

January 8, 2007

OSFA/FFELP #06-07:10

Dear Student Loan Participant:

On December 21, 2006, the *Common Manual* Governing Board approved one proposal from Batch 135 and seven proposals from Batch 136 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:

- **NSLDS Ad Hoc Reporting**
- **Guarantor Review of Exceptional Performer Claims**
- **Lender disbursement through an Escrow Agent**
- **Bankruptcy Claims and Lenders Designated as Exceptional Performers**
- **False Certification Claim Purchase Time Frame**
- **Stafford Undergraduate Annual and Aggregate Loan limits**
- **Deferment eligibility**
- **Delinquency Period and the Definition of Default**

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

Guarantor Review of Exceptional Performer Claims

The *Common Manual* has been revised to state that a guarantor may not return a claim due to errors in repayment conversion, due diligence, or timely filing to a lender or lender servicer designated as an exceptional performer. However, if the lender is unable to provide a complete claim or if the loan is otherwise ineligible for claim payment (such as due to a previous, unresolved loss of loan guarantee) the guarantor must return the claim file despite the lender's or servicer's exceptional performer designation.

Affected Sections: 13.2 Claim Returns

Effective Date: Claims filed by exceptional performer lenders and lender servicers on or after March 2004.

Basis: §682.415(b)(5)(i) and (ii); *Dear Colleague Letter* FP-04-04, Q1.17/A1.17, Q1.22/A1.22, and Q1.24/A1.24..

Policy Information: 912/Batch 136

Guarantor Comments: None.

COMMON MANUAL UPDATES

Lender Disbursement through an Escrow Agent

The *Common Manual* has been revised to reflect statutory changes derived from the HERA requiring a lender that disburses loan proceeds through an escrow agent to make funds available to the escrow agent no earlier than 10 days prior to the date of the scheduled disbursement.

Affected Sections: 7.7 Disbursing the Loan

Effective Date: Loan proceeds paid by a lender to an escrow agent on or after July 1, 2006.

Basis: Higher Education Act of 1965, section 428(i)(1), as amended by the Higher Education Reconciliation Act (HERA) of 2005; *Dear Colleague Letter* GEN-06-02/FP-06-01.

Policy Information: 913/Batch 136

Guarantor Comments: None.

COMMON MANUAL UPDATES

Bankruptcy Claims and Lenders Designated as Exceptional Performers

The *Common Manual* has been revised to state that bankruptcy claims filed by a lender designated as an exceptional performer are subject to review for the lender's compliance with standard bankruptcy policies and requirements. The lender's failure to comply with those requirements may result in the guarantor's return of the bankruptcy claim to the lender, or, if the claim has been purchased, the lender's repurchase of the loan(s).

Affected Sections: 13.1.A Claim Filing Requirements
 13.5 Claim Repurchase

Effective Date: Bankruptcy notifications received by the lender on or after July 1, 2007,
 unless implemented earlier by the guarantor.

Basis: §682.402(f)(4); FP-04-04, Q1.17/A1.17 and Q1.22/A1.22; Private letter
 guidance issued by the Department on March 28, 2006.

Policy Information: 914/Batch 136

Guarantor Comments: None.

COMMON MANUAL UPDATES

False Certification Claim Purchase Time Frame

Common policy language for the false certification claim payment time frame has been revised in section 13.3 to be more consistent with the language in subsection 13.8.D. The guarantor has 30 days from the date the guarantor approves the loan discharge application to pay the false certification claim. Language in both subsections has been revised to acknowledge that the loan may be determined to be dischargeable under several circumstances, including the guarantor's approval of a borrower's loan discharge application, the guarantor's own discharge determination, and the guarantor's receipt of notification from the Department that the borrower is eligible for the loan discharge.

Affected Sections: 13.3 Claim Purchase or Discharge Payment
 13.8.D False Certification by the School

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

Basis: §682.402(e)(7)(ii).

Policy Information: 915/Batch 136

Guarantor Comments: None.

COMMON MANUAL UPDATES

Stafford Undergraduate Annual and Aggregate Loan Limits

The *Common Manual* has been revised to clarify the content of Figure 6-4 by changing the title to “Stafford Undergraduate Annual and Aggregate Loan Limits.” In addition, the numerator in Proportional Proration Calculation #2 (for prorating loan eligibility in a program of study that is less than one academic year in length) has been corrected to specify “number of weeks enrolled in program” divided by “number of weeks in academic year.”

Affected Sections: Figure 6-4 Stafford Annual Loan Limits

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

Basis: §682.204(a)(1)(iii) and (d)(1)(iii); 2006-2007 *Federal Student Aid Handbook*, Volume 3, chapter 4, page 3-80.

Policy Information: 916/Batch 136

Guarantor Comments: None.

COMMON MANUAL UPDATES

Deferment Eligibility

The *Common Manual* has been revised to state consistently that a deferment is available to a borrower who is experiencing conditions that qualify the borrower for the deferment, thereby emphasizing that deferment is an entitlement for an eligible borrower.

Affected Sections:	11.2	ACTION Program Deferment
	11.3	Armed Forces Deferment
	11.4	Economic Hardship Deferment
	11.6	In-School Deferment and Summer Bridge
	11.7	Internship/Residency Deferment
	11.8	Military Deferment
	11.9	National Oceanic and Atmospheric Administration Corps Deferment
	11.10	Parental Leave Deferment
	11.11	Peace Corps Deferment
	11.12	Public Health Service Deferment
	11.14	Tax-Exempt Organization Volunteer Deferment
	11.15	Teacher Shortage Area or Targeted Teacher Deferment
	11.18	Working Mother Deferment

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

Basis: §682.210(a)(1)(i).

Policy Information: 917/Batch 136

Guarantor Comments: None.

COMMON MANUAL UPDATES

Delinquency Period and the Definition of Default

Appendix G of the *Common Manual* has been revised to align the definition of default with current manual policy in section 13.6 and federal guidance in §682.200(b) and Appendix D to 34 CFR Part 682. The reference to 270 “consecutive” days has been removed, and the manual glossary now defines default as the failure of a borrower (or endorser or comaker, if any) to make installment payments when due, provided that this failure persists for a period of 270 days for a loan repayable in monthly installments.

Affected Sections: Appendix G

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

Basis: §682.200(b; Appendix D to 34 CFR Part 682, Introduction, C. *Due Diligence*.

Policy Information: 918/Batch 136

Guarantor Comments: None.