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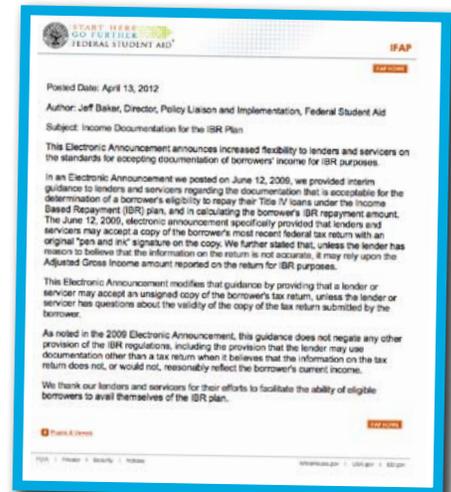
Industry Calendar

## Announcement: U.S. Department of Education Issues Modified Guidance for Income-Based Repayment Plan

In June 2009, the U.S. Department of Education (ED) issued an Electronic Announcement stating that lenders and servicers may accept a copy of the borrower's most recent federal tax return with an original "pen and ink" signature on the copy for Income-Based Repayment Plan (IBR) purposes. In addition, the guidance provided that unless the lender had reason to believe the information on the return is not accurate, it could rely on the Adjusted Gross Income amount provided on the return.

On [April 13, 2012](#), ED issued revised guidance stating that *"a lender or servicer may accept an unsigned copy of the borrower's tax return, unless the lender or servicer has questions about the validity of the copy of the tax return submitted by the borrower."*

Please be aware that this guidance does not negate any other provision of the IBR regulations, including the provision that a lender may use documentation other than a tax return when it believes that the tax return does not accurately reflect the borrower's current income.



## The Department of Education Invites States to Participate in Application Programming Interface with FAFSA on the Web

On [April 23, 2012](#), the U.S. Department of Education (ED) published an invitation for states to participate with ED in a program to leverage data provided through the FAFSA on the Web process in order to streamline the collection of data needed to determine eligibility for state-based grant programs.

Interested parties should review ED's [Invitation](#). ED will also conduct a briefing session on May 30, 2012, for interested parties.



## ELECTRONIC ANNOUNCEMENT #34 - TITLE IV ELIGIBILITY OF PREPARATORY COURSES OF STUDY AND THEIR GAINFUL EMPLOYMENT STATUS

On April 27, 2012, the U.S. Department of Education (ED) released [Gainful Employment \(GE\) Electronic Announcement \(EA\) #34](#) to provide the community with updated policy guidance regarding Title IV eligibility and gainful employment status information for preparatory courses of study. Information provided in EA #34 supersedes the information provided in EA #19, published on August 31, 2011.

The statutory exception in section 483(b)(3) of the HEA permits a student enrolled in a course of study “necessary for enrollment in a program leading to a degree or certificate” to receive Title IV Direct Loan funds (for a period of up to 12 consecutive months) even though the course does not lead to a degree or certificate (awarded credential).

### PROGRAMS THAT DO NOT LEAD TO AN AWARDED CREDENTIAL

ED wishes to clarify that the statutory exception only applies to preparatory coursework that does not lead to a degree or certificate. Therefore, a student enrolled in a preparatory course of study that does not lead to an awarded credential is eligible to receive no more than 12 consecutive months of funding from the Direct Loan Program. A student, whose preparatory course of study exceeds the 12-month period, will not be eligible for Direct Loan funds beyond the 12-month period.

Preparatory coursework that does not lead to an awarded credential is not a gainful employment program.

With regard to loan limits, these courses of study are considered to be at the undergraduate level, even when the coursework itself is at the graduate level. Students enrolled in these types of programs are not eligible to receive Graduate/Professional Direct PLUS Loans. However, a dependent student’s parent may receive Parent Direct PLUS Loans. Please review EA #34 for the loan limit information chart.

### PROGRAMS THAT LEAD TO AN AWARDED CREDENTIAL

Conversely, a program that includes coursework which is preparatory for admission in to a program that leads to a degree or certificate is also Title IV eligible, but is considered a gainful employment program.

The regular Direct Loan limits apply to these programs. Therefore, students enrolled in such a program may receive all Title IV aid for which they are eligible.

As a result of this updated guidance, any school that did not include preparatory programs that lead to an awarded credential in its gainful employment reporting last year must report information for those programs no later than October 15, 2012. The reporting must include data for all students enrolled in the program during the award years 2006-2007 through 2011-2012. In addition, schools that have not met the GE disclosure requirements for these programs must do so as soon as possible.

## Acceptable Documentation for Verification

The U.S. Department of Education (ED) issued a letter on April 16, 2012, to provide updated guidance regarding documentation that must be obtained to verify income and tax information.

Until July 15, 2012, schools are permitted to accept a signed copy of the 2011 IRS Tax Return form for applicants that unsuccessfully attempted to use the IRS Data Retrieval Tool or to obtain IRS Tax Return transcripts for verification of documentation for the 2012-2013 Award Year. After July 15, 2012, schools must comply with the requirements provided in the [July 13, 2011, Federal Register notice](#) and Dear Colleague Letter (DCL): [GEN-11-13](#).



# COD System Implementation Plans for 2012-2013 Award Year

Federal Student Aid (FSA) has [announced](#) the following schedule of implementations for the Common Origination and Disbursement (COD) System for the 2012-2013 Award Year.

Implementation Date	Change
March 9-10, 2012	Allow COD System to begin accepting and processing: Direct Loan, Iraq and Afghanistan Service Grant, Pell Grant, and TEACH Grant Awards for the 2012-2013. More information about this implementation can be found in the <a href="#">Electronic Announcement published on March 2, 2012</a> .
April 13-14, 2012	Add functionality to support award processing changes to the Direct Loan Program related to the Budget Control Act of 2011, specifically: <ul style="list-style-type: none"><li>• Address elimination of up-front interest rebate for all Direct Loan awards first disbursed on or after July 1, 2012.</li></ul>
July 6-7, 2012	Add functionality to no longer accept Direct Subsidized Loans for graduate and professional students with a loan period beginning on or after July 1, 2012. Add editing functionality related to Pell Grant LEU change. More information about this implementation can be found in the <a href="#">Electronic Announcement published on February 17, 2012</a> .

While schools were able to begin sending 2012-2013 awards for processing as early as March 10, 2012, FSA recommended that schools wait until mid-April to submit Direct Loan awards, including those for the 2011-2012 Award Year, with a first disbursement date on or after July 1, 2012.

## Dear Colleague Letters



### » GEN-12-08: DISBURSING OR DELIVERING TITLE IV FUNDS THROUGH A CONTRACTOR

On April 26, 2012, the U.S. Department of Education (ED) issued guidance for schools that use a third-party servicer to administer aspects of the school's participation in Title IV programs. Such schools must comply with regulations found in §668.25, which provide guidance on the use of third-party servicers.

Dear Colleague Letter (DCL) [GEN-12-08](#) includes a list of questions and answers regarding compliance with the applicable regulations.

### » GEN-12-05: CORRECTIONS TO GEN-11-19/FP-11-01 (REVISED LOAN DISCHARGE APPLICATION: UNPAID REFUND)

We would like to remind the community that on [March 30, 2012](#), ED issued a Dear Colleague Letter (DCL) to provide revised copies of the Loan Discharge Application: Unpaid Refund forms originally distributed with DCL: GEN-11-19/FP-11-01.

The revised form includes minor changes to the previous version. Program participants should begin distributing the revised version for use immediately. Beginning June 1, 2012, only the revised version may be provided to borrowers; however, the previous version may continue to be processed after that date.

# Reminder: Changes to the William D. Ford Federal Direct Loan Program, Effective July 1, 2012

On [April 5, 2012](#), the U.S. Department of Education (ED) issued a reminder to schools that as part of the Budget Control Act (BCA) of 2011, borrowers who receive a William D. Ford Federal Direct Loan (Direct Loan) Program loan first disbursed on or after July 1, 2012, will no longer receive the below incentives.

## Up-Front Interest Rebate

On August 31, 2011, ED published Dear Colleague Letter (DCL) [GEN-11-16](#) to discuss how the BCA impacts Direct Loan Program repayment incentives. With the exception of the interest rate incentive for loan repayment through Direct Debit, the BCA eliminated the ability of ED to offer **any** repayment incentives to encourage on-time repayment of student loans. Effective for loans first disbursed on or after July 1, 2012, borrowers will no longer be eligible to receive the up-front interest rebate.

## Subsidized Loan Eligibility for Graduate and Professional Students

DCL: GEN-11-16 also discusses the elimination of Federal Direct Subsidized Loans for graduate and professional students with a period of enrollment beginning on or after July 1, 2012. Please note that students with a period of enrollment beginning **before** July 1, 2012, are not affected by this change.

## Implementation of Change

Effective April 15, 2012, the Common Origination and Disbursement (COD) System began accepting a value of zero for the Interest Rebate Percent and Interest Rebate Amount for any Direct Loan awards with a first disbursement on or after July 1, 2012.

Effective July 7, 2012, the COD System will begin rejecting Federal Direct Subsidized Loans for graduate and professional students (grade level 6 or 7) with a loan period beginning on or after July 1, 2012. Please be aware that in these cases, the COD System will return COD Reject Edit 150 (Incorrect Student Grade Level on Direct Loan PLUS Award or Direct Loan Subsidized Award for Graduate/Professional Student).

## Secretary Announces the Deadline for Gainful Employment Reporting for 2011-2012 Award Year

In the Federal Register released on [March 15, 2012](#), the Secretary announced that the deadline for submitting gainful employment reporting for the 2011-2012 Award Year is October 15, 2012.

Below is a list of regulations pertaining to the reporting of gainful employment information.

Regulation	Language
§668.2	Provides the reporting and disclosure requirements for programs that prepare students for gainful employment in a recognized occupation
§668.6(a)(1)	Identifies the information schools are required to report
§668.6(a)(2)(i)(C)	Provides that a school is required to report gainful employment information for the most recently completed award year no earlier than September 30, but no later than the date established by the Secretary through a notice in the Federal Register

# Two-Factor Authentication

## Token Distribution for Schools in Group 3

On April 12, 2012, the U.S. Department of Education (ED) announced that it would begin distributing tokens and emails to schools in group 3. 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:

- Kentucky
- Nebraska
- Ohio
- Rhode Island
- Michigan
- New Hampshire
- Pennsylvania
- Vermont

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](mailto:TFA_Communications@ed.gov).

## FOREIGN SCHOOL UPDATE: TFA TOKEN USE REQUIRED FOR FEDERAL STUDENT AID SYSTEMS, EFFECTIVE MAY 11, 2012

ED announced that effective May 11, 2012; all foreign schools will be required to use the TFA process to access certain Federal Student Aid systems. The TFA process requires the user to provide the traditional user-id and password along with a One-Time Password (OTP), generated by a registered token device.

The following systems are impacted by the TFA process:

- FAA Access to CPS Online Web site,
  - Common Origination and Disbursement (COD) System;
  - National Student Loan Data System (NSLDS); and
  - Student Aid Internet Gateway (SAIG), for users who access SIAG via EDconnect.
- Please direct all questions and concerns regarding TFA to [TFA\\_Communications@ed.gov](mailto:TFA_Communications@ed.gov).

# Updates to the 2012-2013 Federal Student Aid Handbook

## Errata and Updates: Volume 1- Student Eligibility

On [April 13, 2012](#), the U.S. Department of Education (ED) issued an Electronic Announcement to make the community aware of a substantive revision to Volume 1 of the 2012-2013 Federal Student Aid (FSA) Handbook, which was previously released on April 2, 2012. The following update has been added to the Errata and Updates for the 2012-2013 Federal Student Aid (FSA) Handbook page.

Location	Change
Chapter 1, Page 1-8	<p>Corrected the "Ability-To-Benefit" test section to read as follows:</p> <ul style="list-style-type: none"><li>• <i>Effective with the 2012-2013 award year, new students who do not have a high school diploma, or an equivalent such as a GED, and who did not complete secondary school in a homeschool setting are not eligible for Title IV funds. Such students can no longer become eligible by passing an approved "ability-to-benefit" test or by satisfactorily completing at least six credit hours or 225 clock hours of college work that is applicable to a degree or certificate offered by the student's postsecondary institution.</i></li></ul> <p><i>However, students who were enrolled in an eligible educational program of study <b>before</b> July 1, 2012 may continue to be considered Title IV eligible under</i></p>

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# Updates to the 2012-2013 Federal Student Aid Handbook

## NOW AVAILABLE! VOLUME 4- PROCESSING AID AND MANAGING FEDERAL STUDENT AID FUNDS

On April 3, 2012, ED announced the availability of [Volume 4](#) of the 2012-2013 Federal Student Aid (FSA) Handbook.

## NOW AVAILABLE! VOLUME 5- WITHDRAWALS AND THE RETURN OF TITLE IV FUNDS

On April 13, 2012, ED announced the availability of [Volume 5](#) of the 2012-2013 FSA Handbook.

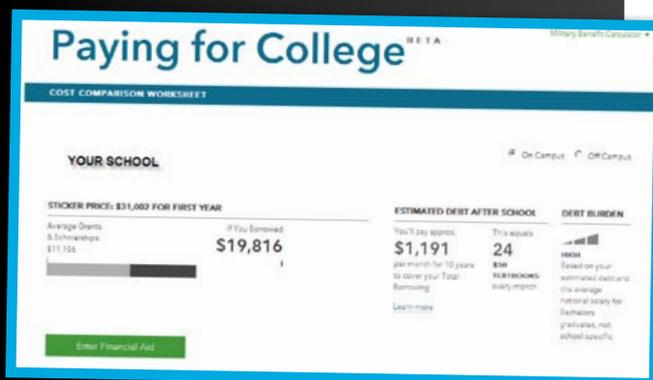
All volumes of the FSA Handbook can be located on the Information for Financial Aid Professionals Web site.

## Cost Comparison Tool Now Available on the CFPB Website

In mid-April, the Consumer Financial Protection Bureau (CFPB) launched its online Cost Comparison Tool to further assist students and parents in understanding the cost of receiving a college education. The tool allows students to select up to three schools at a time and receive information to compare the costs for those schools. Students are asked to indicate whether they are pursuing a Bachelors or Associates Degree and whether they are considered an in-state or out-of-state student at each of the selected schools.

In addition to the schools the student selects, the Cost Comparison Worksheet provides information for the average cost of earning a degree at a public university and private university. The Worksheet also provides an 'Enter Financial Aid' button, which allows students to enter individualized financial aid information for each school to obtain more accurate monthly payment and debt burden information.

Students and parents can access the Cost Comparison Tool from the Paying for College page on the [CFPB Website](#).



## Industry Calendar

### MAY

20-23	EASFAA Conference (Baltimore, MD)
27	Deadline for all schools using Edconnect to connect to the SAIG to <a href="#">download the Edconnect version 8.0 software</a> .

### JUNE

10-15	RMAFAA Annual Summer Institute (Golden, CO)
11-14	Don Raley Institute- Dickinson College (Carlisle, PA)

### JULY

22-25	NASFAA Conference (Chicago, IL.)
31	Deadline to submit the Direct Loan closeout for the 2010-2011 Program Year.

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# Industry Calendar continued

## AUGUST

1	The 2013-2014 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 2013-2014 FISAP.
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14-17	MASFAA Conference (Milwaukee, WI)
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29-31	PASFAA Conference (Harrisburg, PA)
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## NOVEMBER

27-30	<a href="#">Federal Student Aid (FSA) Conference</a> (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](mailto:granthelp@aesSuccess.org)  
[studentloans@aesSuccess.org](mailto:studentloans@aesSuccess.org)

**SCHOOL/LENDER INQUIRIES**  
800.443.0646  
[loanhelp@aesSuccess.org](mailto:loanhelp@aesSuccess.org)

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LC-INDBN  
MARCH 2012

