



DEPARTMENT OF HIGHER EDUCATION & WORKFORCE DEVELOPMENT

COMPLIANCE UPDATE By Amy Hedrick, Policy Analyst

FFELP DOCUMENTATION FOR BORROWER NAME CHANGE ALIGNS WITH DIRECT LOAN REQUIREMENTS

A Dear GA Director/CEO letter dated July 30, 2021 from the Financial Institution Oversight Service (FIOS) announced “Allowable Changes to requirements for changing name of borrowers in the Federal Family Education Loan (FFEL) Program” to allow FFELP guarantors and lenders to align their name change processes with Direct Loan servicer guidance, which includes 12 types of acceptable documentation to support a name change request for a borrower’s first, middle, or last name. The federal servicer criteria is:

Corrections

Corrections to name(s) due to a clearly identifiable clerical error/typo shall be corrected based on existing servicer documentation (i.e. promissory note). If the servicer is unable to clearly identify a clerical error, the servicer shall follow the name change guidance as outlined below.

Changes

Only one piece of supporting documentation from the list provided below is required to process a name change or name correction.

Any legitimate documentation meeting the criteria outlined below that is received by the servicer for the purposes of a name change or correction must be processed accordingly without exception, inference or bias.

Acceptable supporting documentation for Name Changes:

- | | |
|---------------------------------------|-----------------------------------------|
| 1. Court Decree | 7. Driver’s License |
| 2. Court Order | 8. State ID |
| 3. Marriage Certificate | 9. Birth Certificate |
| 4. U.S. Certificate of Naturalization | 10. U.S. Passport or U.S. Passport Card |
| 5. U.S. Certificate of Citizenship | 11. U.S. Military Discharge Papers |
| 6. Social Security Card | 12. Alien Registration Card |

Upon receipt of acceptable documentation, the servicer shall document the below in the servicing history notes. The reason for the name change is extraneous information and should not be documented in the history notes. The supporting document(s) shall be imaged as part of the borrower’s records.

Note: “Previous guidance allowed the borrower to provide a copy of a Military ID card. Military ID has been removed as allowable supporting documentation since making a copy of the Military ID is a violation of Title 18, U.S. Code Part I, Chapter 33, Section 701.”

2021 – 2022 FAFSA[®] VERIFICATION REQUIREMENT CHANGES

[Dear Colleague Letter GEN-21-05](#) announced changes to the FAFSA[®] verification process due to the on-going COVID-19 pandemic. Beginning July 13, 2021, for the remainder of the 2021 – 2022 FAFSA[®] processing and verification cycle, most FAFSA[®]/ISIR verifications will be waived except for those related to identity and fraud. The Identity/Statement of Educational Purpose and High School Completion Status under Verification Tracking Groups V4 and V5 will still require verification. Refer to the DCL for COVID-related verification flexibilities and further clarification.

Note: Conflicting information concerning a student’s eligibility must still be reviewed. See [Electronic Announcement GENERAL-21-45](#) for 2021 – 2022 FSA Handbook Errata and Updates resulting from both the temporary verification waiver and the *FAFSA Simplification Act*.

REQUEST FOR INFORMATION – PUBLIC SERVICE LOAN FORGIVENESS (PSLF) PROGRAM

The [Federal Register](#) (86 FR 40029) dated July 26, 2021 requested information on the PSLF program “to identify operational improvements” and “to inform determinations about technical improvements, borrower experiences, policy considerations, or other factors that should be considered to improve access to PSLF.” Comments must be received on or before September 24, 2021 and may be submitted via the [Federal eRulemaking Portal](#) or by mail; mailed comments must be postmarked by September 24, 2021.

BORROWER DEFENSE TO REPAYMENT CLAIMS APPROVED FOR THREE ADDITIONAL INSTITUTIONS

In a July 9, 2021 [press release](#), the U.S. Department of Education announced the approval of over 1,800 borrower defense claims with 100% loan discharges for students who attended Westwood College, Marinello School of Beauty, and the Court Reporting Institute (CRI). These are the first approved claims for new institutions since 2017; previously approved claims have been for students of Corinthian College, ITT Technical Institute, or American Career Institute.

DE approved claims for Westwood College on the basis of widespread misrepresentation about a student’s ability to transfer credits (2002 – 2015) and widespread, substantial misrepresentation that their criminal justice program was sufficient for employment as Illinois police officers (2004 – 2015) – law enforcement agencies would not accept Westwood credits for employment purposes. DE approved claims for Marinello Schools of Beauty on the basis of widespread, substantial misrepresentation about the level of instruction offered (2009 – 2016) – students claimed the academy failed to teach key elements of cosmetology leading to extreme difficulty in passing state licensing tests. DE found a pattern of failing to provide the promised education, including students

left without instructors for weeks, or even months, at a time. DE approved claims for CRI on the basis of widespread, substantial misrepresentations about program's time-to-completion, leading to low completion rates (1998 – 2006); DE found that just 2 – 6% of students graduated and those who did took longer than stated by CRI.

FFELP SPECIAL ALLOWANCE RATES POSTED

An [FSA memo](#) dated July 2, 2021 posted the Federal Family Education Loan Program (FFELP) Special Allowance Rates for the quarter ending June 30, 2021. For both the Commercial Paper Rate and the LIBOR rate, the average rate used to compute special allowance will be 0.10%; the average of the quarter's Treasury Bill rates is 0.02%. See memo Attachments A, B, C, and D for the computed quarterly special allowance rates.