



# DEPARTMENT OF HIGHER EDUCATION & WORKFORCE DEVELOPMENT

## COMPLIANCE UPDATE – MAY 2022 By Amy Hedrick, Policy Analyst

### **COMMON MANUAL BULLETIN – EXIT COUNSELING**

The *Common Manual* Governing Board recently approved a change to *Section 4.4.D Exit Counseling* that reflects the new statutory requirement to inform borrowers of possible contact from third-party debt relief companies and to use caution in dealings with those companies. See the bulletin and memo below; see also the *Common Manual* [Approved Policies](#) webpage.

On April 21, 2022, the Governing Board approved policy proposal 1335 advanced to the Board from Batch 225. The changes made in the proposal will be incorporated into the *Common Manual* annual update.

The common bulletin language is enclosed for all guarantors to use in publishing interim policy updates to schools and lenders.

The Plan for Maintaining and Updating the *Common Manual* adopted by the *Common Manual* guarantors states that:

“Participating guarantors shall publish all interim updates in their bulletins promptly (within 30 to 45 days) and without revision. However, nothing in the plan shall be construed as prohibiting participating guarantors from also publishing guarantor-specific policies in their bulletins provided such policies do not conflict with the provisions for guarantor-specific policies described in the Cooperative Agreement for Guarantors Participating in the Common Manual. Neither shall participating guarantors be prohibited from publishing their own procedures or other information in their bulletins.”

You may delete the policy reference numbers and proposal titles from the publication and may rearrange the order of the articles or combine articles that are related to the same subject.

Industry participants that publish this information should include a statement directing any questions regarding the policy changes to the primary guarantor serving that reader.

If you have any questions about the enclosed proposals or any aspect of the *Common Manual* process, please contact Nancy Masten via phone at 608-733-2581 or via email at [policy@ascendiumeducation.org](mailto:policy@ascendiumeducation.org).



*Unified Student Loan Policy*

## Policy Changes Approved

Batch: 224 Proposal 1335

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. The *Common Manual* is available on several guarantor websites, and also available on the *Common Manual’s* website at <http://commonmanual.org>. Please carefully note the effective date of each policy change.

### Exit Counseling

The Manual has been updated to reflect a statutory change requiring borrower exit counseling to provide information about student loan debt relief companies. Specifically, exit counseling must provide an explanation that the borrower may be contacted during repayment by third-party student loan debt relief companies, that borrowers should use caution when dealing with those companies, and that the services those companies typically provide are already offered free of charge through the Department or the borrower’s servicer.

<b>Affected Section(s):</b>	4.4.D Exit Counseling
<b>Effective Date:</b>	For exit counseling provided to borrowers on or after June 20, 2021.
<b>Basis:</b>	Stop Student Debt Relief Scams Act of 2019, Public Law 116-251.
<b>Policy Information:</b>	1135/Batch 225
<b>Guarantor Comments:</b>	None.

### MISSOURI STUDENT LOAN PROGRAM EXITING FFELP

After forty-three years of serving Missouri’s student loan borrowers as the state-designated guaranty agency, the Missouri Student Loan Program (MSLP) will exit the Federal Family Education Loan Program (FFELP). The on-going COVID-19 pandemic collection moratorium plus the announcement that defaulted borrowers will receive a “fresh start” by entering repayment in good standing at the end of the moratorium has made it unfeasible to continue as a guaranty agency. The U.S. Department of Education will select a successor guaranty agency to accept Missouri’s student loan portfolio in the upcoming weeks. See the Missouri Department of Higher Education & Workforce Development [press release](#) dated April 29, 2022 for additional information.

With the exit of the MSLP, publication of the monthly *Financial Aid Developments* and *Compliance Update* is also ending. This will be the last edition. Quoting Nora Maxwell, Director of the Missouri Student Loan Program, “It has been our honor to serve the citizens of Missouri for the past 43 years.” *Please note:* MDHEWD will continue to publish *Common Manual* updates until our loan portfolio is transferred to our successor agency.

## **FFELP SPECIAL ALLOWANCE RATES FOR THE QUARTER ENDING MARCH 31, 2022**

The U.S. Department of Education issued the first quarter Special Allowance Rates on April 22, 2022. The Commercial Paper Rate is 0.45%, the LIBOR Rate is 0.23%, and the Treasury Bill Rate is 0.33%. See the [Quarterly Special Allowance Rate Memo](#) for additional information.

## **ACTIONS TO ADDRESS HISTORICAL FAILURES IN FEDERAL STUDENT LOAN PROGRAM ADMINISTRATION**

A U.S. Department of Education [press release](#) dated April 19, 2022 announced actions to address several longstanding failures in the administration of the federal student loan program that will bring borrowers closer to loan forgiveness under the income-driven repayment (IDR) and Public Service Loan Forgiveness (PSLF) programs. ED will end “forbearance steering” – through a one-time account adjustment to count certain long-term forbearances toward IDR and PSLF forgiveness and increasing forbearance use oversight – and improve tracking for IDR forgiveness progress – through a one-time revision of IDR repayments to correct past inaccuracies and reform IDR tracking to permanently fix payment counting. ED estimates that these actions will grant at least three years of additional credit toward IDR forgiveness to more than 3.6 million borrowers and immediately forgive at least 40,000 borrowers under PSLF. See the press release for additional information. [En español.](#)

## **ANOTHER PAYMENT PAUSE EXTENSION AND A “FRESH START”**

A U.S. Department of Education [press release](#) dated April 6, 2022 announced an additional extension of the student loan repayment, interest, and collections moratorium through August 31, 2022 for all federally-held loans and guarantor-held FFELP loans. Along with the extension, ED also announced that defaulted borrowers will receive a “fresh start” and will enter repayment in good standing at the end of the moratorium. ED has not released any additional details on the “fresh start” as of yet.

## **MISCELLANEOUS**

- [Requirements for Distribution of Voter Registration Forms \(DCL GEN-22-05\)](#)
- [Volume 4 – Processing Aid and Managing FSA Funds \[2022-2023 Federal Student Aid Handbook\] \(EA GENERAL-22-25\)](#)

- [Availability of EDEExpress for Windows, 2022–2023, Release 2.0 \(EA EDESUITE-22-01\)](#)
- [Comment Request: Forms Related to the Health Education Assistance Loan \(HEAL\) Program \(87 FR 25477\)](#)
- [Comment Request: Foreign Graduate Medical School Consumer Information Reporting Form \(87 FR 24143\)](#)
- [Comment Request: Loan Cancellation in the Federal Perkins Loan Program \(87 FR 22198\)](#)
- [Comment Request: Part 601 Preferred Lender Arrangements \(87 FR 22197\)](#)
- [Additional Resources for Financial Aid Administrators: New School Guide and FSA Assessments \(EA GENERAL-22-23\)](#)
- [Comment Request: Application for Approval to Participate in Federal Student Aid Programs \(87 FR 21644\)](#)
- [Comment Request: Third Party Servicer Data Collection \(87 FR 19486\)](#)