

Purpose

The primary purpose of the *Student Financial Aid Handbook for Foreign Schools* is to help participating foreign schools achieve manageable, student-friendly administration of the United States' (U.S.) Federal Family Education Loan (FFEL) Program. In addition, use of this handbook will help ensure that schools are aware of the legal requirements that pertain to foreign schools participating in the FFEL Program.

Federal Family Education Loan Program

The Federal Family Education Loan Program is the only U.S. student financial aid program in which foreign schools participate. The program offers loans to both students and parents. Private U.S. lenders provide the loan funds for borrowers. The loans are guaranteed by guaranty agencies and reinsured by the U.S. government. If the borrower defaults on the loan, the lender is reimbursed by the guarantor, who in turn is reimbursed by the U.S. government.

What Are the Advantages for a Foreign School to Participate in the FFEL Program?

By participating in the FFEL Program, a foreign school helps U.S. students who need financial assistance to attend the eligible foreign institution of their choice. A foreign school may choose to participate in the FFEL Program for deferment purposes only (to defer repayment of student loans previously obtained for attendance at other schools), or a school may participate more actively by certifying new loan applications for its U.S. students.

FFEL Program participation allows for greater diversity of the student population at foreign schools, as most U.S. students are unable to attend a foreign school without financial assistance. U.S. students who choose to study at a foreign school that participates in the FFEL Program will have increased access to postsecondary education. It also provides an opportunity for greater understanding among countries and cultures.

To participate in the FFEL Program, a foreign school must:

- ◆ be certified by the U.S. Department of Education as an eligible institution (see Chapter 2);
- ◆ maintain administrative capability and financial responsibility standards as well as other requirements that enable the school to remain eligible to participate (see Chapter 2);
- ◆ establish and certify a borrower's eligibility for an FFEL Program loan (see Chapter 3);

- ◆ coordinate loan guarantee activities with the guaranty agency (see Chapters 1 and 4);
- ◆ disburse loan proceeds, unless the funds were sent directly to the student (see Chapter 2);
- ◆ provide adequate financial aid counseling to its borrowers (see Chapter 2);
- ◆ verify a borrower's financial aid history (see Chapters 2 and 3);
- ◆ monitor the borrower's satisfactory academic progress (see Chapters 2 and 3);
- ◆ perform a return of Title IV funds calculation when a student withdraws (see Chapter 5);
- ◆ have both a compliance audit and a financial statements audit performed annually (see Chapter 2); *and*
- ◆ maintain loan records (see Chapter 2).

This handbook describes these requirements and processes.

Using This Handbook at Your School

Please be aware that the *Student Financial Aid Handbook for Foreign Schools* is a guide and does not replace U.S. laws and regulations. If there is conflict or ambiguity, the laws and regulations are controlling. This handbook is based on laws, regulations, and procedures enacted or published as of December 2000. Schools should keep abreast of any changes.

Margin References

The *Student Financial Aid Handbook for Foreign Schools* uses six icons in the margin notes to direct readers to other resources for the material being discussed in the text.



The **Computer** icon is used for electronic references, directing readers to Web sites of particular interest.



The **Book** icon is for published references and directs readers to specific regulations and other resources of particular interest.



The **Gavel** icon is used to direct readers to U.S. laws and regulations that support material contained in the text.



The **New** icon is for newly available Web sites and published resources, as well as new program guidelines.



The **Take a Look** icon refers readers to other sections in the *Student Financial Aid Handbook for Foreign Schools*.



The **Telephone** icon directs readers to specific telephone numbers to call for additional information.