

Providing Consumer & Safety Information

This chapter describes information that a school must provide about financial aid and its campus, facilities, and student-athletes, as well as information to promote campus security and fire safety, and to prevent drug and alcohol abuse. It also discusses counseling for students receiving FSA loans, and disclosures that must be made for private education loans. Additional disclosure requirements that are specific to disbursements of FSA loans are described in Volume 4.

AVAILABILITY OF INFORMATION

Notice to enrolled students

Each year, a school must distribute to all enrolled students a notice of the availability of the information it must provide in the following general categories:

1. general disclosures for enrolled or prospective students,
2. annual security report and annual fire safety report,
3. report on athletic program participation rates and financial support data (Equity in Athletics Data or EADA), and
4. FERPA information (Family Educational Rights and Privacy Act of 1974, discussed in *Chapter 7*).

The notice must list and briefly describe the information and tell the student how to obtain the information.

The notice must be provided to an individual on a one-to-one basis through an appropriate mailing or publication, including direct mailing through the U.S. Postal Service, campus mail, or electronic mail. Posting on an Internet website or an Intranet website does not constitute a notice.

Web dissemination

A school may satisfy the requirements for the general disclosures and the EADA, security, and fire safety reports by posting the information on the Web.

- *Enrolled students or current employees*—the school may post the information on an Internet website or an Intranet website that is reasonably accessible to the individuals to whom the information must be disclosed.
- *Prospective students or prospective employees* by posting the information on an Internet website.

CHAPTER 6 HIGHLIGHTS

- General disclosures
 - financial aid information
 - institutional information
 - completion & graduation rates on IPEDS (Student Right-to-Know)
 - retention, placement, & postgrad study
- Campus crime and fire safety
- Equity in Athletics report & graduation/completion rates for athletes
- Loan counseling
- Drug & alcohol abuse prevention
- Misrepresentation
- Information about private education loans

Consumer information cites

- HEA Sec. 485(f); 20 U.S.C. 1092
 Regulations: 34 CFR 668.41-48
- Notice to enrolled students: 34 CFR 668.41(c)
 - Web dissemination: 34 CFR 668.41(b), (c)(2), (e)(2) through (4), and (g)(1)(ii)
 - Availability of school staff: 34 CFR 668.44

Suggestions for disseminating HEA-required information

The National Postsecondary Education Cooperative (NPEC) has issued a publication entitled *Information Required to Be Disclosed Under the Higher Education Act of 1965: Suggestions for Dissemination*. (NPEC 2010-831), prepared by Carol Fuller and Carlo Salerno, Coffey Consulting. This publication is available at: <http://nces.ed.gov>

Note: NPEC was established by the National Center for Education Statistics (NCES) in 1995 as a voluntary organization comprising federal agencies, postsecondary schools, associations, and others with an interest in postsecondary education data collection. The information and opinions in NPEC publications do not necessarily represent the policy or views of the U.S. Department of Education or NCES.



Assessing your school's compliance

To assess your school's compliance with the provisions of this chapter, see the FSA Assessment module for "Consumer Information," at

www.ifap.ed.gov/qahome/qaassessments/consumerinformation.html

Civil penalty

In addition to limiting, suspending, or terminating the participation of any school that fails to comply with the consumer information requirements, the Department may impose civil fines of up to \$27,500 for each violation.

Civil penalty cite
Sec. 487(c)(3)(B) of the HEA

Sample notice of FERPA rights

You can find a sample notification at ED's FERPA Web site

www.ed.gov/policy/gen/guid/fpco/ferpa/ps-officials.html

A school that uses Internet or Intranet disclosure for this purpose must include in its annual notice to enrolled students—

- The exact electronic address at which the information is posted, and
- A statement that the school will provide a paper copy of the information on request.

In the case of Internet or Intranet distribution of the security and fire safety reports to current employees, the school must, by October 1 of each year, distribute to all current employees a notice that includes a statement of the report's availability, the exact electronic address at which the report is posted, a brief description of the report's contents, and a statement that the school will provide a paper copy of the report upon request.

The same information must be included in a notice to prospective students and employees if a school that decides to use the Web to provide annual security or fire safety reports to them. The only difference is that there is no annual date for distribution of this notice. In the case of Web distribution to prospective students and employees, note that the school must use an Internet (rather than an Intranet site).

Availability of employees for information dissemination purposes

A school must designate an employee or group of employees who shall be available on a full-time basis to assist enrolled or prospective students in obtaining the information on financial assistance, the school, graduation and completion rates, and security policies and crime statistics, as described in the following sections.

If the school designates one person, that person shall be available, upon reasonable notice, to any enrolled or prospective student throughout the normal administrative working hours of that school. If more than one person is designated, their combined work schedules must be arranged so that at least one of them is available, upon reasonable notice, throughout the normal administrative working hours of that school.

The Department may waive this requirement if the school's total enrollment, or the portion of the enrollment participating in the FSA programs, is too small to necessitate an employee or group of employees being available on a full-time basis. The school must request this waiver from the Department.

GENERAL DISCLOSURES FOR ENROLLED OR PROSPECTIVE STUDENTS.

A school must make the following information available to any enrolled student or prospective student through appropriate publications, mailings, or electronic media.

Financial assistance available to students

At a minimum, the school must publish and make readily available to current and prospective students a description of all the federal, state, local, private, and institutional student financial assistance programs available to its students, including both need-based and non-need-based programs.

For each of these financial aid programs, the information provided by the school must describe—

- the procedures and forms by which students apply for assistance,
- the student eligibility requirements,
- the criteria for selecting recipients from the group of eligible applicants, and
- the criteria for determining the amount of a student's award.

The school may describe its own financial assistance programs by listing them in general categories.

The school must also describe the rights and responsibilities of students receiving financial assistance and, specifically, Federal Student Aid funds. This description must include specific information regarding—

- criteria for continued student eligibility under each program,
- satisfactory progress standards that the student must maintain to receive financial assistance; and criteria by which the student who has failed to maintain satisfactory progress may re-establish his or her eligibility for financial assistance (see *Volume 1*),
- the method by which financial assistance disbursements will be made to the students and the frequency of those disbursements,
- the terms of any loan received by a student as part of the student's financial assistance package, a sample loan repayment schedule for sample loans and the necessity for repaying loans,
- the general conditions and terms applicable to any employment provided to a student as part of the student's financial assistance package,
- the terms and conditions of the loans students receive under the Direct Loan and Perkins Loan programs, and
- the exit counseling information the school provides and collects as described later in this chapter. (Also see *Volume 6* for Perkins Loans exit counseling.)

General disclosure cites

General disclosure: 34 CFR 668.41(d)
 Financial assistance: 34 CFR 668.42
 Institutional information: 34 CFR 668.43
 Completion/graduation rates: 34 CFR 668.45
 Retention, placement, postgraduate study:
 34 CFR 668.41(d)(4), (5), and (6)
 Definitions: 34 CFR 668.41(a) and 668.47(b)

Explaining verification requirements

Although it is not among the financial aid disclosures given to all students, you should be aware of the following information that must be provided in writing to students who are selected for verification—

1. Documents required for verification,
 2. Student responsibilities—including correction procedures, deadlines for completing any actions required, and the consequences of missing the deadlines.
 3. Notification methods—how your school will notify students if their awards change as a result of verification, and the time frame for such notification.
- cite 34 CFR 668.53

Consumer information from the Department

The Department is required to make available to schools, lenders, and secondary schools descriptions of the FSA programs to assist students in gaining information through school sources, and to assist schools in carrying out the FSA program requirements.

We provide comprehensive student aid information to students and their families through the *Student Aid on the Web* site.

Student Aid on the Web
studentaid.ed.gov

Colleges and high schools may order bulk quantities of student/borrower publications such as the *College Preparation Checklist* from the FSA Pubs Web site.
www.FSAPubs.org

Statutory requirement:
 Sec. 485 of the HEA

Net Price Calculator



A school with undergraduate students that participates in the FSA programs must post a net price calculator on its website by October 29, 2011.

The net price calculator uses institutional data to provide estimated net price information to current and prospective students and their families based on a student's individual circumstances.

ED's National Center for Education Statistics has designed and developed a fully functional net price calculator available to all schools. A school may use the Department's Net Price Calculator template or develop its own. Institutionally developed calculators must include "at a minimum the same data elements" found in the Department's Net Price Calculator template.

To use or review the template, go to:
<http://npc.inovas.net/institution/>

More information about the calculator and the template is available at:
<http://nces.ed.gov/ipeds/resource>

See GEN-08-12 (pages 33ff) for a description of the requirements for the calculator.
Higher Education Opportunity Act of 2008


Vaccination policy

Schools must make available to current and prospective students information about its vaccinations policies.
Higher Education Opportunity Act of 2008
HEA section 485(a)

Information about the school's academic programs, costs, facilities & policies

At a minimum, the school must provide to enrolled and prospective students the following information about itself.

Academic programs

- The current degree programs and other educational and training programs.
- The instructional, laboratory, and other physical facilities that relate to the academic program.
- The school's faculty and other instructional personnel.
- Any plans by the school to improve its academic program, upon a determination by the school that such a plan exists. 

School costs—

- Tuition and fees charged to full-time and part-time students.
- Estimates of costs for necessary books and supplies.
- Estimates of typical charges for room and board.
- Estimates of transportation costs for students.
- Any additional cost of a program in which a student is enrolled or expresses a specific interest.

Withdrawal procedures, refunds, and return of aid

- The requirements and procedures for officially withdrawing from the school.
- Any refund policy with which the school is required to comply for the return of unearned tuition and fees or other refundable portions of costs paid to the school.
- A summary of the requirements for the return of FSA grant or loan funds (see *Volume 5*).

Accreditation and licensure


- The names of associations, agencies, or governmental bodies that accredit, approve, or license the school and its programs.
- The procedures by which documents describing that activity may be reviewed—the school must make available for review to any enrolled or prospective student a copy of the documents describing its accreditation, approval, or licensing.

Disability

- The services and facilities available to students with disabilities, including students with intellectual disabilities (see *Volume 1* for definition for students with intellectual disabilities).

FSA eligibility for study abroad

- A statement that a student's enrollment in a program of study abroad approved for credit by the home institution may be considered enrollment at the home institution for the purpose of applying for assistance under the FSA programs.

Penalties and institutional policies on copyright infringement 

- A statement that explicitly informs its students that unauthorized distribution of copyrighted material, including unauthorized peer-to-peer file sharing, may subject the students to civil and criminal liabilities.
- A summary of the penalties for violation of federal copyright laws (see sample statement below).
- A description of the school's policies with respect to unauthorized peer-to-peer file sharing, including disciplinary actions that are taken against students who engage in illegal downloading or unauthorized distribution of copyrighted materials using the school's information technology system.
- The legal alternatives for downloading or otherwise acquiring copyrighted material, based on the school's periodic review described in *Chapter 8*. (This information is to be provided through a Web site or other means.)

Transfer of Credit Policies

The requirement to disclose transfer of credit policies does not create a legally enforceable right for a student to require a school to accept a transfer of credit from another school.

Higher Education Opportunity Act of 2008
HEA 485(h)

Copyright information

The sample statement and other copyright requirements are included in GEN 10-08.

See *Chapter 8* for requirement to develop copyright policies:


34 CFR 668.43(a)(10)

GEN-10-08

Sample statement of penalties for violation of copyright

A school may use this sample statement to meet the requirement that it disseminate a summary of the penalties for violating Federal copyright law. The use of this sample summary is optional.

Summary of Civil and Criminal Penalties for Violation of Federal Copyright Laws



Copyright infringement is the act of exercising, without permission or legal authority, one or more of the exclusive rights granted to the copyright owner under section 106 of the Copyright Act (Title 17 of the United States Code). These rights include the right to reproduce or distribute a copyrighted work. In the file-sharing context, downloading or uploading substantial parts of a copyrighted work without authority constitutes an infringement.

Penalties for copyright infringement include civil and criminal penalties. In general, anyone found liable for civil copyright infringement may be ordered to pay either actual damages or

"statutory" damages affixed at not less than \$750 and not more than \$30,000 per work infringed. For "willful" infringement, a court may award up to \$150,000 per work infringed. A court can, in its discretion, also assess costs and attorneys' fees. For details, see Title 17, United States Code, Sections 504, 505.

Willful copyright infringement can also result in criminal penalties, including imprisonment of up to five years and fines of up to \$250,000 per offense. For more information, please see the Web site of the U.S. Copyright Office at: www.copyright.gov.

Student Right-to-Know cite

Sec. 485(a) of the HEA
34 CFR 668.45

Transfer of credit policies

- Any established criteria the school uses regarding the transfer of credit earned at another institution.
- A list of postsecondary schools with which the school has established an articulation agreement.

Contact information

- The titles of persons designated under §668.44 and information regarding how and where those persons may be contacted.

Disseminating completion, graduation, and transfer-out rates (Student Right-to-Know)

As explained in *Chapter 8*, a school must report its completion or graduation rates (and, if required, the transfer-out rate) to the Department through the IPEDS Web site. A school must make its annual rates available no later than July 1st each year.

In the case of a request from a prospective student, the information must be made available prior to the student's enrolling or entering into any financial obligation with the school.

Retention, placement & post-graduate study

The school must also provide information on

- Its retention rate as reported to the Integrated Postsecondary Education Data System (IPEDS). In the case of a request from a prospective student, the information must be made available prior to the student's enrolling or entering into any financial obligation with the institution.
- The placement of, and types of employment obtained by, graduates of the school's degree or certificate programs. Placement rate information may be gathered from state data systems, alumni or student satisfaction surveys, the school's placement rate for any program, if it calculates such a rate, or other relevant sources. If the school calculates a placement rate, it must disclose that rate.
- For any 4-year program at the school, the types of graduate and professional education in which its graduates enroll. This information may be gathered from state data systems, alumni or student satisfaction surveys, or other relevant sources.

In the case of placement information, and the types of graduate and professional education, the school must identify the source of the information, as well as any time frames and methodology associated with it.

Retention Rates

§ 668.41 and § 668.45

DISSEMINATING CAMPUS CRIME & SAFETY INFORMATION

As described in *Chapter 8*, a school must submit an annual fire safety report (if it maintains on-campus student housing) and an annual security report to the Department.

The contents of these reports must also be publicly disseminated by the school. This distribution must be conducted through appropriate publications and mailings, including—

- direct mailing to each individual through the U.S. Postal Service, campus mail, or electronic mail;
- publications provided directly to each individual; or
- posting on an Internet or Intranet Web site (see conditions for Web distribution at the beginning of this chapter).

A school must publish and distribute these reports to all enrolled students and current employees by October 1 of each year. The two reports can be published together or separately. If published together, the title of the document must clearly state that it contains both the Annual Security Report and the Annual Fire Safety Report. If published separately, each report must contain information on how to directly access the other report.

These reporting requirements are described in more detail in *Chapter 8*.

Clery/Campus Security Act

In 1990, Congress enacted the *Crime Awareness and Campus Security Act* (Title II of Public Law 101-542), which amended the Higher Education Act of 1965. The act was amended in 1992, 1998, 2000, and 2008. The 1998 amendments renamed the law the *Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act*.

HEA Sec. 485(f)
20 U.S.C. 1092(f)
34 CFR 668.46

Crime & fire data on the Web

The Department posts the campus crime statistics and fire safety statistics for participating schools on the Web at:

<http://ope.ed.gov/security/>

Crime statistics are also posted on the Department's College Navigator site: <http://nces.ed.gov/collegenavigator/>

Sample statement of availability

Schools may use the following sample notice from the *Handbook for Campus Safety and Security Reporting* to inform students and employees of the availability of its Combined Annual Security Report and Annual Fire Safety Report:

CNO University is committed to assisting all members of the CNO community in providing for their own safety and security. The annual security and fire safety compliance document is available on the UPD website at http://_____.edu

If you would like to receive the combined Annual Security and Fire Safety Report that contains this information, you can stop by the University Police Department at 2033 Canal Street, NW, Mercer Building, Washington, DC, 20052 or you can request that a copy be mailed to you by calling (XXX) XXX-XXXX.

The website and booklet contain information regarding campus security and personal safety including topics such as: crime prevention, fire safety, university police law enforcement authority, crime reporting policies, disciplinary procedures, and other matters of importance related to security and safety on campus. They also contain information about crime statistics for the three previous calendar years concerning reported crimes that occurred on campus; in certain off-campus buildings or property owned or controlled by CNO; and on public property within, or immediately adjacent to and accessible from the campus.

This information is required by law and is provided by The CNO University Police Department.

Equity in Athletics Disclosure Act (EADA)

Equity in Athletics Disclosure Act (EADA) of 1994

Section 485(e) and (g) of the Higher Education Act of 1965

20 U.S.C. 1092

34 CFR 668.41(g)

34 CFR 668.47

EADA data on the Web

The Department posts the EADA reports for participating schools on the Web at: <http://ope.ed.gov/athletics/>

Waiver of completion/graduation data calculation

A school does not have to calculate and make available its completion or graduation rate (and, if applicable, transfer-out rate) if it is a member of an athletic association or conference that has voluntarily published completion or graduation rate data, or has agreed to publish data and ED has granted a waiver of the requirements to provide these rates to coaches and guidance counselors.

To receive a waiver, your school or its athletic association or conference must submit a written application to ED that explains why it believes the data the athletic association or conference publishes are accurate and substantially comparable to the information required by this section.

Even if the waiver is granted, your school must comply with the requirements of §668.41(d) (3) [upon request, providing its retention rate to a prospective student] and (f) [providing retention rates and completion or graduation rates for student-athletes].

34 CFR 668.45(e)(1)

Exception to providing completion/ graduation rates for student athletes

A school does not have to provide a report on completion or graduation rates to the prospective student-athlete and the athlete's parents, high school coach, and guidance counselor, if—

- (A) The institution is a member of a national collegiate athletic association,
- (B) The association compiles data on behalf of its member institutions, which ED determines are substantially comparable to those required by §668.48(a), and
- (C) The association distributes the compilation to all secondary schools in the United States.

34 CFR 668.41(f)

EQUITY IN ATHLETICS (EADA) REPORT & COMPLETION/GRADUATION RATES FOR ATHLETES

Report on athletic program participation rates & financial support

The Equity in Athletics Disclosure Act (EADA) requires a school that has an intercollegiate athletic program to make prospective students aware of its commitment to providing equitable athletic opportunities for its men and women students. The required contents of this report are described as a part of the reporting requirements in *Chapter 8*.

A school must publish its EADA report by October 15 and make it available upon request to students, prospective students, and the public in easily accessible places. For example, a school may make copies of the report physically available in intercollegiate athletic offices, admissions offices, or libraries, or by providing a copy to every student in his or her electronic mailbox.

A school must provide the report promptly to anyone who requests the information. For example, a school may not refuse to provide a copy of the report to the news media, and the school may not require an individual requesting the information to come to the school to view the report. A school may not charge a fee for the information.

Providing completion & graduation rates for student-athletes

When a school offers a prospective student-athlete athletically related student aid, it must provide the report on completion or graduation rates for student-athletes to the prospective student and the student's parents, high school coach, and guidance counselor (see the sidebar exception).

TEXTBOOK INFORMATION 

To the maximum extent practicable, a school must post verified textbook pricing information for both required and recommended materials for each class on the schedule of classes that the school has posted online.

This pricing information must include the International Standard Book Number (ISBN) and retail price of the materials charged by the school or a bookstore on the campus or otherwise associated with the school. If the ISBN is not available, the pricing information must include the publisher and copyright date, as well as the title and author. If the school determines that disclosure of this pricing information is not practicable, it may substitute the designation “To Be Determined (TBD)” in lieu of the required pricing information.

If applicable, the school must include on its written course schedule a reference to the textbook information available on its Internet schedule and the Internet address for that schedule.

Schools are encouraged to provide information on renting textbooks, purchasing used textbooks, textbook buy-back programs, and alternative content delivery programs.

A school must provide the following information to its bookstore, if the college bookstore requests it:

- the school’s course schedule for the subsequent academic period; and
- for each course or class offered, the information it must include on its Internet course schedule for required and recommended textbooks and supplemental material, the number of students enrolled, and the maximum student enrollment.

Textbook information

The textbook information requirement was added by the Higher Education Opportunity Act of 2008, and took effect on July 1, 2010. The statutory requirement was described in GEN-08-12, December 2008. HEA section 133

Further guidance was given in DCL GEN-10-09

June 8, 2010 Also note that the law requires textbook publishers to provide information to faculty about pricing, copyright dates of previous editions, content revisions, alternate formats, etc.

Loan counseling in regulations

DL: 34 CFR 685.304

Perkins: 34 CFR 674.16(a)

DL Online Counseling

Students can take entrance and exit counseling online—

Entrance counseling
StudentLoans.gov

Exit Counseling
NSLDS.gov

Your school can sign up to receive regular reports with the names of students who have completed online counseling.

If your school documents that the student completed ED's online counseling session, it has satisfied its responsibilities for electronic counseling.

Student PLUS borrowers

Counseling requirements for graduate/professional PLUS borrowers were published November 1, 2007.
34 CFR 685.304

Direct Loan counseling materials

Direct Loan schools can order counseling materials, such as the Direct Loan Entrance Counseling Guide and the Direct Loan Exit Counseling Guide from the FSA PUBS Web site at
www.fsapubs.org

Alternative entrance counseling approaches

The Direct Loan regulations describe how a school may adopt alternative approaches as part of its quality assurance plan—see 34 CFR 685.304(a)(8).

LOAN COUNSELING

Entrance counseling

Before making the first disbursement of a loan to a Direct Subsidized or Unsubsidized Loan borrower, a school must ensure that the student has received entrance counseling or document that the student has received a prior Direct Subsidized, Direct Unsubsidized, Federal Stafford, or Federal SLS Loan. Similarly, a school must ensure that a graduate or professional student who is borrowing a Direct PLUS Loan has received entrance counseling, unless the student has received a prior Direct PLUS Loan or Federal PLUS Loan. There are similar counseling and disclosure requirements for Perkins loans (see *Volume 6*). (Note that loan counseling is not required for parent PLUS borrowers.)

Direct Loan counseling on the Web

The Direct Loan Program offers both entrance and exit counseling on the Web (see sidebar). Your school may also elect to provide entrance counseling through an in-person session, or using a separate written form provided to the student that the student signs and returns to the school.

If your staff are conducting in-person counseling sessions, charts, handouts, audiovisual materials, and question-and-answer sessions can help convey the information in a more dynamic manner. We also recommend the use of written tests or interactive programs to ensure that the student understands the terms and conditions of his or her loans. Moreover, the regulations require (for any form of counseling) that someone with expertise in the FSA programs be available shortly after the counseling to answer borrowers' questions about those programs.

Regardless of the counseling methods your school uses—

- It must ensure that an individual with expertise in the FSA programs is reasonably available shortly after the counseling to answer the student's questions.
- It must document that the student received and understood entrance and exit counseling.

Providing borrower information at separation

The personal and contact information collected at the time of exit counseling must be provided to the student's loan servicer within 60 days. A student authorizes his or her school to release information to lenders as part of the promissory note the student signs as part of the loan application process. No further permission is needed.

Exit counseling follow up

If the student borrower drops out without notifying your school, you must confirm that the student has completed online counseling, or mail exit counseling material to the borrower at his or her last known address. It is also acceptable to email the information to the borrower at his or her home

(not school) email address, if you have that address. Note that you may send the print or PDF version of the *Exit Counseling Guide for Federal Student Loan Borrowers* to satisfy the exit counseling requirement. The material must be mailed or emailed within 30 days of your learning that a borrower has withdrawn or failed to participate in an exit counseling session.

When mailing exit materials to a student who has left school, you're not required to use certified mail with a return receipt requested, but you must document in the student's file that the materials were sent. If the student fails to provide the updated contact information, you are not required to take any further action.

TEACH exit counseling

Since TEACH Grants may be converted to loans if a student cannot complete the service requirement, all recipients receive entrance counseling and subsequent counseling on the TEACH website before receiving his/her TEACH Grant.

In addition, all TEACH Grant recipients must receive exit counseling. You will receive reports from NSLDS on all students who have completed TEACH exit counseling. If the student doesn't complete the exit counseling session on the TEACH website, you must ensure that the counseling is provided either in person, through interactive electronic means, or by mailing written counseling materials (such as the PDF version of the exit counseling program on the TEACH website) to the grant recipient's last known address. In the case of unannounced withdrawals, you must provide this counseling within 30 days of learning that a grant recipient has withdrawn from school (or from a TEACH Grant-eligible program).

Counseling for correspondence and study-abroad students

If the student has enrolled in a study-abroad program (approved by a U.S. school for credit) or a correspondence or distance learning program, and has not previously received an FFEL or Direct Loan at that school, the school must document that the student has completed online entrance counseling that meets FSA requirements, or provide entrance counseling information by mail before releasing loan proceeds.

In the case of exit counseling for correspondence programs or study abroad programs, the school may mail or email the borrower written counseling materials within 30 days after the borrower completes the program, with a request that the borrower provide the contact and personal information that would ordinarily have been collected through the counseling process.

Providing borrower information

A Direct Loan School should mail updated borrower information to the Direct Loan servicer to whom the loan has been assigned.

TEACH Grant Counseling

- *Initial and subsequent counseling* is delivered through the TEACH website before the student receives his/her grant.
- It is the school's responsibility to see that TEACH recipients receive *exit counseling* when the student is no longer enrolled in the program.

Providing additional information

Your school can take additional steps to counsel its students in developing a budget, estimating their need for loans, and planning for repayment. You can reinforce these messages through continuing contacts with your student borrowers. You have an opportunity at each disbursement to remind students about the importance of academic progress, planning for future employment, and staying in touch with the holder of the loan.

Additional ideas for loan counseling are given in the "Sample Default Management and Prevention Plan."

* Financial literacy—schools should provide borrowers with information concerning the income potential of occupations relevant to their course of study, counseling at various stages of enrollment, interactive tools to manage debt, repayment options, and school contact information. Schools can offer this information through a variety of media such as counseling, classes, publications, e-tutorials, electronic newsletters to email accounts, and adding the information to award letters.

* At-Risk Students—schools should identify and provide special counseling for "at-risk" students (such as students who withdraw prematurely from their educational programs, borrowers who do not meet standards of satisfactory academic progress, or both). The most recent sample default plan was issued as an attachment to GEN-05-14.

See attachment to GEN-05-14, or go to collection of "Default Rate Materials" on the IFAP Web site.

Information required for Direct Loan Entrance Counseling

34 CFR 685.304(a)(6)

Entrance counseling for Direct Subsidized Loan and Direct Unsubsidized Loan borrowers must—

- (i) Explain the use of a Master Promissory Note (MPN);
- (ii) Emphasize to the borrower the seriousness and importance of the repayment obligation the student borrower is assuming;
- (iii) Describe the likely consequences of default, including adverse credit reports, delinquent debt collection procedures under Federal law, and litigation;
- (iv) Emphasize that the student borrower is obligated to repay the full amount of the loan even if the student borrower does not complete the program, does not complete the program within the regular time for program completion, is unable to obtain employment upon completion, or is otherwise dissatisfied with or does not receive the educational or other services that the student borrower purchased from the school;
- (v) Inform the student borrower of sample monthly repayment amounts based on—
 - (A) A range of student levels of indebtedness of Direct Subsidized Loan and Direct Unsubsidized Loan borrowers, or student borrowers with Direct Subsidized, Direct Unsubsidized, and Direct PLUS Loans depending on the types of loans the borrower has obtained; or
 - (B) The average indebtedness of other borrowers in the same program at the same school as the borrower;
- (vi) To the extent practicable, explain the effect of accepting the loan to be disbursed on the eligibility of the borrower for other forms of student financial assistance;
- (vii) Provide information on how interest accrues and is capitalized during periods when the interest is not paid by either the borrower or the Secretary;
- (viii) Inform the borrower of the option to pay the interest on a Direct Unsubsidized Loan while the borrower is in school;
- (ix) Explain the definition of half-time enrollment at the school, during regular terms and summer school, if applicable, and the consequences of not maintaining half-time enrollment;
- (x) Explain the importance of contacting the appropriate offices at the school if the borrower withdraws prior to completing the borrower's program of study so that the school can provide exit counseling, including information regarding the borrower's repayment options and loan consolidation;

- (xi) Provide information on the National Student Loan Data System and how the borrower can access the borrower's records; and
- (xii) Provide the name of and contact information for the individual the borrower may contact if the borrower has any questions about the borrower's rights and responsibilities or the terms and conditions of the loan.

34 CFR 685.304(a)(7)

Entrance counseling for graduate or professional student Direct PLUS Loan borrowers must—

- (i) Inform the student borrower of sample monthly repayment amounts based on—
 - (A) A range of student levels or indebtedness of graduate or professional student PLUS loan borrowers, or student borrowers with Direct PLUS Loans and Direct Subsidized Loans or Direct Unsubsidized Loans, depending on the types of loans the borrower has obtained; or
 - (B) The average indebtedness of other borrowers in the same program at the same school;
- (ii) Inform the borrower of the option to pay interest on a PLUS Loan while the borrower is in school;
- (iii) For a graduate or professional student PLUS Loan borrower who has received a prior FFEL Stafford, or Direct Subsidized or Unsubsidized Loan, provide the information specified in §685.301(a)(3)(i)(A) through §685.301(a)(3)(i)(C);* and
- (iv) For a graduate or professional student PLUS Loan borrower who has not received a prior FFEL Stafford, or Direct Subsidized or Direct Unsubsidized Loan, provide the information specified in paragraph (a)(6)(i) through paragraph (a)(6)(xii) of this section. [See the entrance counseling requirements i-xii beginning in the first column of this page]

* §685.301(a)(3)(i) requires that the counseling provide the borrower with a comparison of—

- (A) The maximum interest rate for a Direct Subsidized Loan and a Direct Unsubsidized Loan and the maximum interest rate for a Direct PLUS Loan;
- (B) Periods when interest accrues on a Direct Subsidized Loan and a Direct Unsubsidized Loan, and periods when interest accrues on a Direct PLUS Loan; and
- (C) The point at which a Direct Subsidized Loan and a Direct Unsubsidized Loan enters repayment, and the point at which a Direct PLUS Loan enters repayment....

Exit counseling information for borrowers

34 CFR 685.304(b)(4)

Exit counseling must—

- (i) Inform the student borrower of the average anticipated monthly repayment amount based on the student borrower's indebtedness or on the average indebtedness of student borrowers who have obtained Direct Subsidized Loans and Direct Unsubsidized Loans, student borrowers who have obtained only Direct PLUS Loans, or student borrowers who have obtained Direct Subsidized, Direct Unsubsidized, and Direct PLUS Loans, depending on the types of loans the student borrower has obtained, for attendance at the same school or in the same program of study at the same school;
- (ii) Review for the student borrower available repayment plan options including the standard repayment, extended repayment, graduated repayment, income contingent repayment plans, and income-based repayment plans, including a description of the different features of each plan and sample information showing the average anticipated monthly payments, and the difference in interest paid and total payments under each plan;
- (iii) Explain to the borrower the options to prepay each loan, to pay each loan on a shorter schedule, and to change repayment plans;
- (iv) Provide information on the effects of loan consolidation including, at a minimum—
 - (A) The effects of consolidation on total interest to be paid, fees to be paid, and length of repayment;
 - (B) The effects of consolidation on a borrower's underlying loan benefits, including grace periods, loan forgiveness, cancellation, and deferment opportunities;
 - (C) The options of the borrower to prepay the loan and to change repayment plans; and
 - (D) That borrower benefit programs may vary among different lenders;
- (v) Include debt-management strategies that are designed to facilitate repayment;
- (vi) Explain to the student borrower how to contact the party servicing the student borrower's Direct Loans;
- (vii) Meet the requirements described in paragraphs (a)(6)(i), (a)(6)(ii), and (a)(6)(iv) of this section [see entrance counseling requirements (i), (ii), and (iv) in the first column of the previous page];
- (viii) Describe the likely consequences of default, including adverse credit reports, delinquent debt collection procedures under Federal law, and litigation;
- (ix) Provide—
 - (A) A general description of the terms and conditions under which a borrower may obtain full or partial forgiveness or discharge of principal and interest, defer repayment of principal or interest, or be granted forbearance on a title IV loan; and
 - (B) A copy, either in print or by electronic means, of the information the Secretary makes available pursuant to section 485(d) of the HEA;*
- (x) Review for the student borrower information on the availability of the Department's Student Loan Ombudsman's office;
- (xi) Inform the student borrower of the availability of title IV loan information in the National Student Loan Data System (NSLDS) and how NSLDS can be used to obtain title IV loan status information;
- (xii) A general description of the types of tax benefits that may be available to borrowers; and
- (xiii) Require the student borrower to provide current information concerning name, address, social security number, references, and driver's license number and State of issuance, as well as the student borrower's expected permanent address, the address of the student borrower's next of kin, and the name and address of the student borrower's expected employer (if known).

* Section 485 requires the Secretary (i.e., the Department) to provide "descriptions of Federal student assistance programs including the rights and responsibilities of student and institutional participants," including "information to enable students and prospective students to assess the debt burden and monthly and total repayment obligations" for their loans.

Section 485(d) also mentions information—

- to enable borrowers to assess the practical consequences of loan consolidation, including differences in deferment eligibility, interest rates, monthly payments, and finance charges, and samples of loan consolidation profiles.
- concerning the specific terms and conditions under which students may obtain partial or total cancellation or defer repayment of loans for service.
- on the maximum level of compensation and allowances that a student borrower may receive from a tax-exempt organization to qualify for a deferment, and shall explicitly state that students may qualify for such partial cancellations or deferments when they serve as a paid employee of a tax-exempt organization.
- on State and other prepaid tuition programs and savings programs and disseminate such information to States, eligible institutions, students, and parents in departmental publications.

Drug and alcohol prevention cites

Drug-Free Schools and Communities Act
(Public Law 101-226)
Drug-Free Workplace Act of 1988 (Public Law
101-690)
34 CFR 84 Government-Wide Requirements
for Drug-Free Workplace
34 Part 86 Drug and Alcohol Abuse
Prevention
34 CFR 668.14(c)

Notice of penalties

A school must provide to every student,
upon enrollment, a separate, clear, and
conspicuous written notice with information
on the penalties associated with drug-related
offenses (see *Volume 1* of this Handbook for a
description of the penalties).
Higher Education Act of 2008
HEA section 485(k)

DRUG AND ALCOHOL ABUSE PREVENTION INFORMATION

A school that participates in the FSA programs must provide information to its students, faculty, and employees to prevent drug and alcohol abuse. (A school is also required to have a drug and alcohol prevention program, as discussed in *Chapter 8* of this Volume.)

In addition, a school that participates in the Campus-Based programs must have a drug-free awareness program for its employees that includes a notice to its employees of unlawful activities and the actions the school will take against an employee who violates these prohibitions.

Information to be included in drug prevention materials for students

A school must provide the following in its materials:

- information on preventing drug and alcohol abuse;
- standards of conduct that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of drugs and alcohol by students and employees on the school's property, or as part of the school's activities;
- a description of the sanctions under local, state, and federal law for unlawful possession, use, or distribution of illicit drugs and alcohol;
- a description of any drug and alcohol counseling, treatment, or rehabilitation programs available to students and employees;
- a description of the health risks associated with the use of illicit drugs and alcohol; and
- a clear statement that the school will impose sanctions on students and employees for violations of the standards of conduct (consistent with local, state, and federal law) and a description of these sanctions, up to and including expulsion, termination of employment, and referral for prosecution.

Distribution of materials to all students and employees

The school may include this information in publications such as student or employee handbooks, provided that these publications are distributed to each student and employee. Merely making drug prevention materials available to those who wish to take them is not sufficient. The school must use a method that will reach every student and employee, such as the method used to distribute grade reports or paychecks.

The school must distribute these materials annually. If new students enroll or new employees are hired after the initial distribution for the year, the school must make sure that they also receive the materials.

MISREPRESENTATION

Under the General Provisions regulations the Department may fine, limit, suspend, or terminate the participation of any school that substantially misrepresents the nature of its educational program, its financial charges, or the employability of its graduates.

Definition of misrepresentation

Misrepresentation is any false, erroneous, or misleading statement made to a student or prospective student, to the family of an enrolled or prospective student, or to the Department. This includes disseminating testimonials and endorsements given under duress.

Substantial misrepresentation is any misrepresentation on which the person to whom it was made could reasonably be expected to rely, or has reasonably relied, to that person's detriment.

Misrepresentation of the educational program includes, among other things, false or misleading statements about the school's accreditation or the school's size, location, facilities, or equipment. Misrepresentation of financial charges includes, among other things, false or misleading statements about scholarships provided for the purpose of paying school charges. To be considered a scholarship, a grant must actually be used to reduce tuition charges made known to the student before the scholarship was offered to the student. (The tuition charges must be charges that are applied to all students whether or not they are receiving a scholarship.) It is also considered misrepresentation if the school gives false or misleading information as to whether a particular charge is a customary charge for that course at the school.

Misrepresentation includes making any false or misleading statements about the employability of the school's graduates.

The regulatory provisions concerning misrepresentation are listed in the chart on the following page.

Misrepresentation cites

34 CFR Subpart F
 34 CFR 668.71
 Misrepresenting educational program cite
 34 CFR 668.72
 Misrepresenting financial charges cite
 34 CFR 668.73
 Employability of graduates cite
 34 CFR 668.74

Prospective student

Any individual who has contacted an eligible institution for the purpose of requesting information about enrolling at the institution or who has been contacted directly by the institution or indirectly through general advertising about enrolling at the institution.

Misrepresentation

Nature of educational program

Misrepresentation by a school of the nature of its educational program includes, but is not limited to, false, erroneous, or misleading statements concerning:

- the particular types, specific sources, nature, and extent of its accreditation;
- whether a student may transfer course credits earned at the school to any other school;
- whether successful completion of a course of instruction qualifies a student for acceptance into a labor union or similar organization or receipt of a local, state, or federal license or a nongovernment certification required as a precondition for employment or to perform certain functions;
- whether its courses are recommended by vocational counselors, high schools, or employment agencies, or by governmental officials for government employment;
- its size, location, facilities, or equipment;
- the availability, frequency, and appropriateness of its courses and programs to the employment objectives that it states its programs are designed to meet;
- the nature, age, and availability of its training devices or equipment and their appropriateness to the employment objectives that it states its programs and courses are designed to meet;
- the number, availability, and qualifications, including the training and experience, of its faculty and other personnel;
- the availability of part-time employment or other forms of financial assistance;
- the nature and availability of any tutorial or specialized instruction, guidance and counseling, or other supplementary assistance it will provide its students before, during, or after the completion of a course;
- the nature and extent of any prerequisites established for enrollment in any course; or
- any matters required to be disclosed to prospective students under 34 CFR 668.43 (institutional information) and 34 CFR 668.46 (campus security information).

Nature of financial charges

Misrepresentation by a school of the nature of its financial charges includes, but is not limited to, false, erroneous, or misleading statements concerning

- offers of scholarships to pay all or part of a course charge, unless a scholarship is actually used to reduce tuition charges that are applied to all students whether or not receiving a scholarship and are made known to the student in advance; or
- whether a particular charge is the customary charge at the school for a course.

Employability of graduates

Misrepresentation by a school regarding the employability of its graduates includes, but is not limited to, false, erroneous, or misleading statements

- that the school is connected with any organization or is an employment agency or other agency providing authorized training leading directly to employment;
- that the school maintains a placement service for graduates or will otherwise secure or assist its graduates to obtain employment, unless it provides the student with a clear and accurate description of the extent and nature of this service or assistance; or
- concerning government job market statistics in relation to the potential placement of its graduates.

REQUIRED INFORMATION ABOUT PRIVATE EDUCATION LOANS



Disclosures required for private education loans

A school or affiliated organization that provides information regarding a private education loan from a lender to a prospective borrower must provide private education loan disclosures to the prospective borrower, regardless of whether the school or affiliate participates in a preferred lender arrangement.

The private education loan disclosures must—

- Provide the prospective borrower with the information the Board of Governors of the Federal Reserve System requires to be disclosed under section 128(e)(1) of the Truth in Lending Act (15 U.S.C. 1638(e)(1)) for such loan;
- Inform the prospective borrower that he or she may qualify for FSA loans or other assistance from the FSA programs, and that the terms and conditions of an FSA loan may be more favorable than the provisions of private education loans.

The school or affiliate must ensure that information regarding private education loans is presented in such a manner as to be distinct from information regarding FSA loans.

The school must also provide the information required to complete the form, to the extent the school possesses such information, including—

- The applicant's cost of attendance (see *Volume 3, Chapter 2*);
- The applicant's estimated financial assistance (including, for students who have completed the FAFSA, the amounts of financial assistance used to replace the EFC, as determined by the school in accordance with the rules in *Volume 3, Chapter 9*); and
- The difference between the applicant's cost of attendance and estimated financial assistance, as applicable.

The school will, upon the request of the applicant, discuss with the applicant the availability of federal, state, and institutional student financial aid.

Private education loans

34 CFR 668.14(b)(28) and (29)
Requirements for preferred lender list:
34 CFR 682.212(h)
34 CFR 601.10
Self-certification form
34 CFR 601.11(d)
Information required to complete the self-certification form
34 CFR 668.14(b)(29)

Private education loan:

As the term is defined in 12 CFR 226.46(b) (5), a loan provided by a private educational lender that is not a title IV loan and that is issued expressly for postsecondary education expenses to a borrower, regardless of whether the loan is provided through the educational institution that the student attends or directly to the borrower from the private educational lender. A private education loan does not include—

- (1) An extension of credit under an open end consumer credit plan, a reverse mortgage transaction, a residential mortgage transaction, or any other loan that is secured by real property or a dwelling; or
 - (2) An extension of credit in which the educational institution is the lender if—
 - (i) The term of the extension of credit is 90 days or less; or
 - (ii) An interest rate will not be applied to the credit balance and the term of the extension of credit is one year or less, even if the credit is payable in more than four installments.
- (Authority:20 U.S.C. 1019)

Self-certification form

The law also directs the Department to develop a self-certification form in consultation with the Federal Reserve System. When this form is released, schools will be required to provide it in written or electronic form if an enrolled or admitted student applicant requests it.

Organizations affiliated with a school

The regulations define an *institution-affiliated organization* as:

(1) Any organization that—

(i) Is directly or indirectly related to a covered institution; and

(ii) Is engaged in the practice of recommending, promoting, or endorsing education loans for students attending such covered institution or the families of such students.

(2) An institution-affiliated organization—

(i) May include an alumni organization, athletic organization, foundation, or social, academic, or professional organization, of a covered institution; and

(ii) Does not include any lender with respect to any education loan secured, made, or extended by such lender.

34 CFR 601.2

Use of institution & lender name

A school or affiliated organization that participates in a preferred lender arrangement regarding private education loans must not agree to the lender's use of its name, emblem, mascot, or logo in the marketing of private education loans to students attending the school in any way that implies that the loan is offered or made by the school or its affiliate instead of the lender. This prohibition also applies to other words, pictures, or symbols readily identified with the school or affiliate.

The school or its affiliate must also ensure that the name of the lender is displayed in all information and documentation related to the private education loans described in this section.

Preferred lender list

For any year in which the school has a preferred lender arrangement, it will at least annually compile, maintain, and make available for students attending the school, and the families of such students, a list in print or other medium, of the specific lenders for private education loans that the school recommends, promotes, or endorses in accordance with such preferred lender arrangement.

The school's preferred lender list must fully disclose—

- Not less than the information required to be disclosed under section 153(a)(2)(A) of the HEA,
- Why it participates in a preferred lender arrangement with each lender on the preferred lender list, particularly with respect to terms and conditions or provisions favorable to the borrower, and
- That the students attending the school (or their families), do not have to borrow from a lender on the preferred lender list.

The preferred lender list must also prominently disclose the method and criteria used by the school in selecting lenders, to ensure that such lenders are selected on the basis of the best interests of the borrowers, including—

- Payment of origination or other fees on behalf of the borrower,
- Highly competitive interest rates, or other terms and conditions or provisions of FSA loans or private education loans,
- High-quality servicing for such loans, or
- Additional benefits beyond the standard terms and conditions or provisions for such loans.

The preferred lender list must indicate, for each listed lender, whether the lender is or is not an affiliate of each other lender on the preferred lender list. If a lender is an affiliate of another lender on the preferred lender list, the listing must describe the details of this affiliation.

Preferred lender disclosures

A school (or school-affiliated organization) that participates in a preferred lender arrangement must disclose

- The maximum amount of FSA grant and loan aid available to students, in an easy to understand format,
- the information that the Board of Governors of the Federal Reserve System requires to be disclosed under section 128(e)(11) of the Truth in Lending Act (15 U.S.C. 1638(e)(11)), for each type of private education loan offered through a preferred lender arrangement to the school's students and their families, and
- when available, the information identified on a model disclosure form (to be developed by the Department), for each type of education loan that is offered through a preferred lender arrangement to the school's students or their families

The school must disseminate this information on its Web site and in all informational materials such as publications, mailings, or electronic messages or materials, that

- are distributed to prospective or current students and their families, and
- describe financial aid that is available at an institution of higher education.

Preferred lender arrangement

As defined in 34 CFR 601.2(b):

- (1) An arrangement or agreement between a lender and a covered institution or an institution-affiliated organization of such covered institution—
 - (i) Under which a lender provides or otherwise issues education loans to the students attending such covered institution or the families of such students; and
 - (ii) That relates to such covered institution or such institution-affiliated organization recommending, promoting, or endorsing the education loan products of the lender.
- (2) A preferred lender arrangement does not include—
 - (i) Arrangements or agreements with respect to loans made under the William D. Ford Federal Direct Loan Program; or
 - (ii) Arrangements or agreements with respect to loans that originate through the PLUS Loan auction pilot program under section 499(b) of the HEA.
- (3) For purpose of this definition, an arrangement or agreement does not exist if the private education loan provided or issued to a student attending a covered institution is made by the covered institution or by an institution-affiliated organization of the covered institution, and the private education loan is—
 - (i) Funded by the covered institution's or institution-affiliated organization's own funds;
 - (ii) Funded by donor-directed contributions;
 - (iii) Made under title VII or title VIII of the Public Service Health Act; or
 - (iv) Made under a State-funded financial aid program, if the terms and conditions of the loan include a loan forgiveness option for public service.

Preferred lender lists

The school is required to

- Exercise a duty of care and a duty of loyalty to compile the preferred lender list, without prejudice and for the sole benefit of the school's students and their families
- Not deny or otherwise impede the borrower's choice of a lender for those borrowers who choose a lender that is not included on the preferred lender list.

Help prevent financial aid/scholarship fraud

Every year, millions of high school graduates seek creative ways to finance the markedly rising costs of a college education. In the process, they sometimes fall prey to scholarship and financial aid scams. On November 5, 2000, Congress passed the College Scholarship Fraud Prevention Act of 2000 (CSFPA). The CSFPA enhances protection against fraud in student financial assistance by establishing stricter sentencing guidelines for criminal financial aid fraud. It also charged the Department, working in conjunction with the Federal Trade Commission (FTC), with implementing national awareness activities, including a scholarship fraud awareness site on the ED Web site.

You can help prevent financial aid/scholarship fraud by, in your consumer information, alerting students to the existence of financial aid fraud, informing students and their parents of telltale pitch lines used by fraud perpetrators, and by providing appropriate contact information.

According to the FTC, perpetrators of financial aid fraud often use these telltale lines

- The scholarship is guaranteed or your money back.
- You can't get this information anywhere else.
- I just need your credit card or bank account number to hold this scholarship.
- We'll do all the work.
- The scholarship will cost some money.
- You've been selected by a 'national foundation' to receive a scholarship' or 'You're a finalist,' in a contest you never entered.

To file a complaint, or for free information, students or parents should call

1-877-FTC-HELP (1-877-382-4357)

or visit: <http://www.ftc.gov/scholarshipscams>