

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

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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.

NSLDS Reporting and Frequency

The *Common Manual* has been revised to incorporate the directive from the Department that strongly encourages monthly reporting of NSLDS data by a lender or servicer, while retaining the minimum quarterly reporting requirement. The directive aligns the Manual with information contained in the *Technical Update for Lenders and Lender Servicers – 2000-01*, which strongly encourages monthly reporting of balances by lenders and servicers. Implementing monthly reporting of NSLDS data will allow guarantors to provide more accurate information and improve the quality and accessibility of student aid data, two of the goals of the NSLDS.

Revised policy language also expands the reporting process explanation to indicate NSLDS data may be reported via the Common Account Maintenance (CAM) process, if the guarantor agrees and the lender provides all the required data, including any resubmission that may be necessary as the result of an error.

Affected Sections: 3.5.G NSLDS Reporting
Effective Date: Publication date of NSLDS Technical Update 2000-01.
Basis: *Technical Update Lenders and Lender Servicers 2000-01; NSLDS Guaranty Agency Data Provider Instructions (DPI), Version 4.1, 1.2 (Appendix A, Fields 135 through 138).*
Policy Information: 1050/Batch 151
Guarantor Comments: None.

Defining Enrollment Status

The *Common Manual* has been revised to include standards for determining full-time enrollment status for a student enrolled in a nonstandard term-based credit-hour program, as required by the final regulations published November 1, 2007. The policy also deletes obsolete formulas for determining full-time enrollment status for students enrolled in a program using both credit and clock hours. In addition, revised policy clarifies that non-credit and reduced-credit remedial courses *must* be included when determining a student's enrollment status, if the student qualifies for Title IV aid for those courses.

Affected Sections: 5.11 Student Enrollment Requirements
6.9 Defining Enrollment Status
Appendix G

Effective Date: Loans first disbursed on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.

Basis: §668.2(b); 08-09 FSA Handbook, Volume 1, pp. 1-11 and 1-12.

Policy Information: 1051/Batch 151

Guarantor Comments: None.

Stafford Annual and Aggregate Loan Limit Increases for Undergraduate Students

The July 2008 annual update of the *Common Manual* has been revised to incorporate increases in the unsubsidized Stafford annual loan limit for certain undergraduate students, and increases in the undergraduate Stafford aggregate loan limit authorized by the Ensuring Continued Access to Student Loans Act (ECASLA) of 2008.

Annual loan limits for all undergraduate students, including those that did not increase as the result of the Common Bulletin Batch 151, Proposals 1050 - 1054 and 1056 – 1059 ECASLA, are as follows:

- **Preparatory Coursework for Undergraduate Program**
 - Base Stafford eligibility (subsidized and unsubsidized): \$2,625
 - Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to borrow a PLUS loan): N/A
 - Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan): \$6,000
- **First-Year Undergraduates**
 - Base Stafford eligibility (subsidized and unsubsidized): \$3,500
 - Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to borrow a PLUS loan): \$2,000
 - Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan): \$6,000
- **Second-Year Undergraduates**
 - Base Stafford eligibility (subsidized and unsubsidized): \$4,500
 - Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to borrow a PLUS loan): \$2,000
 - Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan): \$6,000
- **Third-Year and Beyond Undergraduates**
 - Base Stafford eligibility (subsidized and unsubsidized): \$5,500
 - Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to borrow a PLUS loan): \$2,000
 - Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan): \$7,000
- **Teacher Certification Coursework, or Preparatory Coursework for Graduate or Professional Program**
 - Base Stafford eligibility (subsidized and unsubsidized): \$5,500
 - Additional unsubsidized Stafford eligibility (dependent student, excluding a student whose parent is unable to borrow a PLUS loan): N/A
 - Additional unsubsidized Stafford eligibility (independent student or dependent student whose parent is unable to obtain a PLUS loan): \$7,000

A school that does not repackage students who have already received financial aid awards for the 2008-09 academic year must notify students who are eligible for additional unsubsidized Stafford loan amounts that the student may have additional loan eligibility.

The ECASLA increased the Stafford aggregate loan limit for all categories of dependent students to \$31,000, of which no more than \$23,000 may consist of subsidized Stafford loan funds. The Stafford aggregate loan limit for an independent student, and for a dependent student whose parent is unable to borrow a PLUS loan, increased to \$57,500. Of the total amount borrowed, no more than \$23,000 may

consist of subsidized Stafford loan funds.

Affected Sections: 6.11.A Stafford Annual Loan Limits
6.11.B Stafford Aggregate Loan Limits
Figure 6-4

Effective Date: Stafford loans first disbursed on or after July 1, 2008, for loan periods that include or begin on or after July 1, 2008.

Basis: Ensuring Continued Access to Student Loans Act (ECASLA) of 2008 (P.L. 110-227); DCL GEN-08-08.

Policy Information: 1052/Batch 151

Guarantor Comments: None.

Special Stafford Aggregate Loan Limits for Graduate and Professional Health Profession Students

The July 2008 version of the *Common Manual* has been updated to reflect an increase in the Stafford aggregate loan limit for graduate and professional health profession students who are eligible for increased unsubsidized Stafford loans, from \$189,125 to \$224,000. The aggregate amount of subsidized Stafford loan funds that a graduate or professional health profession student may receive remains unchanged at \$65,500.

Affected Sections: 6.11.D Increased Unsubsidized Stafford Loan Limits for Health Profession Students

Effective Date: April 18, 2008.

Basis: DCL GEN-08-04.

Policy Information: 1053/Batch 151

Guarantor Comments: None.

FFELP Delivery to Transfer Students

The *Common Manual* has been revised to reflect a regulatory change regarding a school's examination of a transfer student's financial aid history, made by the HERA Interim Final Rule, published July 3, 2006. The school must determine the amount of any ACG and/or National SMART grant funds awarded and delivered during the award year for the transfer student prior to the delivery of FFELP funds.

Affected Sections: 8.7.G Delivery to Transfer Students

Effective Date: Eligibility determinations made on or after July 1, 2007, unless implemented earlier by the school.

Basis: §668.19(a)(3).

Policy Information: 1054/Batch 151

Guarantor Comments: None.

Ineligibility for Title IV Aid Due to Prior Default on a Title IV Loan

The July 2008 version of the *Common Manual* has been updated to clarify that an individual who is in default on any Title IV loan is ineligible to receive any Title IV aid, including the benefit of a parent PLUS loan, until the default is resolved. However, a parent's unresolved default on a Title IV loan does not adversely impact a dependent student's eligibility for Title IV aid, except that a school must not certify a parent PLUS loan for the defaulted parent borrower.

Affected Sections: 5.2.D NSLDS Data Match

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

Basis: §668.35(a); §682.201(c)(1)(iv); 08-09 FSA Handbook, Volume 1, Chapter 3, pp. 1-47 to 1-48 and Chapter 7, p. 1-74.

Policy Information: 1056/Batch 151

Guarantor Comments: None.

Eligibility Amounts for PLUS Loans

The *Common Manual* has been revised to state explicitly that there is no annual or aggregate loan limit for a parent or Grad PLUS loan. A PLUS loan may not exceed the cost of attendance minus the student's estimated financial assistance for the loan period.

Affected Sections: 6.11 Loan Limits
6.11.C PLUS Loans for Graduate and Professional Students
6.15.C PLUS Loan Certification

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

Basis: §682.204(h); DCL GEN-92-21; 07-08 FSA Handbook, Volume 3, Chapter 5, pp. 3-78 and 3-90; Student Financial Aid Handbook for Foreign Schools, Chapter 1, pp. 1-5 and 1-7.

Policy Information: 1057/Batch 151

Guarantor Comments: None.

Delivering Loan Funds

The *Common Manual* has been revised to clarify that there are three exceptions to the general rule that in order for a school to deliver the proceeds of any loan disbursement, a student must maintain continuous eligibility for the loan period certified, and to provide cross-references to explanations of those exceptions.

Affected Sections: 8.7 Delivering Loan Funds at Eligible Schools

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

Basis: §682.604(b)(2)(i), (iii), and (iv).

Policy Information: 1058/Batch 151

Guarantor Comments: None.

Diligent Effort

The *Common Manual* has been revised to specify that a diligent effort for purposes of delinquent loan collection procedures is one successful contact or at least two attempts to contact the borrower or endorser by telephone. Generally speaking, one actual telephone contact with the borrower, or two attempts to make such contact on different days and at different times, will satisfy the “diligent effort” requirement. However, the “diligent effort” requirement is intended to be a flexible one, requiring the lender to act on information it receives in the course of attempting telephone contact regarding the borrower’s actual telephone number and the best time to call and reach the borrower.

Affected Sections: 12.4.A Due Diligence Requirements for Loans with Monthly Repayment Obligations
12.4.B Due Diligence Requirements for Loans with Repayment Obligations Less Frequent Than Monthly
12.4.D Contact by Telephone
12.4.E Endorser Due Diligence
12.7.C Required Address Skip Tracing Activities
12.8.A Telephone Skip Tracing Activities
Appendix G

Effective Date/Trigger Event: July 1, 1996, unless implemented earlier by the lender.

Basis: §682, Appendix D, Q & A #1; DCL 88-G-138.

Policy Information: 1059/Batch 151

Guarantor Comments: None.

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