

# STUDENT FINANCIAL AID HANDBOOK FOR FOREIGN SCHOOLS

<b>Introduction</b>	<b>Intro-1</b>
Purpose.....	Intro-1
<b>Federal Family Education Loan Program.....</b>	<b>Intro-1</b>
What Are the Advantages for a Foreign School to Participate in the FFEL Program?.....	Intro-1
<b>Using This Handbook at Your School .....</b>	<b>Intro-2</b>
Margin References .....	Intro-2
<b>Chapter 1: Federal Family Education Loan (FFEL) Program Overview</b>	<b>1-1</b>
<b>Entities Involved in Administering the FFEL Program .....</b>	<b>1-1</b>
<b>FFEL Program Loans .....</b>	<b>1-3</b>
Annual and Aggregate Loan Limits.....	1-3
<i>Annual Loan Limits for Dependent Undergraduate Students .....</i>	<i>1-3</i>
<i>Annual Loan Limits for Independent Undergraduate Students .....</i>	<i>1-4</i>
<i>Annual Loan Limit for Graduate and Professional Students .....</i>	<i>1-5</i>
<i>Prorated Annual Loan Limits -- Subsidized and             Unsubsidized Loans.....</i>	<i>1-5</i>
<i>Federal PLUS Loan Annual Limit .....</i>	<i>1-5</i>
<i>Effect of Dependency Status and Year in School.....</i>	<i>1-5</i>
<i>Aggregate Loan Limits.....</i>	<i>1-7</i>
<i>Determining a Borrower's Aggregate Loan Amount .....</i>	<i>1-7</i>
<b>Borrower Costs for FFEL Program Loans .....</b>	<b>1-8</b>
Interest.....	1-8
Capitalized Interest .....	1-8
Loan Fees .....	1-8
Other Charges.....	1-8
<b>Repayment Process.....</b>	<b>1-9</b>
Grace Period .....	1-9
Deferments.....	1-9
Forbearance.....	1-10
Interest During Deferment and Forbearance .....	1-10

Repayment Plans ..... 1-10  
     *Standard Repayment Plan* ..... 1-10  
     *Graduated Repayment Plan* ..... 1-10  
     *Income-Sensitive Repayment Plan* ..... 1-10  
 Federal PLUS Loan Repayment ..... 1-11  
 Delinquency and Default ..... 1-11  
 Cohort Default Rate ..... 1-11  
**Loan Discharge and Cancellation ..... 1-12**

**Chapter 2: Institutional Eligibility and Participation 2-1**

**Eligibility Factors.....2-1**  
     Additional Criteria for Medical Schools..... 2-2  
     Additional Requirements for Veterinary Schools..... 2-3  
     Accreditation for Medical Schools..... 2-4  
     Admission Standards ..... 2-4  
     The 90/10 Rule ..... 2-5  
     Program Requirements..... 2-5  
     Criminal Activity and Bankruptcy ..... 2-6  
     Withdrawal Rates..... 2-6  
**Applying to Participate in the FFEL Program..... 2-7**  
     Application Process ..... 2-8  
     Temporary Approval for Continued Participation..... 2-11  
     Updating the Application..... 2-13  
         *Change of Ownership*..... 2-14  
         *Program Participation Agreement* ..... 2-14  
**School Participation Requirements .....2-15**  
     Administrative Capability..... 2-15  
         *Required Electronic Processes* ..... 2-15  
         *Coordination of Student Financial Aid*..... 2-16  
         *Ensuring Consistent Student Information*..... 2-16  
         *ED Office of Inspector General Referrals* ..... 2-16  
         *Counseling*..... 2-16  
         *Staffing*..... 2-17  
         *Satisfactory Academic Progress*..... 2-18  
         *Financial Aid History* ..... 2-19  
         *Cohort Default Rates* ..... 2-19  
         *Default Management Plan* ..... 2-21

*Debarment and Suspension Certification* ..... 2-21

Financial Responsibility..... 2-21

*General Standards for Private Nonprofit or Proprietary Institutions* . 2-22

*General Standards for Public Schools* ..... 2-25

*Alternatives to General Standards* ..... 2-25

*Past Performance and Affiliated Standards* ..... 2-28

*Audited Financial Statements*..... 2-30

Contracts With Third-Party Servicers ..... 2-30

Cash Management ..... 2-30

*Limitations on Use of FFEL Funds*..... 2-31

*Maintaining and Accounting for Funds*..... 2-31

*Delivery and Disbursement of FFEL Program Funds* ..... 2-32

Time Frames for Disbursing FFEL Funds from the Lender .... 2-33

*Early Disbursements* ..... 2-33

*Late Disbursements*..... 2-33

*Returning FFEL Program Funds* ..... 2-34

*Student Financial Aid Credit Balances*..... 2-35

*Prior-Year Charges*..... 2-36

*Notifications Schools Send to Borrowers* ..... 2-36

*Student/Parent Authorizations* ..... 2-38

Return of Title IV Funds ..... 2-39

Consumer Information..... 2-39

*Student Right-to-Know Act*..... 2-41

*Campus Security Act*..... 2-43

*Loan Counseling*..... 2-45

*Misrepresentation*..... 2-45

*Disclosing Student Information*..... 2-47

Agreements Between Schools ..... 2-50

*Consortium Agreements* ..... 2-50

*Contractual Agreements*..... 2-51

Record Maintenance and Retention ..... 2-51

*General Student Records*..... 2-51

*General Institutional Records* ..... 2-52

*General Fiscal Records*..... 2-52

*Financial Aid Application and Award Records*..... 2-53

*Reporting Records* ..... 2-53

*FFEL Program Records*..... 2-54

*Record Retention Requirements* ..... 2-55

*Record Maintenance*.....2-55  
*Examining Records*.....2-56  
 Program Integrity .....2-57  
   *Independent Audits*.....2-57  
   *Third-Party Servicer Audit Requirements*.....2-59  
   *Submitting the Audit Performed*.....2-60  
   *Program Reviews*.....2-61  
   *Guaranty Agency Reviews*.....2-61  
   *Appealing Audit and Program Review Determinations* .....2-61  
 Withdrawal from the FFEL Program .....2-62  
   *Voluntary Withdrawal from the FFEL Program*.....2-62  
   *Involuntary Withdrawal from the FFEL Program*.....2-63  
   *Additional Closeout Procedures*.....2-64  
 Case Management .....2-64  
   *Possible Actions*.....2-65

**Chapter 3: Establishing Borrower Eligibility 3-1**

**Student Borrower Eligibility .....3-1**  
   Regular Student in an Eligible Program..... 3-1  
   Academic Qualifications ..... 3-1  
   Enrollment Status..... 3-2  
     *Minimum Standard for Full-Time Status* ..... 3-2  
   Satisfactory Academic Progress ..... 3-3  
   Members of a Religious Order..... 3-4  
   Free Application for Federal Student Aid ..... 3-4  
     *Corrections, Updates, and Adjustments*..... 3-5  
   Valid Social Security Number..... 3-5  
     *Successful Match (Match Flag = 4)*..... 3-5  
     *No Match on SSN (Match Flag = 1)* ..... 3-6  
     *Name or Birth Date Match (Match Flag = 2, 3)*..... 3-6  
     *Missing Information (Match Flag = 8)*..... 3-7  
   Selective Service ..... 3-7  
     *Successful Match (Match Flag = Y, T)* ..... 3-8  
     *Unsuccessful Match (Match Flag = N or Blank)* ..... 3-8  
     *Failure to Register* ..... 3-8  
   Citizenship Status ..... 3-10  
     *SSA U.S. Citizenship Match* ..... 3-10

<i>U.S. Permanent Residents and Other Eligible Noncitizens</i> .....	3-12
<i>INS Match</i> .....	3-12
<i>Secondary Confirmation</i> .....	3-13
Financial Aid History.....	3-19
<i>Default</i> .....	3-19
<i>Loan Limits Exceeded</i> .....	3-20
<i>Overpayment</i> .....	3-20
<i>No Data from Match</i> .....	3-20
Judgment Lien.....	3-21
Credit History.....	3-21
<b>Parent Borrower Eligibility</b> .....	<b>3-22</b>
Checking Credit History.....	3-22
<b>Student and Parent Eligibility Checklists</b> .....	<b>3-23</b>
<b>Chapter 4: FFEL Program Procedures</b>	<b>4-1</b>
<b>School Responsibilities</b> .....	<b>4-1</b>
<b>Establishing Borrower Eligibility</b> .....	<b>4-1</b>
Cost of Attendance.....	4-2
Expected Family Contribution.....	4-2
Estimated Financial Assistance.....	4-3
Need.....	4-3
Professional Judgment.....	4-3
<b>Promissory Notes</b> .....	<b>4-4</b>
Required Borrower Information on the MPN.....	4-4
<b>Determining the Loan Period and Loan Amount</b> .....	<b>4-5</b>
Academic Year.....	4-5
Annual Loan Limits.....	4-6
<i>Dependency Status</i> .....	4-7
Requested Loan Amount.....	4-8
<b>Loan Certification</b> .....	<b>4-8</b>
Refusal to Certify.....	4-9
<b>Payment to the Borrower</b> .....	<b>4-10</b>
Disbursement Methods.....	4-10
<b>Loan Counseling</b> .....	<b>4-10</b>
Entrance Counseling Requirements.....	4-11

Exit Counseling Requirements.....	4-12
<b>Returning FFEL Program Funds .....</b>	<b>4-15</b>
<b>Reporting Requirements.....</b>	<b>4-15</b>
Certifying Deferment Requests.....	4-15
Student Status Confirmation Report.....	4-16
<i>Paper SSCR Requirements.....</i>	<i>4-16</i>
<i>Electronic SSCR Requirements Through NSLDS.....</i>	<i>4-16</i>
Exit Counseling Reporting .....	4-16
Exchange of Information Requirements for Collecting Loans.....	4-17
<b>Overview of the Stafford Loan Process.....</b>	<b>4-18</b>
<b>School Checklist for Loan Certification.....</b>	<b>4-19</b>
<b>Loan Calculation Examples.....</b>	<b>4-20</b>
<b>Chapter 5: Return of Title IV Funds</b>	<b>5-1</b>
<b>Background .....</b>	<b>5-1</b>
<b>Applicability to Foreign Schools.....</b>	<b>5-1</b>
Required Lender Notification of Disbursements Made	
Directly to Students.....	5-1
Schools Not Required to Collect Unearned FFEL Funds	
from a Student .....	5-2
School’s Responsibility to Return FFEL Funds.....	5-2
Post-Withdrawal Disbursements .....	5-3
<b>General Requirements .....</b>	<b>5-3</b>
Consumer Information.....	5-4
Definition of a Title IV Recipient.....	5-4
Rounding .....	5-4
Date of the Institution’s Determination That the	
Student Withdrew .....	5-5
Use of Payment Period or Period of Enrollment.....	5-6
<i>Payment Period.....</i>	<i>5-6</i>
<i>Definition of Coursework.....</i>	<i>5-8</i>
<i>Period of Enrollment.....</i>	<i>5-8</i>
<i>Applicability.....</i>	<i>5-8</i>
Step 1: Student’s Title IV Aid Information.....	5-9
<i>Funds to Include in the Calculation.....</i>	<i>5-9</i>
<i>Title IV Aid Disbursed.....</i>	<i>5-9</i>

*Title IV Aid That Could Have Been Disbursed* ..... 5-10

*Late-Arriving Aid* ..... 5-11

Step 2: Percentage of Title IV Aid Earned..... 5-12

*Withdrawal Date* ..... 5-12

*Attendance Requirements of Outside Entities* ..... 5-13

*Documentation*..... 5-14

*Official Notification*..... 5-14

*Official Notification Not Provided by the Student*..... 5-17

*Leave of Absence-Related Withdrawals*..... 5-18

*Withdrawals After Rescission of Official Notification*..... 5-18

*Last Date of Attendance at an Academically Related Activity* ..... 5-18

*Withdrawals from Standard Term-Based Programs Using  
Modules* ..... 5-19

*Documentation*..... 5-21

*Leave of Absence* ..... 5-21

*Approved Leave of Absence* ..... 5-22

*Unapproved Leave of Absence*..... 5-25

*Percentage of Payment Period or Period of Enrollment  
Completed* ..... 5-25

Step 3: Amount of Title IV Aid Earned by the Student ..... 5-28

*Effects of a Post-Withdrawal Reduction in Charges* ..... 5-28

Step 4: Total Title IV Aid to be Disbursed or Returned..... 5-29

*Post-Withdrawal Disbursements* ..... 5-29

*Title IV Aid to Be Returned*..... 5-34

Step 5: Amount of Unearned Title IV Aid Due  
from the School ..... 5-34

*Institutional Charges*..... 5-34

*Institutional Versus Noninstitutional Charges* ..... 5-36

*General Guidelines for Defining Institutional Charges* ..... 5-37

*Demonstrating a Real and Reasonable Opportunity*..... 5-38

Step 6: Return of Funds by the School..... 5-42

Step 7: Initial Amount of Unearned Title IV Aid Due from  
the Student..... 5-42

Step 8: Return of Funds by the Student..... 5-42

**Return of Title IV Funds Software**..... 5-42

**APPENDICES**

Appendix A: Glossary

Appendix B: Acronyms

Appendix C: U.S. Regulations

Appendix D: Guaranty Agency Directory

Appendix E: Getting Help

Appendix F: Forms