



Industry Bulletin

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Executive Order 13607: Establishing Principles of Excellence for Educational Institutions Servicing Service Members, Veterans, Spouses and Other Family Member

The U.S. Department of Education (ED) released Dear Colleague Letter (DCL) [GEN-12-10](#) on July 13, 2012, to provide guidance on the implementation of section 2 of Executive Order 13607, signed by President Obama on April 27, 2012.

The DCL provides a supplemental [Q&A document](#) to assist schools with compliance in the following areas:

STANDARDIZED COST FORM

Any school that agrees to comply with Executive Order 13607 is expected to use the "know before you owe" model aid offer format for prospective students who are eligible to receive military, veteran and family member educational benefits. The model aid offer format can be located on the [Student Loan page](#) of the Consumer Financial Protection Bureau (CFPB) Website.

FEDERAL AID INFORMATION

Schools should provide the following in an easy to understand format:

- Information about the maximum amount of Federal Grant and loan aid available to students under Title IV of the Higher Education Act of 1965 (Title IV);
- An explanation that the borrower may qualify for loans or other assistance under Title IV; and
- An explanation that the terms and conditions of loans made under Title IV may be more favorable than those of private education loans; and
- A brief explanation of the benefit programs offered by the Departments of Veterans Affairs and Defense.

The Q&A document provides a sample explanation that includes information for all of the above points.

Executive Order 13607: Establishing Principles of Excellence for Educational Institutions Servicing Service Members, Veterans, Spouses and Other Family Member

RECRUITING AND STATE AUTHORIZATION

Schools are expected to comply with program integrity regulations found at §668.71 - §668.75 and §668.14, which provide restrictions on recruitment, misrepresentation, and incentive compensation.

In addition, schools are expected to comply with regulations found at §668.43, §668.71 – §668.75, §668.14, and §600.9 for State authorization.

ACCREDITATION

Schools should comply with substantive change requirements of its accrediting agency.

READMISSION AND REFUND

Schools are expected to comply with regulations for readmission requirements (34 CFR §668.18) for (1) a service member whose enrollment in a program was interrupted due to a service obligation; and (2) a service member who was temporarily unable to attend class for less than 30 days within a semester or similar enrollment period due to a service obligation. Information about these provisions can be found in [Chapter 3 of Volume 2](#) of the Federal Student Aid Handbook.

Schools that comply with the Executive Order must have a refund policy in place for service members, reservists, and family members who stop attending due to a service obligation that complies with 34 CFR §668.22.

Title IV participating schools already meet this requirement with respect to Title IV funds.

Schools that are not Title IV participating must have a school refund policy for service members, reservists, and family members who stop attending due to a service obligation. The policy must specify that the school will return any funds from unearned benefits on a prorata basis through at least the 60 percent portion of the period for which the funds were provided.

While it is not required, ED recommends that schools comply with the tuition refund policy outlined in 20 U.S.C. §1098cc.

EDUCATION PLAN

To fulfill the requirement, schools should provide the following information to the service member or his family:

- The total number of credits needed for graduation;
- The coursework for the program should be separated into general education, required, and elective courses; and
- Any information related to additional requirements that must be met in order to graduate (e.g. grade point average requirement, completion of a thesis or dissertation, etc.)

In addition to the above, the school must also show the service member, veteran or family member how any previous coursework completed at an accredited school, relevant military training and experiential learning, if applicable, will be applied toward the degree program. The educational plan must be provided within 60 days of the individual selecting a degree program and receipt of all transcripts.

POINT(S) OF CONTACT

Schools must designate a person or office at the school to act as the Point of Contact (POC) for service members, veterans or family members who seek information for academic counseling, financial aid and student support services. The POC is expected to have a basic understanding of military tuition program, Department of Defense education financial assistance for eligible military spouses, veterans' education benefits and family members' assistance under Title IV. In addition, the POC should know what school services are available to service members, veterans and family members. This individual is not expected to be the sole POC for these services and may refer the student to someone else at the school with an ability to provide the service.

Reminder- Acceptable Documentation for Verification of 2011 IRS Information

July 15, 2012, was the last day a school was permitted to accept paper copies of a 2011 income tax return in order to verify an applicant's 2011 IRS information.

The U.S. Department of Education (ED) issued a reminder on [July 20, 2012](#), that beginning July 16, 2012; schools were required to begin verifying 2011 IRS information for applicants by having the applicant use either the IRS Data Retrieval Tool or submit an IRS Tax Return Transcript.

ED has acknowledged that certain situations, such as an applicant's claim that he may be a victim of identity theft, may warrant exceptions to this guidance. ED is in the process of reviewing the alternatives for such situations and will issue further guidance on this topic shortly.

The U.S. Department of Education Issues Further Guidance on State Authorization

On July 27, 2012, the U.S. Department of Education (ED) issued Dear Colleague Letter (DCL) [GEN-12-13](#) to provide further guidance on State authorization. The DCL includes a list of questions and answers that address the following:

- General State authorization topics;
- School locations and consortia agreements;
- The legal challenge to program integrity regulations; and
- Student complaints and student consumer information.

QUESTIONS

Questions about the implementation of these regulations should be directed to Sophia Ardle at 202.219.7078 or Sophia.ardle@ed.gov.

2013-14 Verification Items Announced

The U.S. Department of Education (ED) announced in the [Federal Register, published on July 12, 2012](#), that two new items for FAFSA applicants must be verified for the 2013-14 processing year.

Items to be verified for the 2013-14 processing year include:

- Income Information for Tax Filers
- Income Information for Nontax Filers
- Number in Household
- Number in College
- Supplemental Nutrition Assistance Program (SNAP-Food Stamps)
- Child Support Paid
- High School Completion Status
- Identity/Statement of Educational Purpose

Except for high school completion status and identity/statement of educational purpose, all of the items were carried over from the prior year's list.

HIGH SCHOOL COMPLETION STATUS

Students are considered to have met the verification requirement of high school completion status by demonstrating that he did one of the following:

- Graduated high school;
- Completed a home school program; or
- Completed a recognized equivalent of high school.

IDENTITY/STATEMENT OF EDUCATIONAL PURPOSE

Applicants must provide the following:

- A valid government-issued photo identification, including but not limited to: driver's license, non-driver's license, military identification or passport; and
- A statement signed by the applicant certifying that he will only use the financial aid for educational purposes to pay the cost of attendance for the 2013-14 award year.

Applicants who cannot appear in person at the school must submit a copy of his photo identification and have his statement notarized.

VERIFICATION FLAGS

The applicant's Institutional Student Information Record (ISIR) will include flags for the information the school must verify for the applicant, the applicant's parent(s) or spouse. In addition, the Student Aid Report will notify the student of the item(s) selected for verification and direct him to the school for further instruction.

Revised Direct Loan and FFEL Program Deferment and Mandatory Forbearance Request Forms Now Available!

On July 30, 2012, the U.S. Department of Education (ED) published Dear Colleague Letter (DCL) [GEN-12-14](#) to announce the approval of the revised deferment and forbearance request forms. The revised forms have an expiration date of 07/31/2015.

DEFERMENT REQUEST FORMS

The revised deferment forms are for use in both the Direct Loan and FFEL Programs. These forms replace the Direct Loan-only (OMB Control Number 1845-0011) and FFEL-only (OMB Control Number 1845-0005) forms with an expiration date of 05/31/2012.

- In-School Deferment Request (SCH)
- Unemployment Deferment Request (UNEM)
- Economic Hardship Deferment Request (HRD)
- Parent PLUS Borrower Deferment Request (PLUS)
- Education Related Deferment Request (EDU)
- Public Service Deferment Request (PUB)
- Temporary Total Disability Deferment Request (TDIS)
- Parental Leave/Working Mother Deferment Request (PLWM)

MANDATORY FORBEARANCE REQUEST FORMS

The revised forms are for use in both the Direct Loan and FFEL Programs. They replace the current Direct Loan mandatory forbearance request forms (OMB Control Number 1845-0018) with an expiration date of 05/31/2012.

- Mandatory Forbearance Request: Medical or Dental Internship/Residency Program; National Guard Duty; Department of Defense Loan Repayment Program (SERV)
- Mandatory Forbearance Request: Student Loan Debt Burden (SDLB)

Included with the announcement are copies of the revised deferment and forbearance forms in both PDF and Microsoft Word formats.

DISTRIBUTION OF THE FORMS

Program participants may begin distributing the new forms immediately; however, beginning on December 31, 2012, only the new forms may be distributed. The previous versions of the forms may be accepted and processed after that date.

IMPLEMENTATION OF THE FORMS

Please note: The deadline to implement the form is December 31, 2012; however, lender/servicers are reviewing changes to the forms to determine if system changes are needed.

Revised! School Closure and False Certification Loan Discharge Application

The U.S. Department of Education (ED) published an Electronic Announcement on [August 14, 2012](#), regarding the approval of the revised versions of the following loan discharge applications:

- Loan Discharge Application: School Closure
- Loan Discharge Application: False Certification (Ability to Benefit)
- Loan Discharge Application: False Certification (Disqualifying Status)
- Loan Discharge Application: False Certification (Unauthorized Signature/Unauthorized Payment)

The revised forms replace the previously approved versions with an expiration date of October 31, 2011. Program participants can now begin distributing the revised forms. Please be aware that beginning December 31, 2012 only the revised forms may be distributed to borrowers.

The forms are attached to the Electronic Announcement and can also be found on the [National Council of Higher Education Loan Programs \(NCHHELP\) Website](#).

Two-Factor Authentication: Token Distribution to Schools in Group 7

On August 2, 2012, the U.S. Department of Education (ED) issued an Electronic Announcement advising that it will begin distributing tokens and emails to schools in group 7. The Primary Destination Point Administrators (PDPA) and/or Common Origination and Disbursement (COD) Security Administrators at schools located in the following states should have received an e-mail directly from ED regarding the distribution of tokens:

- Arizona
- Connecticut
- Iowa
- Illinois
- Indiana
- Louisiana

The PDPA or COD Security Administrator at each school is responsible for distributing the tokens and additional information about the tokens to individual users at their school(s). Schools that have multiple campuses located in different states should be aware that ED will distribute tokens based on the location of the school's main campus or corporate office.

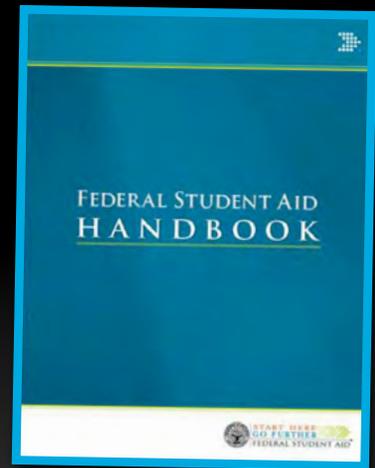
Questions about the Two-Factor Authentication (TFA) or the information provided in the Electronic Announcement should be directed to TFA_Communications@ed.gov.

2012-13 Federal Student Aid Handbook

VOLUME 2 - SCHOOL ELIGIBILITY AND OPERATIONS

On July 20, 2012, the U.S. Department of Education announced the availability of Volume 2 of the 2012-13 Federal Student Aid Handbook.

All volumes of the Handbook are located on the [Information for Financial Aid Professionals \(IFAP\) Website](#).

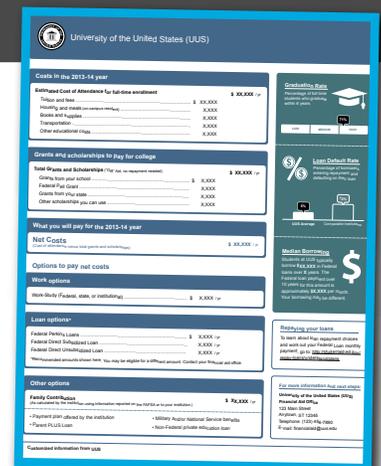


Financial Aid Shopping Sheet Released

On July 25, 2012, the U.S. Department of Education (ED) published Dear Colleague Letter (DCL) [GEN-12-12](#) to release the Financial Aid Shopping Sheet (Shopping Sheet) and request that schools adopt this format to deliver financial aid information to its students beginning with the 2012-13 award year. The Shopping Sheet, developed in cooperation with the Consumer Financial Protection Bureau, serves as a model format for financial aid award letters.

ED is now working with software providers to develop a way for schools to deliver the Shopping Sheet and will share additional information on this initiative in the coming months.

If your school plans to use the Shopping Sheet, please notify ED via e-mail at ShoppingSheet@ed.gov.



Industry Calendar

AUGUST

1	The 2013-14 FISAP becomes available.
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OCTOBER

1	Deadline to submit the electronic or paper expenditure report for the Work Colleges Program for the 2011-2012 Award Year.
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1	Deadline to submit the 2013-14 FISAP.
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14-17	MASFAA Conference (Milwaukee, WI)
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17-19	WFAA Conference (Honolulu, HI)
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29-31	PASFAA Conference (Harrisburg, PA)
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NOVEMBER

14-16	SWASFPA Conference (San Antonio, TX)
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27-30	Federal Student Aid (FSA) Conference (Orlando, FL)
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Created in 1963 by the Pennsylvania General Assembly, the Pennsylvania Higher Education Assistance Agency (PHEAA) has evolved into one of the nation's leading student aid organizations. Today, PHEAA is a national provider of student financial aid services, serving millions of students and thousands of schools through its loan guaranty, loan servicing, financial aid processing, outreach and other student aid programs.

PHEAA's earnings are used to support its public service mission and to pay its operating costs, including administration of the Pennsylvania State Grant and other state-funded student aid programs. PHEAA continues to devote its energy, resources and imagination to developing innovative ways to ease the financial burden of higher education for students, families, schools and taxpayers.

PHEAA conducts its student loan servicing activities nationally as American Education Services (AES) and FedLoan Servicing.

CONTACT

**BUSINESS DEVELOPMENT
& OPERATION/LOAN GUARANTY**
Mon - Fri, 7:30 am to 9:00 pm ET

**STUDENT/PARENT
GRANT & LOAN INQUIRIES**
800.692.7392
granthelp@aesSuccess.org
studentloans@aesSuccess.org

SCHOOL/LENDER INQUIRIES
800.443.0646
loanhelp@aesSuccess.org

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LC-INDBN
AUGUST 2012

