

Contents

Introduction.....	i
RECENT CHANGES	
Chapter 1: Institutional Eligibility and Administrative Requirements for FFEL/DL.....	1
ELIGIBILITY ISSUES FOR LOANS	1
<i>Eligibility for in-school deferments only</i>	
PROGRAM PARTICIPATION AGREEMENT	2
PROHIBITED SCHOOL AND LENDER ACTIVITY	3
RECORDKEEPING AND AUDITS	3
LOSS OF ELIGIBILITY OR WITHDRAWAL FROM LOAN PROGRAMS	5
COHORT DEFAULT RATES	6
SCHEDULE OF LESSONS FOR CORRESPONDENCE STUDY	6
Chapter 2: Borrower Eligibility for DL/FFEL.....	7
ELIGIBLE PREPARATORY COURSEWORK	7
SUBSIDIZED AND UNSUBSIDIZED LOANS	8
DETERMINING FINANCIAL NEED	9
<i>Cost of Attendance, Expected Family Contribution (EFC), Estimated Financial Assistance (EFA), Considering grants and subsidized loans first</i>	
USING NSLDS TO CHECK ELIGIBILITY FOR TRANSFERS	11
PARENT BORROWER ELIGIBILITY	12
<i>Adverse credit history</i>	
REFUSING TO ORIGINATE/CERTIFY A LOAN	13
LENDER OF LAST RESORT	13
LOAN FEES	14
Chapter 3: Determining the Loan Period and Amounts	15
DETERMINING THE LOAN PERIOD	15
ACADEMIC YEAR.....	16
<i>Two types of academic year for loans, Scheduled Academic Year, Borrower-based Academic Year, Treatment of summer terms & “crossover periods”, Additional loan eligibility in the same academic year</i>	
ANNUAL LOAN LIMITS	18
<i>Stafford Loan limit for dependent undergraduates, Stafford Loan limit for independent undergraduates & others without access to PLUS, Stafford Loan limit for graduate and professional student loans, Stafford Loan limit for coursework required for teacher certification/other programs, PLUS Loan Limits</i>	
PRORATED ANNUAL LOAN LIMITS FOR STAFFORD LOANS	20
<i>Prorating loans for programs of study shorter than a full academic year, Prorating loans for remaining periods of study shorter than an academic year</i>	
AGGREGATE LOAN LIMITS	22
INCREASED ELIGIBILITY FOR HEALTH PROFESSIONS STUDENTS	25

**Chapter 4: Starting the Loan Process:
the MPN and the School’s Role 27**

STUDENT APPLIES FOR AID & COMPLETES THE MPN 27
*Required borrower information on MPN, Multi-year use of the MPN,
Circumstances where a new MPN is required,
Borrower confirmation for subsequent loans*

SCHOOL CERTIFIES/ORIGINATES LOAN 31
*Certifying eligibility, Number of payments to the borrower,
Exceptions to the multiple disbursement requirement,
Timing of disbursements to the borrower, Timing the delivery of funds from an FFEL lender,
Submission of Origination Record and drawdown of funds (Direct Loans),
Lender/guarantor approval (FFEL Only)*

SAMPLE DOCUMENTS 39
*Stafford MPN, Borrower’s Rights and Responsibilities statement,
School Certification*

Chapter 5: Loan Counseling 49

ENTRANCE COUNSELING 50
*Required elements of entrance counseling , Recommended elements
from Appendix D, Other useful information for entrance counseling*

EXIT COUNSELING 54
*Required elements of exit counseling , Further recommendations for
exit counseling, Information to be provided by borrower, Responsibilities
if a student misses exit counseling*

Chapter 6: Payment to the Borrower 59

THE DISBURSEMENT PROCESS 59
*Checking eligibility at the time of disbursement,
Notification of loan disbursement*

CREDIT TO THE STUDENT’S ACCOUNT AND CREDIT BALANCES 61

LATE DISBURSEMENTS 63

TIME FRAMES TO DISBURSE LOAN FUNDS OR RETURN THEM 64
*Time frames for disbursing FFEL funds received from lender,
Verification extension, Time-frame for returning undisbursed FFEL loan funds,
Proration of loan fees for returned FFEL funds*

Chapter 7: Following up: After the Loan is Made 67

CHANGES IN LOAN AMOUNT AND OVERAWARDS 67

WITHDRAWAL OR LOSS OF ELIGIBILITY 68

EXCHANGING INFORMATION ON BORROWERS 69
*Providing borrower information at separation,
Completing the Student Status Confirmation Report,
Exchanging information about delinquency or default*