

LOUISIANA STUDENT FINANCIAL ASSISTANCE COMMISSION
OFFICE OF STUDENT FINANCIAL ASSISTANCE
Loan Program Memorandum

LPM NO.: L2007-3

EFFECTIVE DATE: As indicated

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DISTRIBUTION: Lenders; College, University and LAICU Financial Aid and Business Offices and Registrars; Tech School Personnel and Campus Deans; and Proprietary Schools.

TOPIC:

Common Manual Update

To assure that your Common Manual remains current, please record this document on your LPM/LPB index and retain it in Appendix E of your manual.

The nation's guarantors provide the following summaries to inform schools, lenders, and servicers of the latest *Common Manual* policy changes. These changes will appear in the manual's next annual update. These changes will also be incorporated into the *Integrated Common Manual*. The *Integrated Common Manual* is available on several guarantor websites, and it is also available on *Common Manual's* website at www.commonmanual.org. Please carefully note the effective date of each policy change.

Student Eligibility and Source Data

The *Common Manual* has been revised to clarify that, in addition to paper documentation, a school can rely upon information accessed directly from a loan holder's database, or a third-party's Web-based product that displays a loan holder's real-time data, as documentation that satisfactory repayment arrangements have been made on a defaulted loan, that a loan is no longer in default, or that eligibility problems created by excessive borrowing have been resolved.

Affected Sections: 5.2.E Prior Default

5.5 Effect of Exceeding Loan Limits on Eligibility

Effective Date: Title IV eligibility determinations made by a school on or after June 22, 2006.

Basis: NSLDS Newsletter Number 12, dated June 22, 2006.

Policy Information: 924/Batch 138

Guarantor Comments: None.

Academic Year Definition

The *Common Manual* has been updated to incorporate changes derived from the Higher Education Reconciliation Act of 2005 and the final regulations published November 1, 2006. This change corrects the minimum academic year requirement for a program of study measured in clock hours from 30 weeks to 26 weeks in figure 6-1 and in the appendix G definitions of "Academic Year" and "One-Academic-Year Training Program." The policy also removes language which stated that an academic year begins on the first day of classes and ends on the

last day of classes or examinations and inserts text to state that, for the purposes of defining the academic year, a week of instructional time is any consecutive 7-day period in which the school provides at least one day of regularly scheduled classes or examination, or after the last scheduled day of classes for a term or payment period, at least one day of study for final examinations. Instructional time does not include periods of orientation, counseling, vacation, or homework.

Affected Section: 6.1 Defining an Academic Year

Figure 6-1

Appendix G

Effective Date: The reduction in the minimum number of weeks in an academic year for a clock-hour program is effective for periods of enrollment beginning on or after July 1, 2006. The deletion of the phrase “begins on the first day of classes and ends on the last day of classes or examinations” from the definition of “academic year” is effective September 8, 2006.

Basis: Higher Education Act of 1965, Section 481(a)(2), as amended by the Higher Education Reconciliation Act (HERA) of 2005; *Federal Register* published on August 9, 2006, pages 45669, 45689, and 45693; *Dear Colleague Letter* GEN-06-05.

Policy Information: 925/Batch 138

Guarantor Comments: None.

Rehabilitation of Defaulted FFELP Loans

The *Common Manual* has been updated to remove references to a borrower being required to first make satisfactory repayment arrangements in order to rehabilitate a defaulted loan. Also, policy has been updated to acknowledge that a borrower who has been convicted of, or has pled *nolo contendere* or guilty to a crime involving fraud in obtaining Title IV funds may not rehabilitate that loan. These changes align the manual’s text with current regulations regarding criteria for a borrower to rehabilitate his or her loan.

Affected Section: 13.7 Rehabilitation of Defaulted FFELP Loans

Appendix G

H.4 Statutory and Regulatory Waivers

Effective Date: Regarding the disconnection between satisfactory repayment arrangements and loan rehabilitation: Loan rehabilitation eligibility determinations made on or after July 1, 2006.

Regarding a borrower who has been convicted of, or has pled *nolo contendere* or guilty to, a crime involving fraud in obtaining Title IV funds: Loan rehabilitation eligibility determinations made on or after September 8, 2006.

Basis: Higher Education Act of 1965, Section 428F(a)(1)(A), as amended by the Higher Education Reconciliation Act (HERA) of 2005; Interim Final Rules published in the *Federal Register*, dated August 9, 2006, pages 45677 and 45707-45708; Final Rules published in the *Federal Register*, dated November 1, 2006, pages 64382-64383, 64389, and 64398-64399.

Policy Information: 926/Batch 138

Guarantor Comments: None.

Teacher Loan Forgiveness

The *Common Manual* has been updated to reflect current regulations regarding qualifying schools for the Teacher Loan Forgiveness Program by adding that an elementary or secondary school operated by the Bureau of Indian Affairs (BIA) or operated on an Indian reservation by an Indian tribal group under contract with the BIA qualifies as a qualifying school.

AFFECTED SECTIONS: 13.9.B Teacher Loan Forgiveness Program

EFFECTIVE DATE: Teacher loan forgiveness determinations made by the lender on or after September 8, 2006. Lenders may implement this provision on or after July 3, 2006.

BASIS: Interim Final Rules published in the *Federal Register* dated August 9, 2006, pages 45702 - 45703; *Dear Colleague Letter* FP-06-13/GEN-06-13 dated July 3, 2006.

Policy Information: 927/Batch 138

Guarantor Comments: None.

Effects of Unallocated Consolidation Amounts on New Stafford Loan Eligibility

The *Common Manual* has been revised to remove the requirement that a financial aid administrator investigate whether the unallocated amount of a Consolidation loan might impact a student's aggregate loan limit and eligibility for additional Stafford loans.

AFFECTED SECTIONS: 6.11.G Effects of Consolidation Loan on New Stafford Loan Eligibility

EFFECTIVE DATE: January 2006.

BASIS: *Dear Colleague Letter* GEN-96-13, Q&A #13 and #14; NSLDS Newsletter Number 11, February 2006.

Policy Information: 928/Batch 138

Guarantor Comments: None.