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INDUSTRY BULLETIN

Misdirected Loan Payments to ACS Payment Mailbox

On [July 31, 2014](#), the Department of Education (ED) published an Electronic Announcement (EA) requesting action from the financial aid community. On June 30, 2014, ACS' (Xerox) contract with ED ended, and the payment mailbox (P.O. Box 530260) was closed. Payments that are still being routed to that mailbox are now being returned; this may cause delinquency on a borrower's account.

ED is requesting that the community assist by directing borrowers to their correct loan servicers' payment address immediately, as well as ensure that all resources are updated appropriately so that borrowers are no longer being provided with the discontinued address.

Current contact information for all federal loan servicers can be accessed by visiting ED's [Loan Servicing Centers for Schools](#) and [Loan Servicing Centers for Students](#) contact information pages on the [Information for Financial Aid Professionals \(IFAP\)](#) Website.

Spotlight on Training

Did you know that we offer free training events on a variety of topics? Visit the [Training Calendar](#) on the FedLoan Servicing Website to learn more about the events or to register.

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SEPT 2014

Notice of Proposed Rulemaking on Direct PLUS Loans

On [August 8, 2014](#), the U.S. Department of Education (ED) issued an Electronic Announcement (EA) regarding the Notice of Proposed Rulemaking (NPRM) on Direct PLUS Loans. On this date, ED published an NPRM, in the Federal Register (79 FR 46640), proposing to strengthen and improve the administration of the Federal Direct Loan PLUS program.

Comments on the proposed regulations were to be submitted electronically through www.regulations.gov with a deadline of September 8, 2014.

These proposed regulations would update the standard for determining if a potential parent or student borrower has an adverse credit history, for purposes of determining eligibility for a Direct PLUS Loan (PLUS loan). Specifically, the proposed regulations would amend the definition of “adverse

credit history” and require PLUS loan counseling for a parent or student with an adverse credit history, who is approved for a PLUS loan as a result of the Secretary’s determination that extenuating circumstances exist. The current regulations governing PLUS loan eligibility have not been updated since the Direct Loan Program was established in 1994. The proposed changes would amend current regulations to reflect programmatic and economic changes that have occurred since 1994.

Please note that ED advised that it would consider designating final regulations resulting from this NPRM for early implementation under section 484(c)(2) of the HEA.

Please see the Summary of the Major Provisions of this Regulatory Action and full Supplementary Information located [here](#).

Fall 2014 Campus Safety and Security Survey Information

In accordance with section 485(f) of the Higher Education Act of 1965 (The Clery Act), schools are required to report to the U.S. Department of Education (ED) crime and fire safety statistics for the prior three years. This reporting is completed through a web-based system maintained by the Office of Postsecondary Education (OPE).

On [August 1, 2014](#), ED issued an Electronic Announcement advising the community that it sent letters to each school’s Chief Executive Officer (CEO) about the annual Campus Safety and Security Survey. The letter explains any changes that may have been made to the survey, clarifies the dates for which the information must be collected, provides the name of the Campus Safety Survey Administrator (CSSA) who completed the prior year reporting, and provides a new user ID and password for the completion of the current year’s survey.

Please note that this year’s data collection period is scheduled to run from August 20, 2014 to October 15, 2014.

The letter also includes a document that outlines amendments made to the Clery Act by the Violence Against Women Reauthorization Act of 2013 (VAWA). ED reminds the community that [proposed regulations](#) to implement the VAWA were published in the Federal register on June 20, 2014. Please note that the community comment period for this Notice of Proposed Rulemaking (NPRM) ended on July 21, 2014. Please refer to [Dear Colleague Letter \(DCL\) GEN-14-13](#), which provided guidance regarding the changes to the Clery Act mandated by the VAWA.

If you have questions regarding this survey, or need information about who completed your school’s survey last year, contact the Help Desk by telephone at [800.435.5985](tel:800.435.5985), or by e-mail at campussafety@westat.com.

2014-2015 Supplemental Campus-Based Funds

On [August 7, 2014](#), the Department of Education (ED) published an Electronic Announcement (EA) to address the distribution of supplemental Campus-Based funds for the 2014-2015 Award Year. Using the information submitted by schools on the yearly Campus-Based Reallocation Form, ED distributes unexpended program funds from the Federal Supplemental Educational Opportunity Grant (FSEOG) and the Federal Work-Study (FWS) programs, from the previous award year, as supplemental allocations for the current award year.

Please note that because there were no Perkins Loan funds appropriated for the 2013-2014 Award Year, there will be no Perkins Loan funds available to be awarded for the 2014-2015 Award Year through the supplemental award process.

In accordance with the Higher Education Act of 1965, as amended, (§213D(d) for FSEOG and §442(d) for FWS) and federal regulations under §673.4, supplemental Campus-Based funds will be distributed as follows:

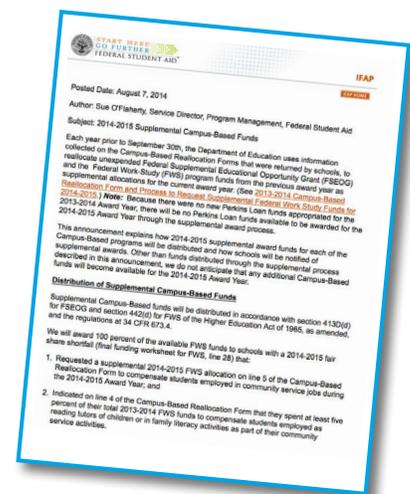
100% of the available FWS funds will be awarded to schools with a 2014-2015 fair share shortfall that:

- Requested a supplemental 2014-2015 FWS allocation on line 5 of the Campus-Based Reallocation Form to compensate students employed in community service jobs during the 2014-2015 Award Year; and
- Indicated on line 4 of the Campus-Based Reallocation Form that they spent at least five percent of their total 2013-2014 FWS funds to compensate students employed as reading tutors of children or in family literacy activities as part of their community service activities.

ED will verify that a school spent at least five percent of its total 2014-2014 FWS allocation to compensate students employed as reading tutors of children, or in family literacy activities, as part of his/her community service activities, when the school's Fiscal Operations Report and Application to Participate (FISAP) is received by ED. If a school receives supplemental FWS funds for which it was not entitled, those funds will be de-obligated.

Financial Aid Administrators, identified on the most recently submitted FISAP or as updated via the "Contact Info" page on the [eCampus-Based System \(eCB\) Website](#), will be notified via e-mail, by the end of September 2014, if their school received supplemental Campus-Based funds.

Schools will then need to log-in to the [eCB Website](#) to access their Statement of Account, which will reflect the supplemental award amount for each program.



Servicemember Civil Relief Act (SCRA) Updates from the Department of Education

On [August 25, 2014](#), the U.S. Department of Education (ED) released Dear Colleague Letter (DCL) GEN-14-16 regarding the administration of the Servicemembers Civil Relief Act (SCRA) for borrowers under the Federal Family Education Loan (FFEL) Program. Earlier this year, ED directed its Federal Direct Loan servicers to begin using the U.S. Department of Defense's (DOD's) Defense Manpower Data Center (DMDC) database to proactively monitor borrowers for SCRA eligibility. The DCL gives FFEL program loan servicers the ability to do the same. Please see below for an overview of the impact this guidance may have to a servicer's current process. As always, please refer to the DCL or contact ED directly with any questions resulting from this guidance.

The DCL authorizes and encourages FFEL servicers to utilize the DMDC database to proactively identify borrowers who qualify for benefits under the SCRA. Servicers are encouraged to regularly query all of their borrowers against the DMDC database. If the database confirms that a borrower qualifies for benefits under the SCRA, the reduced interest rate may be applied to that borrower's qualifying loans using the information provided by the database. In these instances, the servicer is not required to receive a written request or copy of military orders from the borrower to demonstrate eligibility. When the benefit is applied, the lender must notify the borrower that his interest rate has changed due to the receipt of benefits under the SCRA.

Because the servicer is relying upon the database, and not on information provided by the servicemember, the requirement that a servicemember request benefits under the SCRA within 180 days of release from military service does not apply.

The DCL also makes it clear that Reservists may also be granted benefits under the SCRA using the information provided within the database. Servicers may accept the dates reflected in this system as the active-duty service period for which the borrower is eligible including the use of the reservist's order notification date as the start date of his or her service period.

The servicer must retain, within each individual borrower's loan file, the supporting information from the database. Servicers that correctly utilize information provided by the database and retain a copy of the report in the borrower's loan file will not be subject to program liabilities if any information provided by the database is later found to be incorrect.

ED also clarified that because consolidation loans are considered new loans, a servicemember may only receive benefits under the SCRA for a consolidation loan provided that the borrower applied for the consolidation loan before starting active-duty military service.



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2014-2015 Federal Student Aid Handbook

[Volume 2](#) of the 2014-2015 Federal Student Aid (FSA) Handbook is now available. This volume provides schools with information specific to their obligations in administering the Title IV student aid programs: institutional and program eligibility, administrative requirements, audits, recordkeeping, program reviews, and providing consumer information to the public.



COD Processing Update
September 15, 2014
NEW/UPDATES

- September 2014 COD System Update - Changes to Several Direct Loan LDRS (DLC214)**
On September 15, 2014, we plan to implement additional COD system functionality that will impact several Direct Loan LDRs, add a new web site, and add a new system generated message. In a September 8, 2014 [Direct Loan Announcement](#), Federal Student Aid provided operational implementation guidance related to the new functionality.
To avoid the additional COD system functionality, we will suspend COD batch processing beginning at 5:00 A.M. EDT on Sunday, September 14, 2014. Records submitted after this time will be held and processed after 6:00 P.M. EDT on Sunday, September 14, 2014. In addition, the COD web site, the Student Loans.gov Web Site, and the [TRAC Direct Loan Site](#) will be unavailable between 5:00 A.M. EDT and 6:00 P.M. EDT on Sunday, September 14, 2014.
Federal Student Aid apologizes for this inconvenience and appreciates your understanding and patience while it completes this important activity. If you have questions, contact the COD School Features Center.
Several Revenue Service Notices are available September 8, 2014 - Direct to Students.gov and FSA on the Web (DLC214)
The Federal Student Aid system that interfaces with the Internal Revenue Service (IRS) will be unavailable from 6:00 P.M. EDT on Sunday, September 14, 2014 until 6:00 P.M. EDT on Sunday, September 15, 2014. During this period, actions can be completed on the Student Loans.gov and FSA on the Web sites. However, if an action requires entry of federal tax information, the tax information will need to be entered manually. This work is in addition to the regular weekly maintenance that occurs each weekend.
Federal Student Aid apologizes for any inconvenience this may cause and appreciates your understanding and patience.
Second Part Seven Administrative Cost Allowance Payments for 2013-2014 Award Year (DLC214)
Federal Student Aid begins processing the second Part Seven Administrative Cost Allowance (ACA) payments for the 2013-2014 Award Year on August 25, 2014. Schools will begin to see these payments deposited directly into their bank accounts over the next few weeks.
For operating information about these ACA payments, refer to the [August 26, 2014 Electronic Announcement](#) that is posted on the information for Financial Aid Professionals (FAF) Web site.
Send us feedback: If you have questions, contact the COD School Features Center at 800-575-7088 for Direct Loans, 800-888-8763 for Direct Loans, the new web site [DirectLoans.gov](#).

Common Origination and Disbursement (COD) Updates

An updated edition of the [COD Processing Update](#) is available on the COD Website. This resource is made available to schools for COD System processing and provides information on: COD News and Updates, Current Issues and Reminders.

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.

These materials have been developed and paid for by the Pennsylvania Higher Education Assistance Agency (PHEAA) for informational purposes. Although the information contained in this document is believed to be accurate at the time of printing, PHEAA does not guarantee its accuracy. You should independently verify that this information is correct.

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