



# DJA March 2010 Newsletter

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## ***Are Your Private Education Loans in Compliance?***

The new disclosure and timing requirements were optional since September but were required starting February 14, 2010. A recent Dear Colleague Letter announced a Private Education Loan Applicant Self-Certification form approved by the Office of Management and Budget (OMB) for use by institutions and private educational lenders. The form satisfies the requirements of section 487(a)(28) of the Higher Education Act of 1965, as amended (HEA) and section 128(e)(3) of the Truth-in-Lending Act (TILA). Read the Dear Colleague Letter for more information <http://www.ifap.ed.gov/dpcletters/GEN1001.html>

## ***Origination Fee and Up-Front Interest Rebate Reductions for Direct Subsidized Loans and Direct Unsubsidized Loans***

As part of the changes to the student loan programs made by the Higher Education Reconciliation Act of 2005 (the HERA), the origination fee for Direct Subsidized Loans and Direct Unsubsidized Loans will again be reduced as explained below. The up-front interest rebate will also be reduced. In this announcement and its attachment, we provide operational guidance for schools and third party software providers on implementing these latest reductions in the origination fee and the up-front interest rebate. In summary—

- For *all* Direct Subsidized Loans and Direct Unsubsidized Loans for which the earliest disbursement date is on or after July 1, 2010, *the origination fee is changing from 1.5 percent to 1.0 percent.*
- For *all* Direct Subsidized Loans and Direct Unsubsidized Loans for which the earliest disbursement date is on or after July 1, 2010, *the up-front interest rebate is changing from 1.0 percent to 0.5 percent.*
- Beginning with implementation of the COD System for the 2010-2011 Award Year (scheduled to occur during the period March 26-27, 2010), the COD System will process awards with a 1.0 percent origination fee and a 0.5 percent interest rebate, as appropriate, based on the earliest disbursement date. The COD System will continue to accept awards with a 1.5 percent, 2.0 percent, 2.5 percent, or 3.0 percent origination fee, as appropriate, based on the earliest disbursement date. The COD system will continue to accept awards with a 1.5 percent or 1.0 percent interest rebate, as appropriate, based on the earliest disbursement date.

*Note:* The Direct PLUS Loan origination fee is not changing and will remain at 4.0 percent for Direct PLUS Loans made to both parent borrowers and graduate/professional student borrowers. In addition, the up-front interest rebate amount is not changing and will remain at 1.5 percent for all Direct PLUS Loans.

### ***American Opportunity Tax Credit***

The Department of Education advises that since the new American Opportunity Tax Credit is in the same section of the Internal Revenue Code as the Hope and Lifetime Learning Tax Credits, it is also treated as excludable income. The entire amount of the tax credit from line 49 on the 1040 or line 31 on the 1040A should be included on the FAFSA as excludable education credits. The instructions which accompany the additional financial information questions on FAFSA on the Web will be updated soon. Although it is too late to correct the instructions for the paper version of the 2010-2011 FAFSA, the American Opportunity Tax Credit should be included in question 44A with the Hope and Lifetime Learning Tax Credits.

Further details about the American Opportunity Tax Credit can be found in [IRS Publication 970: Tax Benefits for Education](#).

### ***New Rules for Year-Round Pell Effective for 2010-11***

Two new Pell regulations become effective with the 2010-11 award year. When awarding a cross-over payment period, the school must award the student from the award year with the highest award amount for the payment period. Also effective for 2010-11, to be eligible for the *second* scheduled award, at least one credit or clock hour in the payment period must be attributable to the student's next academic year.

New Regulations for Cross-Over Term: Effective with the 2010-2011 Award Year, the Pell for the payment period must be assigned to the award year in which the student receives the greater payment for the term. For the initial calculation, you may assume the other year is higher if –

- No SAR/ISIR.
- Rejected ISIR with no EFC.
- ISIR selected for verification but verification not completed.
- Student does not meet acceleration requirement.

Adjustments may later be required if information is received showing greater payment from other Award Year. You must compare again if re-calculating for any reason.

Summer 2010 Cross-Over Transition: Generally, if awarding second Scheduled Award from 2009-2010 (including summer 2010 cross-over) the new regulations do not apply. If awarding from 2010-2011 and beyond (including summer 2010 cross-over) new regulations do apply. The school must develop summer 2010 cross-over policy prior to July 1, 2010, or regulations apply to both years as of July 1, 2010.

For the most flexibility, set your Pell cross-over term policy BEFORE July 1, 2010. We will be sending a suggested Summer 2010 Cross-Over Policy to all DJA Clients in March. Watch for that!

In packaging the cross-over payment period, you may use a different Award Year for Pell than for other Title IV aid. For Pell, use EFC and COA for the Award Year from which the student

will be paid. The EFC and COA for all other Title IV programs can be from the other year, but must be the same for those programs. The amount of Pell is EFA for other aid.

New Regulations for Academic Acceleration: When awarding the Second Scheduled award for 2010-2011 and later, at least one credit or clock hour (or partial hour if school uses partial hours) in the payment period must be attributable to the student's next academic year. This rule will not be used for a few months because it does not apply to 2009-2010, and the summer 2010 awards for 2010-2011 will be the first scheduled awards (rule only applies to *second* scheduled award starting with 2010-2011).

The academic acceleration regulation requires additional calculation for transfer students. The school may use the Assumption method or the Actual Hours method. In the Assumption method, if the student received 100% of the first scheduled award at prior school(s), assume the student completed the first academic year. If the student received less than 100%, use same ratio to the receiving school's academic year as the % of the scheduled award that was received from the other school(s) and round up. For example, if your academic year is 24 credit hours and the student has received 50% of his first scheduled award at a prior school, you would assume the student has earned 12 credit hours at the prior school (50% of 24 = 12).

In the Actual Hours method, the receiving school may use actual hours earned at prior school(s). The credits do not have to transfer to new school and do not need to be related to the academic program at your school.

The academic acceleration requirement can be waived if the FAA determines that the student was unable to complete the hours of the first academic year due to circumstances beyond the student's control. This determination must be documented and made on a student-by-student basis.

### ***Next Year's Yellow Ribbon Applications***

The Department of Veterans Affairs will begin accepting Yellow Ribbon Program Agreements for the 2010-2011 academic year beginning March 15, 2010, with a deadline of May 21, 2010. The VA says it will post the 2010-2011 agreement form and instructions to the GI Bill Web site no later than the morning of March 15, 2010.

### ***FSA Coach – 2009-2010 Update***

FSA COACH, the Department's comprehensive and self-paced online courses, written at an introductory level, has been fully updated for the 2009-2010 Award Year. The courses are available on the Information for Financial Aid Professionals (IFAP) Web site at <http://www.ifap.ed.gov/ifap/fsacoach.jsp>.

- FSA COACH for U.S. Schools offers 37 lessons on federal student aid administration for schools located in the United States (U.S.), and provides more than 40 hours of instruction.

- FSA COACH for Foreign Schools offers 23 lessons (approximately 35 hours of instruction) on federal student aid administration for schools not located in the U.S. that serve U.S. students who receive Federal Family Education Loan (FFEL) Program loans.

All FSA COACH lessons can be completed individually or as a full course, allowing users to tailor the training to their specific needs. In addition, the lessons feature hyperlinks to other Federal Student Aid information and products, interactive exercises, review questions, and quizzes that help learners assess their mastery of the course material.

### ***Calendar***

DJA Webinar on Administrative Capability will be held on Wednesday, March 3, 2010 at 11:00 a.m. Central Time. Next month's topic will be Satisfactory Academic Progress and will be held on Wednesday, April 7, 2010. Deborah will also be reviewing the 10/11 FAFSA.

DJA begins processing 2010-2011 for clients on March 15, 2010.

### ***Regions IV Training***

Make plans to attend the upcoming Region VI Advisory Council of Private Career Schools annual Financial Aid Conference held on March 14<sup>th</sup> and 15<sup>th</sup>. The conference will be held at the Crowne Plaza Hotel. Additionally, the Department of Education will also be holding a training workshop following the conference from 1-5:15 p.m. DJA will be exhibiting at this meeting. Deborah John will also be holding a training sessions on Disbursing Title IV Funds.

For further information on registration for this conference, please contact the conference coordinator, Virgil D. Lange at 918-682-9429 or via email at [ybc111@sbcglobal.net](mailto:ybc111@sbcglobal.net).

### ***Region I, II, and III Private Career Colleges and Schools (PCCS) Workshop***

The annual Region I, II, and III Private Career Colleges and Schools (PCCS) Workshop is almost here. The workshop will be held at the Hilton Philadelphia in Philadelphia, PA.

The dates for the 2010 Workshop are April 19-20<sup>th</sup>. DJA will be an exhibitor at the meeting. Deborah John, president of DJA, will be conducting several sessions throughout the workshop. In addition, many USDE officials are on hand to discuss upcoming regulations for the next financial aid award year.

Be sure to mark your calendars for this event. In addition, there is a web site for this workshop at: <http://regionspccs.com/> or, contact the Region Chairman, Larry Prather, at: 316-682-1838 or by email at: [larryprather@cox.net](mailto:larryprather@cox.net) for further information.

### ***DJA Financial Aid Training Session***

We have set the date for our spring DJA Financial Aid Training Session. The session will be Monday, April 26, 2010 at the Harrah's North Kansas City Casino and Hotel located at One Riverboat Drive, Kansas City, MO.

The topics to be presented at this session are as follows:

- Review of new regulations for 2010-2011
- Review of the 2010-2011 FAFSA
- Review of 2009 Tax Returns
- Student Eligibility
- Verification
- Professional Judgment and Dependency Overrides
- Calculating Pell and Loans

The session will start at 9:00 a.m. and end at 4:00 p.m. Registration is from 8:30 a.m. to 9:00 a.m. with complimentary coffee and danish in the morning. Attendees are on their own for lunch. This session is free to DJA clients. All other interested institutions are welcome to attend. The cost is \$125 per person at the door, or \$95 per person, prepaid in advance of the seminar.

All attendees will need to register in advance by contacting Becky Lundblom at DJA at (800) 242-0977 or via email at [blundblom@gotodja.com](mailto:blundblom@gotodja.com). Hotel reservations must be made by April 5th to receive the group rate of \$99 per night (for single or double occupancy). The group code may be obtained when making your session registration with Becky Lundblom. Hotel reservations may be made by calling Harrah's at 1-800-Harrahs.