



COMPLIANCE TIDBIT
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COMMON MANUAL

The Cooperative Agreement for Guarantors Participating in the *Common Manual* was initially approved Sept. 10, 1995, last amended Aug. 18, 2016. This agreement between guarantors that administer the Federal Family Education Loan Program was for the purpose of publishing a common policy manual to be used as a guide for their schools, lenders, secondary market and servicer clients. For 2016-2017, the *Common Manual* Governing Board has contracted with Great Lakes Higher Education Guaranty Corporation to facilitate the development and adoption of policies that are consistent with the requirements of Title IV of the Higher Education Act of 1965, as amended, applicable regulations and other guidance published by the United States Department of Education. Policy proposals are presented to the *Common Manual* Governing Board for consideration and approval, before being incorporated into the *Common Manual*.

Proposed policy updates and technical edits can be submitted by anyone in the FFELP community. In addition, comments on current proposals are welcomed by GLHEC on behalf of the *Common Manual* Governing Board. Instructions for how to submit comments or to submit policy proposals and technical edits for the *Common Manual* can be found at the following links.

- [Submit Policy Proposals/Tech Edits](#)
- [Submit Comments on Policy Proposals](#)

The *Common Manual* Governing Board approved policy changes proposed in Batch 209 and Batch 211 April 20, 2017. Summaries of the most recent policy updates made to the Sept. 2016 reprint of the *Common Manual* will be posted to the *Common Manual* website at the following link <http://www.commonmanual.org> in the [Approved Policies](#) section. The common bulletin language for each policy change drafted by GLHEC is also provided at this link. The common bulletin language is attached to this compliance update, without revision, for your review. Changes made in the proposals will be incorporated into the *Common Manual* annual update. They will also be incorporated into the *Integrated Common Manual*, which is usually updated quarterly.

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*. Please carefully note the effective date of each policy change.

Loan Rehabilitation and Interest Capitalization

The *Common Manual* is being revised to incorporate regulatory changes outlined in the Nov. 1, 2016 Federal Register that prohibit the lender's capitalization of outstanding accrued interest when purchasing a rehabilitated loan from a guarantor and establishing the borrower's repayment schedule. The lender may not consider the purchase of a rehabilitated loan as entry into repayment or resumption of repayment for the purpose of interest capitalization. The change is effective for rehabilitated loans purchased on or after July 1, 2017. The Manual is also revised to clarify that the guarantor will provide outstanding principal, outstanding accrued interest, and interest-paid-through date information to assist the lender with an accurate conversion to repayment.

Affected Section(s):	10.10 Capitalizing Accrued Interest 13.7 Rehabilitation of Defaulted FFELP Loans
Effective Date:	For rehabilitated loans purchased on or after July 1, 2017.
Basis:	Final Rule published in November 1, 2016 Federal Register (81 FR 75926); §682.202(b)(1), and §682.405(b)(4)(ii).
Policy Information:	1320/Batch 209
Guarantor Comments:	None.

Closed School Discharge

The Manual is being revised to incorporate new regulatory requirements for closed school discharge. A lender will be required to send another closed school discharge application at the time the lender resumes collection activity for a borrower who fails to submit an application within 60 days of being notified of the option for discharge or if the borrower has been denied discharge. The Manual is also revised to explain the possibility that the Department or guarantor may determine that a borrower is automatically eligible for a closed school discharge (i.e., no application needed). Such determinations can be made by either the Department or guarantor for borrowers who attended schools that closed on or after Nov.1, 2013, when the borrower fails to

re-enroll in any title-IV eligible school within three years from the date the borrower's school closed.

Affected Section(s): 13.8.B Closed School

Effective Date: Closed school discharge applications sent to borrowers on or after July 1, 2017, for sending a second application.
Notifications received on or after July 1, 2017, from guarantors or the Department of automatic discharges.

Basis: Final Rule published in November 1, 2016 Federal Register (81 FR 75926); §682.402(d)(6)(ii)(I), §682.402(d)(6)(ii)(K)(3), §682.402(d)(7)(ii) and (iii), and §682.402(d)(8)(ii).

Policy Information: 1323/Batch 211

Guarantor Comments: None.