related to the reinstatement of Title IV eligibility:

- The definition of “timely” payments for purposes of satisfactory repayment arrangements is redefined as 20 days from its previous 1-day standard.
- A borrower who reinstates Title IV eligibility but does not obtain new Title IV funds before defaulting again on a Title IV loan is not considered to have used the one-time reinstatement opportunity provided by the Act.

Affected Sections: 5.3 Reinstatement of Title IV Eligibility after Default

Effective Date: Reinstatement eligibility determinations made by the guarantor on or after July, 2014.

Basis: §682.200(b)

Policy Information: 1297/Batch 199

Guarantor Comments : None.

COMMON MANUAL UPDATES

Lender Disclosures

The *Common Manual* is being updated to clarify that a lender is exempt from the borrower-having-difficulty disclosure requirement if the borrower's repayment difficulty has been resolved. This resolution may be either through contact with the borrower based on a previous disclosure or other communications between the lender and the borrower that included recognition that a borrower's payment difficulty could be resolved by a payment amount change or payment postponement. The policy also clarifies that the 60-day delinquency disclosure must be provided within five business days of the date the borrower becomes 60-day delinquency disclosure must be provided within five business days of the date the borrower becomes 60 days delinquent. Cross references have also been placed in Section 10.12 and Subsection 12.1.A for readers to easily locate all disclosure requirements published under the Higher Education Opportunity Act (HEOA).

Affected Sections: 10.12 Lender Disclosures during Repayment
 12.1.A Lender Disclosure Requirements

Effective Date : For determining whether the lender must send the borrower-having-difficulty disclosure, effective for notifications of borrower difficulty occurring on or after July 1, 2014, unless implemented by the lender no earlier than November 1, 2013.

For establishing the 5-business-day timeframe for sending the 60-day delinquency disclosure effective for 60-day delinquencies occurring on or after July 1, 2014, unless implemented by the lender no earlier than November 1, 2013.

Basis: *Federal Register*, Vol. 78, No. 212, November 1, 2013;
 §682.205(a)(4)(ii) and (5)(ii).

Policy Information: 1298/Batch 199

Guarantor Comments: None.

COMMON MANUAL UPDATES

Changes in Participation Rate Index Threshold

The *Common Manual* has been updated to include the regulatory change that provides that the school may appeal the loss of Title IV eligibility due to its cohort default rate for a single year in excess of 40% if the Participation Rate Index (PRI) for that fiscal year is less than or equal to 0.0832. This is one of the PRI appeal options available to schools and previously provided for a threshold of 0.06015.

Affected Sections: 16.4.B School Appeals

Effective Date : July 1, 2014.

Basis: §668.204(c)(1)(i).

Policy Information: 1300/Batch 199

Guarantor Comments: None.

COMMON MANUAL UPDATES

Online and Distance Learning Qualification for a Closed School Discharge

The *Common Manual* has been updated to clarify that a borrower who obtained loans for distance and/or online program at a school would qualify for a closed school discharge only if the main campus closes.

Affected Sections: 13.8.B Closed School

Effective Date : Closed school applications received on or after April 29, 1994.

Basis: Preamble of the November 1, 2013, *Federal Register*, Vol. 78, No. 212, page 65775.

Policy Information: 1301/Batch 199

Guarantor Comments: None

COMMON MANUAL UPDATES

Loan Rehabilitation Details Removed

Common Manual text has been revised to remove some of the detail regarding the guarantor's loan rehabilitation process. The Manual is intended to assist schools and lenders in the administration of FFELP loans. Post-default collections information is irrelevant to the administration responsibilities of either the lender or school.

Affected Sections: 13.7 Rehabilitation of Defaulted FFELP Loans

Effective Date : None.

Basis: None.

Policy Information: 1302/Batch 199

Guarantor Comments: None