

August 21, 2006

SFA/FFELP #06-07:02

Dear Student Loan Participant:

On July 27, 2006, the *Common Manual* Governing Board approved one proposal from Batch 131 to modify the *Common Manual*. The changes will be incorporated into the *Common Manual* with the publication of the next annual update. Enclosed is the following update:

- **Eligibility for a Subsequent Consolidation Loan**

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

Eligibility for a Subsequent Consolidation Loan

The *Common Manual* has been revised to incorporate HERA and the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery provisions. Revised policy clarifies that a borrower who currently has *either* a Federal or *Direct* Consolidation loan is not eligible for a subsequent Federal or *Direct* Consolidation loan unless one of the following conditions apply:

- The borrower has obtained a new eligible loan after the date the existing Consolidation loan was made.
- The borrower is consolidating an existing Consolidation loan with at least one other eligible loan, regardless of whether it was made before or after the date the existing consolidation loan was made.

Revised policy also adds that a borrower may obtain a subsequent Direct Consolidation loan for the purpose of securing an income-contingent repayment schedule if the consolidation loan holder has requested default aversion assistance from the guarantor.

Affected Sections:	15.2 Borrower Eligibility and Underlying Loan Holder Requirements
Effective Date:	Federal Consolidation loan applications received by the lender on or after July 1, 2006.
Basis:	Higher Education Act of 1965, Section 428C(a)(3)(B)(1), as amended by the Higher Education Reconciliation Act (HERA) of 2005 and the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery 2006; Dear Colleague Letter GEN-06-02.
Policy Information:	869/Batch 131
Guarantor Comments:	None.