

January 11, 2008

OSFA/FFELP #07-08:04

Dear Student Loan Participant:

On December 20, 2007, the *Common Manual* Governing Board approved seven proposals from Batch 145 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:

- **Lender Fee**
- **Consolidation Loan Verification Certificates**
- **Student Eligibility Requirements**
- **Additional Unsubsidized Stafford Loan Eligibility for a Dependent Student**
- **Disclosure Requirements**
- **Overawards**
- **Excess Interest Rebates**

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

Lender Fee

The *Common Manual* has been revised to comply with statutory changes derived from the College Cost Reduction and Access Act (P.L. 110-84). For loans first disbursed on or after October 1, 1993, and prior to October 1, 2007, a lender is charged a lender fee equal to 0.5% of the principal amount of each FFELP loan made. Beginning with loans first disbursed on or after October 1, 2007, a lender is charged a lender fee equal to 1.0% of the principal amount of each FFELP loan made. Conforming changes have also been made to the glossary definition of "Lender Fee" in Appendix G.

Affected Sections: 3.5 A Federal Origination Fee and Lender Fee
 15.1.A Agreement to Guarantee Federal Consolidation Loans
 Appendix G

Effective Date: Loans first disbursed on or after October 1, 2007.

Basis: Higher Education Act of 1965, Section 438(d), as amended by the
 College Cost Reduction and Access Act (P.L. 110-84).

Policy Information: 984/Batch 145

Guarantor Comments: None.

COMMON MANUAL UPDATES

Consolidation Loan Verification Certificates

The *Common Manual* has been revised to clarify the circumstances under which a loan holder may decline to complete a Consolidation Loan Verification Certificate (LVC). The list of extenuating circumstances has been expanded and Manual text is expanded to note the cases in which the loan holder must notify the Federal Student Aid Financial Partners staff of its decision not to complete an LVC.

Affected Sections: 15.3.C Reviewing the Loan Verification Certificate

Effective Date: Consolidation Loan Verification Certificates (LVCs) received by a loan holder on or after May 22, 2007.

Basis: DCL GEN-07-03/FP-07-07.

Policy Information: 985/Batch 145

Guarantor Comments: None.

COMMON MANUAL UPDATES

Student Eligibility Requirements

The *Common Manual* has been revised to clarify that, if the only Title IV aid applied for is a parent PLUS loan, the student is not required to certify a statement of educational purpose by completing the Free Application for Federal Student Aid (FAFSA). To receive a parent PLUS loan without completing a FAFSA, the student must complete and submit to the school a separate statement of educational purpose.

Affected Sections: 5.1.B Student Eligibility Requirements

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

Basis: §668.32(h).

Policy Information: 986/Batch 145

Guarantor Comments: None.

COMMON MANUAL UPDATES

Additional Unsubsidized Stafford Loan Eligibility for a Dependent Student

Subsection 6.15.D of the *Common Manual* has been reorganized to improve the clarity of the subsection and to add another exceptional circumstance in which a dependent student is eligible to receive additional unsubsidized Stafford loan funds. Also, language is added to clarify that the school must document its reason if it refuses to certify the loan or to certify the full amount of unsubsidized Stafford loan funds for which the student is eligible.

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

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

Basis: None.

Policy Information: 987/Batch 145

Guarantor Comments: None.

COMMON MANUAL UPDATES

Disclosure Requirements

The *Common Manual* has been revised to remove the requirement that a lender provide, through the initial disclosure, information on how a borrower's interest rate is calculated. This information is no longer necessary as FFELP loan interest rates are currently fixed.

Affected Sections: 7.6.A General Initial Disclosure Requirements

Effective Date: Disclosures provided by the lender to a borrower on or after July 1, 2006.

Basis: §682.205(a)(2)(vii).

Policy Information: 988/Batch 145

Guarantor Comments: None.

COMMON MANUAL UPDATES

Overawards

The *Common Manual* has been revised to clarify that an overaward may occur not only from a student's receipt of additional Title IV funds, but also from receiving additional non-Title IV financial assistance, such as a scholarship or an alternative loan.

Affected Sections: 8.6 Managing Overawards

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

Basis: HEA §428G(d)(2); §682.200; §682.604(h); and 07-08 FSA Handbook, Volume 5, Chapter 1, p. 5-6.

Policy Information: 989/Batch 145

Guarantor Comments: None.

COMMON MANUAL UPDATES

Excess Interest Rebates

Subsection 10.9.C of the *Common Manual* is being revised to remove historic information on excess interest rebates, called “windfall profits,” which were last required in 1994. This information is present in Section H.2. The information is being replaced with the current requirement for excess interest rebates, effective for loans first disbursed on or after April 1, 2006.

Affected Sections: 10.9.C Excess Interest Rebates

Effective Date: Upon approval by the Governing Board.

Basis: §682.305(d)(1).

Policy Information: 990/Batch 145

Guarantor Comments: None.