

November 8, 2006

OSFA/FFELP #06-07:06

Dear Student Loan Participant:

On October 19, 2006, the *Common Manual* Governing Board approved five proposals from Batch 134 to modify the *Common Manual*. The Governing Board has also included a corrected Deferment Eligibility Chart, Figure 11-1. The changes will be incorporated into the *Common Manual* with the publication of the next annual update. Enclosed are the following updates:

- **Institutional Eligibility and Reporting Requirements**
- **Elimination of the Single-Holder Rule**
- **Cohort Default Rate Notification**
- **Return of the Federal Default Fee (or Guarantee Fee)**
- **Refinancing Fixed-Rate PLUS or SLS Loans**
- **Deferment Eligibility Chart – Figure 11-1**

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

Institutional Eligibility and Reporting Requirements

The *Common Manual* has been revised to state that schools must submit requests for initial certification, recertification, reinstatement, a change in ownership, updates to a current approval or designation as an eligible institution to the Department via the Application for Approval to Participate in the Federal Student Financial Aid Programs (E-App).

Affected Sections: 4.1.A Establishing Eligibility
 4.1.C Maintaining Eligibility

Effective Date: Applications for recertification, reinstatement, or changes in ownership submitted by the school on or after the publication date of the 1998-1999 *Federal Student Aid Handbook*. Applications for reporting changes to a current approval submitted by the school on or after the publication date of the 1999-2000 *Federal Student Aid Handbook*. Applications for initial certification submitted by the school on or after the publication date of the 2000-2001 *Federal Student Aid Handbook*.

Basis: 1998-1999 *Federal Student Aid Handbook*, Chapter 3, Section 9, page 3-202; 1999-2000 *Federal Student Aid Handbook*, Chapter 10, page 210; and the 2000-2001 *Federal Student Aid Handbook*, Volume 2, Chapter 10, page 2-232.

Policy Information: 903/Batch 134

Guarantor Comments: None.

COMMON MANUAL UPDATES

Elimination of the Single-Holder Rule

The *Common Manual* has been revised to reflect statutory changes resulting from the Emergency Supplemental Appropriations Act, that allow a borrower of loans eligible for FFELP loan consolidation to seek consolidation from any lender even if the borrower's eligible loans are held by one holder.

Affected Sections: 15.2 Borrower Eligibility and Underlying Loan Holder Requirements
 15.3.C. Reviewing the Loan Verification Certificate

Effective Date: Federal Consolidation loan applications received by the lender on or after June 15, 2006.

Basis: Higher Education Act of 1965, Section 428C(b)(1)(A)(i) and (ii), as amended by the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror and Hurricane Recovery, 2006 (P.L. 109-234); Dear Colleague Letter GEN-06-12.

Policy Information: 904/Batch 134

Guarantor Comments: None.

COMMON MANUAL UPDATES

Cohort Default Rate Notification

The *Common Manual* has been revised to include an explanation of the electronic process by which the Department notifies a domestic school of its draft and official cohort default rates (eCDR) through the Student Aid Internet Gateway (SAIG). All domestic schools are required to enroll in the SAIG. Schools are required to designate a SAIG destination point for the receipt of the eCDR notifications. The Department mails draft and official cohort default rate notifications to foreign schools.

Affected Sections: 16.1 Overview of Cohort Default rates and Terminology

Effective Date: Domestic school's receipt of draft and official cohort default rate notifications on or after June 1, 2005.

Basis: Dear Colleague Letter GEN-03-05; 2006-2007 *Federal Student Aid Handbook*, Volume 2, Chapter 10, page 2-182.

Policy Information: 905/Batch 134

Guarantor Comments: None.

COMMON MANUAL UPDATES

Return of the Federal Default Fee (or Guarantee Fee)

Subsection 10.11.E of the *Common Manual* has been revised to reflect the change in terminology from guarantee fee to federal default fee and to clarify that if a lender deducted the federal default fee (or guarantee fee), and/or origination fee from the borrower's loan proceeds, the lender must reduce the fee(s) proportionate to the amount of returned loan funds that the lender receives from a school. In addition, section B.2 has been revised to clarify that in refinancing a loan to secure a variable interest rate, the guarantor may not charge the borrower a federal default fee (formerly guarantee fee), nor may the lender deduct the fee from the borrower's loan proceeds.

Affected Sections: 10.11.E Applying Funds Returned by the School
 B.2 Option 2: Refinancing to Secure a Variable Interest Rate

Effective Date: Federal Stafford and PLUS loans guaranteed on or after July 1, 2006.

Basis: Higher Education Act of 1965, Section 428(b)(1)(H)(i) and (ii) and Section 428H(h), as amended by the Higher Education Reconciliation Act (HERA) of 2005; Dear Colleague Letter GEN-06-02.

Policy Information: 906/Batch 134

Guarantor Comments: None.

COMMON MANUAL UPDATES

Special common Bulletin Distribution – Approved Policy #881, Batch 131

Figure 11-1, the Deferment Eligibility Chart in the October 2006 *Common Manual* has been corrected to incorporate changes previously approved in policy 881 of Batch 131. Policy 881 struck four bullets the “PLUS Loans” category for the PLUS deferment form, thereby denoting that pre-7/1/87 parent PLUS borrowers, and borrowers of parent PLUS loans before 8/15/83, do not qualify for in-school deferment based on the full-time or half-time enrollment of the student for whom the parent PLUS loan was made. Due to an unintentional error in the October 2006 *Common Manual* publication, these four bullets were not deleted.

An additional October 2006 manual publication error has also been corrected in Figure 11-1, the Deferment Eligibility Chart. Two bullets under the “PLUS Loans” category for the SCH deferment form were inadvertently deleted. These two bullets indicate that pre-7/1/87 parent PLUS borrowers, and borrowers of parent PLUS loans before 8/15/83 qualify for in-school deferment based on the parent PLUS borrower’s full-time enrollment in school.

Both of the aforementioned errors have been corrected in the first Integrated *Common Manual* update to the October 2006 electronic manual. In addition, this special common bulletin is accompanied by an attachment that contains a corrected copy of Figure 11-1. Please distribute the attachment along with this special common bulletin to your participants and manual users within your organizations. Users of a paper manual are strongly encouraged to print the attachment, remove the current Figure 11-1 from their paper version of the October 2006 manual, and replace it with the corrected Figure 11-1 provided in the attachment.

Deferment Eligibility Chart – Figure 11-1

Figure 11-1 Deferment Eligibility Chart

See section H.4 for information about a statutory or regulatory waiver authorized by the HEROES Act that may impact these requirements.

Form	Deferment Type	Time Limit	Stafford and SLS Loans			PLUS Loans				Consolidation Loans	
			Pre 7/1/87 Borrower	New ¹ Borrower 7/1/87 to 6/30/93	New ² Borrower 7/1/93	Loans Before 8/15/83	Pre 7/1/87 Borrower	New ¹ Borrower 7/1/87 to 6/30/93	New ² Borrower 7/1/93	Pre 7/1/93 Borrower ⁸	New Borrower 7/1/93 ⁹
SCH	In-School: Full Time	None	•	•	•	•	•	•	•	•	•
	In-School: Half Time ⁷	None		•	•			•	•	•	•
EDU	Graduate Fellowship	None	•	•	•	•	•	•	•	•	•
	Rehabilitation Training	None	•	•	•	•	•	•	•	•	•
	Teacher Shortage	3 Years		•							
	Internship/ Residency Training	2 years	•	•		•					
TDIS	Temporary Total Disability ³	3 Years	•	•		•	•	•		•	
PUB	Armed Forces or Public Health Services ⁴	3 Years	•	•		•					
	National Oceanic and Atmospheric Administration Corps ⁴	3 Years		•							
	Peace Corps, ACTION Program and Tax-Exempt Organization Volunteer	3 Years	•	•		•					
UNEM	Unemployment	2 years	•	•		•	•	•		•	
	Unemployment	3 Years			•				•		•
PLWM	Parental Leave ⁵	6 Months	•	•							
	Mother Entering/ Reentering Work Force	1 Year		•							
HRD	Economic Hardship	3 Years			•				•		•
PLUS ⁶	In-School: Full Time	None									
	In-School: Half Time	None						•			
	Rehabilitation Training	None				•	•	•			

¹“New Borrower” 7/1/87 to 6/30/93: A borrower whose first FFELP loan was made on or after July 1, 1987, and before July 1, 1993, or who had an outstanding balance on a loan obtained on or after July 1, 1987, and before July 1, 1993, when he or she obtained a loan on or after July 1, 1993, or who had no outstanding balance on a Federal Consolidation loan made before July 1, 1993, that repaid a loan first disbursed before July 1, 1987.

²“New Borrower” 7/1/93: A borrower whose outstanding FFELP loans were all made on or after July 1, 1993, and when his or her first FFELP loan was made on or after July 1, 1993, had no outstanding FFELP loans that were made before July 1, 1993.

³A deferment may be granted during periods when the borrower is temporarily totally disabled or during which the borrower is unable to secure employment because the borrower is caring for a dependent (including the borrower’s spouse) who is temporarily totally disabled.

⁴Borrowers are eligible for a combined maximum of 3 years of deferment for service in NOAA, PHS, and Armed Forces.

⁵A parental leave deferment may be granted to a borrower in periods of no more than 6 months each time the borrower qualifies.

⁶Deferment for parent borrower during which the dependent student for whom the parent obtained a PLUS loan meets the deferment eligibility requirements.

⁷A borrower who received a Federal Consolidation loan before July 1, 1993, that repaid a loan made before July 1, 1987, or who had an outstanding balance on a FFELP loan obtained prior to July 1, 1987, when the Federal Consolidation loan was obtained, is eligible for in-school deferment only if the borrower attends school full time.

⁸A borrower with a Federal Consolidation loan made before July 1, 1993, or a borrower who receives a Consolidation loan on or after July 1, 1993, who has any outstanding FFELP loan(s) at the time of consolidation that was first disbursed before July 1, 1993.

⁹A borrower who receives a Federal Consolidation loan made on or after July 1, 1993, who has no outstanding FFELP loans at the time of consolidation that were made on or before July 1, 1993.