

CLIENT PROCEDURE MANUAL

2012-2013
EDITION



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Introduction

Dear Client,

I would like to take this opportunity to thank you for choosing GEMCOR Inc. to fulfill your professional Title IV servicing needs, and to welcome you to our family of clients. All of us at GEMCOR look forward to a long and productive relationship with your institution.

The administration of your federal student aid programs is a collaborative effort between our companies. Your student awards can be processed by our systems through either a paper based process or through an electronic process with the use of our TEAM software system. This manual will provide you with the necessary materials you will need to have your financial aid programs efficiently administered in a paper based environment. Electronic processing can be a more cost effective and expedient process but should be used regularly only by experienced on-campus aid administrators. For many clients, the process involves a combination of electronic and paper based systems. We will be sending you periodic emails and other correspondence which include regulatory updates, procedural changes, and general information to help you more effectively handle your on-campus responsibilities. These notifications should be shared with all individuals communicating with our office, and should be retained for future reference. The more knowledgeable you are about federal aid issues, the more efficient our services will work for your institution.

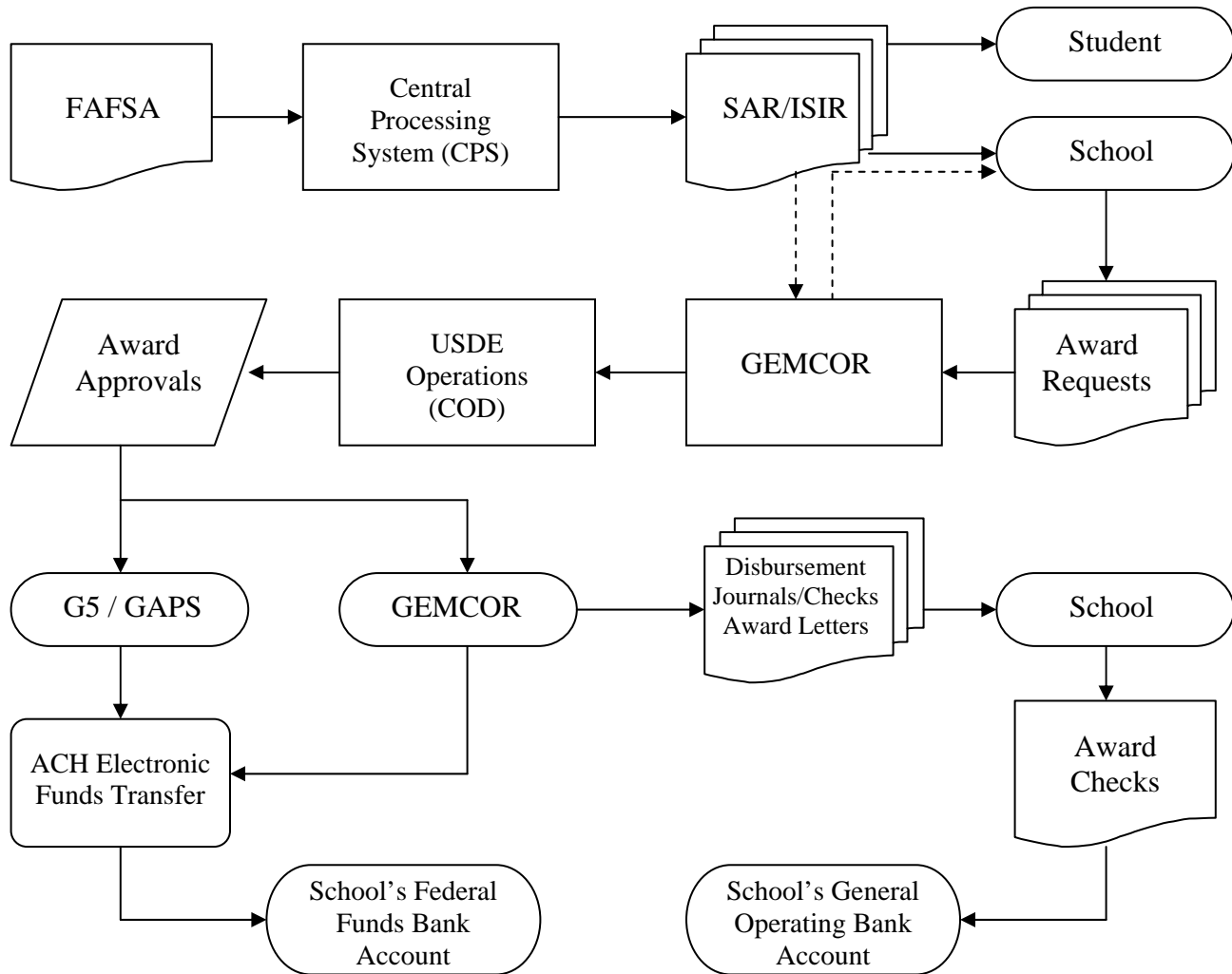
Please make copies of the forms enclosed for use on a daily basis. Updates to these forms are disseminated by our office periodically through electronic means and are available via our web site. Should you ever need replacement forms, simply give us a call and we will forward them to you, or simply download them from www.gemcorinc.com

In our continuing effort to provide the best possible service to you, we welcome any suggestions you have about our policies, procedures, or forms. We would be happy to customize some forms or to accommodate you in any way possible. As always, do not hesitate to contact us with your questions.

Best regards,

Donald R. Grybas
President
GEMCOR Inc.

Award Processing Overview



The flowchart above represents a general overview of how your school's HEA, Title IV federal student financial assistance funds are processed using GEMCOR, Inc.'s services. Although there are a number of alternate processes that can be interjected at several points in the flowchart, the basic process starts with the submission of a student's Free Application for Federal Student Aid (FAFSA) to the Department of Education's Central Processing System (CPS). This FAFSA will result in an Institutional Student Information Record (ISIR) which is the core document necessary to award any federal financial aid. After receipt of ISIRs through our Team Software System, the school may then initiate Pell, Campus Based, or Direct Loan award requests to GEMCOR. Upon receipt of award requests from client schools, GEMCOR processes the necessary electronic reports to secure approval of your student's awards from the USDE.

When GEMCOR receives USDE approval, GEMCOR will issue a disbursement for the student. You will receive daily Disbursement Journal (DJ) reports containing student disbursement information. GEMCOR will then request from the USDE the funds necessary to cover the recently issued student disbursements. When these funds are wired into your federal aid account, you can simply transfer the amount of the daily DJ from your federal aid account into your operating account and credit the student's accounts with the amounts of their disbursements. An alternative to you performing online bank transfers of federal funds is to deposit a physical check made payable to the institution that GEMCOR can produce upon request.

This flowchart is extremely basic and is not to be construed as all-inclusive. Many other functions are performed as necessary. Please consult the other chapters of this manual for detailed information.

Section 1

Electronic Application Processing

As stated earlier in this manual, the entire federal aid process begins with the submission of a student's application or FAFSA. There are several ways to process a FAFSA, but clearly the best way is electronically. There are two primary options that are available to accommodate electronic application processing.

Option I: The United States Department of Education (USDE) operates a web site specifically designed for student use regarding their financial aid processes. This site can be found at www.studentloans.gov. Although the web address identifies the site as "Student Loans" it is actually more of a home page for students to control their federal aid. From this site, students can file FAFSA applications necessary for any type of federal aid, process electronic master promissory notes (E-MPNs) necessary for federal student loans, and also apply for personal identification numbers (PINs). PINs are necessary as an electronic signature on all web based applications and are very similar to debit card PIN functions. We recommend that you advise your students to visit this site and file their FAFSAs on line. To satisfy the signature requirements of the FAFSA, the student can either print a certification page from the web site, sign it, and mail it into the USDE or, a more efficient approach is to have them satisfy the signature requirements electronically with a Personal Identification Number (PIN) certification. Once a student's FAFSA has been filed and the signature requirement has been met, an Institutional Student Information Record (ISIR) will be produced and returned to us electronically. These are transmitted to you through a daily "Receive" function in GEMCOR's TEAM Software System.

Option II: For schools who wish to retain more control over the FAFSA application process, you may provide a hard copy FAFSA to the student for their completion and signature. As an aid administrator you can then file the students' FAFSAs on-line at the USDE's Financial Aid Administrator web site www.fafsa.ed.gov/FOTWebApp/faa/faq.jsp. Our office will assist you in obtaining a Federal Student Aid (FSA) User ID to perform such application processing. The benefit of this process is total control over the timeliness and accuracy of FAFSA data entry, but more importantly, is that as an aid administrator, you certify that you have the signed FAFSA on file which satisfies the students' FAFSA signature obligations. This can be a significant time saving process if the student does not have a PIN. While this option does require more of your time and effort, the additional control over the process may be worth it to ensure student applications are submitted timely and accurately.

Regardless of which FAFSA processing option you elect to use, the USDE will issue an ISIR within 72 hours of receiving a completed FAFSA on-line. Through our TEAM Software you will receive these ISIRs electronically from our systems. You should follow the procedures outlined in this manual for paper based submissions of the file for award requests. However, in addition to being able to receive your ISIRs from us electronically through our TEAM Software on a daily basis, schools who wish to initiate award requests from us electronically can do so with the TEAM Software resulting in a virtual paper-free process. Review our Team Software System manual for detailed information.

Section 2

Federal Pell Grant Program

Processing awards under the Federal Pell Grant program generally begins with the possession by the school of a valid ISIR. Student awards are calculated by GEMCOR based on the student's cost of attendance, program length, academic year, effective family contribution (EFC), and enrollment status. Payments are scheduled in accordance with the institution's academic calendar. For clock hour or credit

hour institutions that do not use academic terms, two payments are scheduled per academic year. The first at the beginning of the program, and the second at the midpoint of the academic year, or the midpoint of the remainder of the program, whichever occurs first. For institutions that operate with specific academic terms, payments are scheduled in equal amounts for each term throughout the academic year. Term payments will need to be adjusted in the event the student's enrollment status changes during the academic year. For any programs that are longer than one academic year, the schedule of payments in subsequent years is the same as described above. Payments will be scheduled until a student has been funded for all hours or terms in the program in which the student is enrolled. Once a student has been funded for the entire program, he/she will generally not receive additional Pell assistance at that institution for continuing enrollment in the same academic program.

In some cases, a student may forfeit a Pell grant payment. This occurs most often if the student has not maintained satisfactory progress for the entire payment period, or if the student has depleted his/her Pell eligibility for the year. Pell assistance may be paid to a student only for payment periods, which at least partially occur during the award year of that ISIR. The award year is July 1st through June 30th. If a student has already received 100% of his or her Pell grant for that year, at your institution or at another institution, he/she may not receive additional Pell funds for payment periods completed during that same award year. If the payment period overlaps into a new award year, that year's ISIR may be used for payment. Students may also forfeit Pell eligibility if they exceed their lifetime Pell eligibility limits. Legislation passed by Congress in December 2011 limits a student's lifetime Pell eligibility to 6 academic years, or 600% of their Pell Grant Scheduled Awards. For schools that are not using the Team Software System for electronic award processing, you must use the procedures outlined in Section 2.1 of this manual when requesting a first payment on any year's ISIR.

If you should ever encounter a situation in which a student's Pell grant eligibility is in question, contact our technical support staff to determine remaining eligibility.

Section 2.1

First Payment Requests

When submitting a student's file for processing of his/her first payment of Pell or FSEOG funds in a particular award year, you will need to send the following information to GEMCOR: (These procedures apply unless the school submits electronic payment requests through TEAM Software)

1. Completed Formula Sheet
2. Student Aid Report (SAR) or ISIR (if applicable)
3. Complete Verification material (if applicable)
4. "C" Code Resolution Documentation (if applicable)

1. Formula Sheet

The Formula Sheet is an internal form designed by GEMCOR, which provides our office with basic information necessary to process a student's annual Pell & Campus based awards. Master copies of this form can be found in Appendix 1 to this manual. One form is to be used by clock hour or credit hour institutions that do not use academic terms. The other is for use by institutions that operate with specific academic terms. Choose the form that fits your curriculum. Most of the form is self-explanatory. Feel free to preprint constant information such as school name, ID numbers, and cost of attendance budgets before copying. Schools may also originate their awards electronically through our Team Software System.

The Program ID is a code used to identify each academic program at your institution. Program lengths and academic calendar are stored in our systems for ease and speed in processing.

If GEMCOR generates your institution's ISIRs, you are not required to resubmit the physical ISIR to GEMCOR for processing. You may simply indicate the appropriate Student ID number from the ISIR on the Formula Sheet and return only that document to GEMCOR for processing. The Formula Sheet may be faxed to GEMCOR for your convenience. It should be noted that using this approach to award processing does not result in a physical review of your ISIR file by GEMCOR. This process should be used only if the ISIR was not flagged for verification or "C" code resolution, or if the school has already deemed that verification and "C" code resolution documents are accurate.

You will find two boxes in the center of the Formula Sheet which contain important information necessary to accurately process your students' awards. The Program Information area includes constant information about your program's and your academic year's length. This information will remain constant for all students in a particular program.

The Cost of Attendance section may change for each student within a program, but should generally be based on standard budgets determined by you. Institutions should develop, and consistently use, standardized cost of attendance budgets. The budgets should reasonably reflect a student's total cost for attending school, including estimated living costs. Appendix 2 to this manual has a budget form, which you can use to document and develop your budgets.

Campus Based Aid Requests

Originally, GEMCOR used a separate application for schools to request Campus Based funds for its students. Since most requests for Campus Based funds were for FSEOG awards, and those awards are often processed at the same time as a Pell award is processed, we've elected to eliminate the *Campus Based Aid Application Form*. Rather, we're providing the school with the opportunity to request Campus Based funds directly on the Formula Sheet. To request Campus Based funds, simply complete the Campus Based Aid section indicating your requested award amount. GEMCOR will process your requests for FSEOG and/or Perkins funds with the student's Pell award.

In the event you wish to award Campus Based funds after Pell awards have already been processed, just complete a Formula Sheet for the student indicating your requested amounts. The awards will be processed when received.

Transfer Students

Occasionally, you will be requesting awards for students who have attended other post secondary institutions. These students are referred to as "transfer students". There are two relevant questions when processing awards for transfer students:

- Did the student attend another institution during the current award year?
- Are you accepting credit for training received at the other institution?

These questions are relevant because we must know about a student's financial aid history to determine if he/she is still eligible for additional funds, and we must know how much of the program he/she will be completing at your institution.

The National Student Loan Data System (NSLDS) maintains a complete history of a student's financial aid past. The student's ISIR contains this NSLDS historical information, and is sufficient to determine future eligibility **unless the student attended another institution during the current award year**. If this is the case, you must obtain updated information from the NSLDS before awarding additional funds. You should attach a current NSLDS printout to the file, or if you do not have NSLDS access, GEMCOR will obtain current NSLDS information prior to awarding the student additional funds. Also, since you may only award aid to a student for training received at your school, you must indicate the amount of the program that the student will complete at your school in the space provided. GEMCOR will process the award based on the remaining portion of the program that the student will be completing at your school.

2. SAR or ISIR (Institutional Student Information Record)

The official federal document necessary to award federal student financial assistance is the Student Aid Report (SAR), or the electronic Institutional Student Information Record (ISIR). All SARs or ISIRs must be reviewed by the student for accuracy, and any necessary corrections should be made prior to awarding Title IV aid to any recipient. You should pay special attention to the EFC area on the SAR or ISIR. In the event you see an asterisk "*", or the letter "C", next to the EFC number, additional documentation will be necessary to resolve this issue before awarding funds to the student. Sections 5 and 6 of this manual describe the required documentation if either of these two conditions exists.

GEMCOR will review SAR or ISIR files submitted to determine accuracy with verification or "C" code resolution documents. Although allowed by some regulations, GEMCOR will not process a SAR or ISIR that does not contain complete documentation. Processing incomplete files would become potential liabilities to the institution. Any incomplete file will be returned to you for corrective action. Regulations effective July 1, 1995 eliminate the requirement that a student sign his or her SAR or ISIR. However, the collection of these signed certifications is still required at some other point in the enrollment process. Please note that the failure to collect these signed certifications may result in the student's ineligibility for federal aid. For convenience, these statements are included in the student's FAFSA certifications.

One Page Processing Option

In order to expedite processing and reduce paperwork to a minimum, many payment requests may be submitted to GEMCOR by submitting only the one page Formula Sheet. Since our office receives the students' ISIRs for most of our client schools electronically from the USDE, we already have a complete computer record of your students' ISIRs on file. The *Student ID*, a number unique to each ISIR, is used to process a student's awards. By indicating the appropriate Student ID on the Formula Sheet, that one page document would then include all necessary information to process your payment requests.

This approach is best used on ISIR files that are not selected for verification, or do not contain "C" code resolution issues. These "clean" files may be processed without further review providing the school has no other conflicting information in its files for the student. Also, many schools have personnel in place, who are well versed in verification and "C" code issues. These schools may use *One-Page Processing* if they have already performed verification or "C" code resolution on files so selected.

Although *One-Page Processing* is available to any school as an option, our office will always review ISIR files containing a verification flag or "C" code, if the ISIR and supporting documentation is submitted.

3. Complete Verification Material

If a file has been selected for verification and you elect to have GEMCOR review the file for accuracy, you will need to submit complete verification material along with the ISIR. A SAR or ISIR has been selected for verification if there is an asterisk "*" next to the EFC number. This indicates that the file did not pass federal edits, and there is a possibility of erroneous data. Generally, verification is satisfied with a completed, signed Verification Worksheet and the student's base year U.S. Income Tax Return. Spousal returns and parental returns will be necessary for married or dependent students, respectively. See Section 5 for additional information on verification requirements. Verification Worksheets can be found in Appendix 3.

4. "C" Code Resolution Documentation

A "C" code occurs whenever the letter C appears next to the EFC number on the SAR or ISIR. Generally "C" codes indicate that there was a mismatch of applicant information with one of several other federal agencies. An applicant's information is cross-checked with the following federal agencies:

- *Department of Homeland Security (DHS)*
- *Social Security Administration (SSA)*
- *National Student Loan Database System (NSLDS)*
- *Selective Service*
- *Veterans Administration*
- *Drug Conviction National Database*

Applicant data, which conflicts with what the government has on file, will result in a "C" code. The narrative or comments section of a SAR, or ISIR will describe what caused the "C" code and what is necessary to resolve it. Since "C" codes are relatively rare, feel free to contact us for personal guidance when you have a file with a "C" code. Many "C" codes result from applicants whose citizenship is questioned. This would require confirmation from your local Department of Homeland Security, formerly, the Immigration and Naturalization Service (INS). See Section 6 for additional information about "C" code resolutions and DHS confirmation.

All SAR/ISIR files received by GEMCOR go through a compliance edit before any awards are processed. Files that are deemed to be inaccurate or incomplete will be rejected and returned unprocessed. Accepted files are sent to our Processing Department where awards are originated with the Department of Education. Prior to issuing payments for your students, we must receive an accepted origination and disbursement record from the Department of Education. This process is generally completed within 48 hours of receipt of your information, and ensures that the USDE has already authorized payments to your students before we issue the award check.

Section 2.2

Subsequent Payment Requests

Our systems will automatically schedule future payments to a student at the time the first payment on a SAR or ISIR is processed. The schedule shall coincide with the remaining payment periods in the institution's academic year. When students reach a subsequent payment period and the institution has determined that the students have been maintaining satisfactory progress in accordance with published standards, simply indicate the students on the Subsequent Payment Request Form. You may list multiple students on each form. Upon receipt of this form, we will process the students' next payments. GEMCOR does not automatically process future payments based on scheduled dates. You must notify us that a student has completed all requirements of the prior payment period before future payments are generated. This policy avoids unlawful prepayment to students, as well as controls maintenance of

excess federal cash in your federal student aid bank account. TEAM software users may request subsequent payments through the software's electronic process.

To expedite the processing of subsequent payments, feel free to fax the Subsequent Payment Request Form to us toll free at 1-888-9-GEMCOR.

Please note that the above procedures for requesting subsequent payments pertain to additional payments on one particular year's ISIR. If a student will be receiving awards on different years' ISIRs, you must follow the procedures outlined in Section 2.1 of this manual for the first payment on a particular SAR or ISIR. Subsequent Payment Request Forms are found in Appendix 4 of this manual.

Section 3

Campus Based Programs

Title IV of the Higher Education Act (HEA) of 1965, as amended provides for additional funding sources beyond basic Pell Grants and Stafford student loans. Three of these additional Title IV programs come under the heading "Campus Based Programs". These programs are called "campus based" largely because the school determines, on campus, who will receive these funds, and how much each student will receive. Campus Based Programs are also contributory programs in that a portion of the award is provided by the USDE and the school provides a portion itself. For this reason, and due to the limited availability of federal funds in these programs, many schools elect not to participate in the Campus Based Programs. If interested, a school may participate in any or all of the Campus based Programs.

Schools that do participate receive an annual allocation of federal funds at the beginning of each award year. Unlike Pell and Stafford Loans, funds authorized to a school for Campus Based awards are significantly limited. Authorizations may not be increased to cover all eligible students throughout an award year. Once a school has expended its initial authorization of Campus Based funds for an award year, there are no more funds to disburse until the next award year begins and a new authorization is received. Funds provided by the USDE for Campus Based awards come in three forms:

- **Federal Supplemental Educational Opportunity Grant (FSEOG)**
- **Federal Work Study (FWS)**
- **Federal Perkins Loan**

Section 3.1

FSEOG Program

The FSEOG program is the most popular of the Campus Based programs. These funds are designed to be a supplement to a student's Federal Pell Grant award. Although in some cases a school is justified in awarding FSEOG funds to a non-recipient of Pell funds, regulations require that schools give priority to Pell recipients when awarding FSEOG funds. FSEOG awards per student for an academic year must be at least \$100.00 but no more than \$4,000.00. Because of the limited availability of funds, most schools keep their students' awards limited to several hundred dollars each.

Matching Contributions

As stated earlier, all Campus based program awards are contributory in nature. For FSEOG, federal funds may only cover up to 75% of a student's total FSEOG award. The remaining 25% must be provided by a matching source. Generally this matching source is the school, but some schools may use state aid to offset some or all, of the FSEOG matching requirement (certain conditions exist). A school may perform its FSEOG matching in one of three ways.

Individual Recipient Match

This matching process is the most common, and the easiest to document and audit. Although this method is not mandatory, it is the method recommended by GEMCOR, and used in its daily processes of awarding FSEOG. Using the Individual Recipient Match method, a school initiates an FSEOG award, receives 75% of the award from the federal fund, and credits the student's account for the remaining 25% school share. For example, if you request an FSEOG award from GEMCOR for a student in the amount of \$400.00, our office would return a payment to you for the federal share (75% or \$300.00). When the check is deposited and the student's account is credited, simply credit an additional \$100.00 for your 25% school share.

Aggregate Match

Schools using the Aggregate match approach would determine its entire matching requirement for the whole year and contribute the matching share to a select few students. For example, if a school expects to award a total of \$20,000 of FSEOG funds for a year, the school's matching share would be 25% or \$5,000.00. This \$5,000.00 could be awarded to a little as two student recipients. A student receiving an aggregate match of school share funds must also be awarded some federal share funds to be considered an FSEOG recipient. Schools using this method must maintain complete documentation regarding who received the aggregate matching funds for audit purposes.

Fund Specific Match

In this method, a school establishes an "FSEOG fund" into which it deposits federal funds as well as institutional matching funds. Using the \$20,000 example above, \$15,000 of federal funds are deposited into this account and \$5,000 of school matching funds are deposited into this account. As individual awards are processed, the funds are distributed in whole out of this account, effectively resulting in somewhat of an individual recipient match. The main disadvantages of this method are:

- The school must physically deposit cash into this account. Using the Individual Recipient Match method, a school needs only to make a credit entry to the student's account.
- The entire amount disbursed from the "joint" FSEOG account must be included for purposes of return of unearned funds calculations. Matching funds made through the individual recipient or aggregate basis are excluded from return of unearned funds calculations.

Schools are required to have a written FSEOG selection policy. This policy stipulates how a school intends to distribute its annual allocation of FSEOG funds to its eligible students. Schools are allowed to develop any policy with which they are comfortable. Included in Appendix 7 to this manual is a policy that GEMCOR has developed for some of its client schools. Use this as an example, or feel free to incorporate it into your policies and procedures.

Schools should use the Formula Sheet to request FSEOG funds. FSEOG may be requested at the same time that Pell funds are being requested, or you may elect to request FSEOG funds after Pell has been paid. Since FSEOG must be awarded to students with "exceptional" need, it is never advisable to award FSEOG to a student who is not a Pell recipient. Upon receipt of your award requests, GEMCOR will process them accordingly, or will notify the school that it has already expended its annual authorization of FSEOG funds.

Section 3.2

Federal Work Study (FWS)

Another Campus Based Program available to schools is the Federal Work Study (FWS) Program. Under this program, students are selected for employment and their wages are reimbursed by the federal fund. Students may be employed at the school or at an outside business in a position related to their major course of study. Like FSEOG, FWS federal funds are limited to 75% of the total wages. The school must fund the remaining 25%. For wages paid at an outside, for-profit business the federal share may not exceed 50%. There are many other program requirements that are too extensive for inclusion in this manual. Contact GEMCOR directly for more information if you are interested in FWS.

To request FWS funds through GEMCOR, simply indicate the amount of your request in the Campus Based section of the Formula Sheet. Periodically, submit a copy of your FWS payroll to GEMCOR. Our office will process your batch and issue a federal award for the amount of reimbursement due you. To ensure accurate processing, we recommend that you submit your FWS payroll to us for processing on a quarterly basis.

Section 3.3

Federal Perkins Loan Program

The Federal Perkins Loan program is a supplemental student loan program with severely limited funding. Further, awards are contributory like all Campus Based programs and collection of the loan proceeds is a school responsibility. Participating schools are not only responsible for loan collection, but are responsible for all outstanding principal when the school wants to end its participation in the program. Typically schools participating in Perkins loans today have done so for several decades and have dug themselves a hole too deep to get out. Although GEMCOR will originate Perkins loans for those schools who already participate, we do not recommend that any school begin participation in the Perkins loan program. This program is better left in the hands of the large universities.

If you already participate in Perkins loans, and wish to originate a loan to a student, indicate the desired amount in the Campus Based section of the Formula Sheet. GEMCOR will award the loan, but our office does not perform loan servicing functions. You will need to transmit this loan information to your Perkins servicing agent.

Section 4

Federal Direct Student Loans (FDSL)

Federal student loans have been available to students and their parents since the passing of the Higher Education Act of 1965. The loan programs have gone through several modifications and name changes over the years, but have always provided for a family to borrow funds for educational expenses. The programs have also deferred interest payments on some loans until students have completed their programs of study and have had a reasonable opportunity to find employment.

The basic student loan programs include the Stafford and PLUS programs. Stafford loans are available to student borrowers while PLUS loans are available to the parents of dependent students. Stafford Loans are further split into subsidized and unsubsidized loan types. The subsidized Stafford Loans are available for low-income students, while unsubsidized are generally available to all applicants regardless

of income level. The terms “sub” and “unsub” are commonly used to identify each loan type, with “sub” loans having the interest paid by the Department of Education while the student is still enrolled. The PLUS program provides loans to parents of dependent students, and is available regardless of parental income. Stafford and PLUS loans were historically available through local lenders under the Federal Family Educational Loan Program (FFELP) until the Department of Education initiated the Direct Loan program.

The Federal Direct Student Loan (FDSL) Program began in the 1994-95 award year as a pilot program. It has steadily grown in popularity and participation since its inception and since July 1, 2010 is the only source for students to obtain Stafford and PLUS loans. Prior to July 2010 loans were also available through the Federal Family Education Loan (FFEL) Program. These loan processes involved banks and guarantee agencies but was eliminated with the Health Care Reconciliation Act of 2010 under the Obama administration.

Direct loans are no different than the historical FFEL Stafford loans in terms of student eligibility, award amounts, repayment, deferment, etc. The only difference between FDSL and FFEL was the source of the funding for this program. FFEL funds are provided by lenders (banks), and the repayments of the loans are guaranteed by a guarantee agency (typically a State authority). The federal government only needs to provide funds for the interest expenses on FFEL loans and funds to cover reimbursement of defaulted loans. Under the FDSL program, the federal government provides all capital to fund the program. Banks and guarantors are eliminated from the process under the FDSL program. This generally results in a streamlined, smoother funding process. It does, however, require a significant amount of additional work on the part of the school to be a Direct Loan school as opposed to a FFEL school.

Virtually all client schools who participate in the FDSL program use GEMCOR to process their student loan applications. FDSL funds are processed by GEMCOR in much the same way as Pell funds are processed. Student awards are electronically originated with the Department of Education, acknowledgments are received, and funds are ultimately transferred to the school’s account. Student loans are generally awarded on an academic year basis, with payments coinciding with the payment periods occurring within the loan period.

Example

A student enrolls in a 1200 clock hour (60 quarter credit hour) program. The school defines its academic year as 900 clock hours (45 quarter credits). This program is equal to one and 1/3 academic years. The student may receive a full loan for the first academic year (900 clock or 45 credit hours). The award would be disbursed in two payments. One-half of the loan would be disbursed for the first payment period and one-half for the second. If the school is a term-based school, payments must correspond with the school’s academic terms and may require more than two payments per year. When the first year of study is complete, the student could conceivably apply for additional loan money for the remaining portion of the program. Based on this example, that amount would be 1/3 of the second year of study. The student would only qualify for a partial loan for this additional period because it is less than a full year of study.

Generally, a student’s first loan payment may not be disbursed until 30 days of enrollment have elapsed. Future payments may be made at the beginning of future payment periods. The 30-day delay on the first payment is a regulation designed to combat high default rates for students who withdraw early in their attendance.

Promissory Notes (Prom Notes)

As with any loan, the promissory note is the legal, binding document or contract. Separate notes are used for the Stafford and PLUS loan programs. The note must be completed by the student, or parent in the case of a PLUS loan. A Master Promissory Note (MPN) is the type of prom note used in today's financial aid arena. Using a MPN, students need only sign a single promissory note when they enroll at your school. For programs of study longer than one academic year, the MPN can be used for borrowing in subsequent years of education without the need to file additional annual promissory notes. The MPN does not contain a specified dollar amount. Rather, the institution is permitted to increase a student's loan indebtedness for multiple years of training without obtaining additional prom notes from the student. A supply of prom notes can be obtained from GEMCOR or directly from the Department by calling 1-800-848-0978, or visiting the Department of Education's financial aid web site at www.ifap.ed.gov. Students, and parents requesting PLUS loans, can also execute an official Master Promissory Note electronically by completing the electronic MPN at the USDE's E-MPN web site www.studentloans.gov. Filing an E-MPN eliminates even more of the paper that was previously associated with student loan funding. Using the E-MPN process is the preferred method of executing promissory notes for your student loans.

FDSL Certification Worksheet

The *FDSL Certification Worksheet* is an internal form developed by GEMCOR to collect relevant information for the processing of a student's loan. A fully completed worksheet must accompany each loan file. See Section 4.1 for detailed information regarding the *FDSL Certification Worksheet*. Team Software users can submit loan requests electronically through the Team system.

Disbursing Loan Funds

You will receive processed loan awards similar to the way you receive your Pell awards. Each award will be identified on a roster, or *Disbursement Journal*. A borrower is responsible for any governmental origination fees that will be subtracted from the original loan amount. The net amount of each loan is what you will receive and will apply to a student's account with your school. Be sure to comply with all disbursement and notification requirements when depositing student loan awards, including the 30-day delayed disbursement rules and the cancellation notification rules. Contact our office if you need assistance with current disbursement regulations.

Returning Unearned Loan Funds

In the event a borrower withdraws from your school, you may discover that some of the loan money received by the borrower was unearned. After determining how much loan money is unearned, you will return these funds in the same manner as you would return unearned Pell funds. Simply deposit the unearned amount back into your federal funds bank account and notify GEMCOR about this return of funds (see form in Appendix 6). We will then adjust the borrower's account with the Department of Education and either use the returned funds on hand for a future borrower, or return them to the Department of Education electronically.

Student Status Confirmation Reports

Periodically you will receive a Student Status Confirmation Report (SSCR) from GEMCOR. These reports are also referred to as NSLDS Enrollment Reporting Rosters. This is a listing of your students who have received loans in the past. The purpose of the report is to update the Department's system regarding the student's enrollment status at your school. Generally these reports are issued every 60 days. GEMCOR will receive your report from the Department electronically and will remit a printed copy to you. Upon receipt, you will need to correct any inaccurate enrollment statuses or dates and return the report to GEMCOR either by mail or by fax. We will transmit the necessary changes to the Department electronically. This process will repeat about every two months. It is crucial that you not

delay in returning your corrected SSCR to our office. There is only a small window of opportunity to file these reports on time. Also, to speed the process along, only make necessary corrections. For example, let's say that you are reviewing a report as of January, and the report shows an expected graduation date for a student several months later in July. Your school records indicate that the student is on leave, and you don't expect the student to graduate until October. It is not necessary to change this date at this point. Many things can happen between January and October which can further modify this expected graduation date. We ask that you concentrate more on modifying actual occurrences rather than anticipated ones. If this same student dropped in January, then adjust that date and we will submit the correction to the department.

Section 4.1

FDSL First Payment Requests

A first payment of a Stafford or PLUS loan is accomplished by submitting the loan request to our office for loan origination in hardcopy format as described here or electronically through the Team system. For each new student loan you'll need to submit the following: (Note that if the student has used the electronic MPN process, a paper MPN will not be required)

- **Completed and Signed Promissory Note for New Borrowers**
- **Completed Certification Worksheet**
- **SAR or ISIR (if not already on file with us)**
- **Verification Material (if selected, and not already on file with us)**
- **"C" Code Resolution Material (if selected, and not already on file with us)**

FDSL Certification Worksheet

This worksheet must be completed and provides us with the necessary information to correctly originate your student's loans. The form is self-explanatory in most respects and can be found in Appendix 5 of this manual. However, there are some issues to keep in mind when originating a student loan.

Question 1 - Grade Level

Generally, the grade level represents the student's grade level at your institution. If you offer a one-year diploma or certificate program in a particular occupation, the student's grade level will be "1". If a student has attended two years of college at another school prior to enrolling at your school, that does **not** put the student into grade level "3". The grade level represents the student's grade level for training received at your institution only. For programs longer than one academic year, the student will not reach grade level 2 until he/she has completed all of the hours required in the first year of the program.

Question 2 – Loan Period

The loan period should coincide with the length school's academic year, or the hours remaining for the student to complete his/her program of study, whichever is shorter. Payments will be distributed in accordance with your payment periods during that loan period. For example, a student is enrolled in a 1500 clock hour program that has 900 hours in academic year 1 and the remaining 600 hours in academic year 2; the loan period for the first academic year loan application should begin on the student's start date the time expected for the student to complete hours 0-900 of the program. A loan for the second academic year (hours 900 to 1500) should have a loan period that begins on the date the student reached 900 hours and should end when the student is expected to complete 1500 hours.

Loan Amount Determinations

The two boxes in this section provide for a determination of the student's eligibility for loan funds. Student eligibility is always tied into a *cost of attendance*. The cost of attendance is the amount a student will reasonably be expected to pay for his/her education during the loan period. This includes both direct costs like tuition, fees, and books, as well as indirect costs of living that will be incurred by the student while attending school.

To determine eligibility for subsidized loans, any other financial aid **and the expected family contribution** (EFC) must be subtracted from the total cost of attendance. The resulting figure represents "unmet need" and is the amount a student can apply for in a subsidized loan (subject to federal annual or aggregate maximums). A similar calculation is performed to determine eligibility for unsubsidized and PLUS loans except that the EFC figure is not used in these calculations. Eligibility for "unsub" and PLUS loans is limited only by cost of attendance less other financial aid (subject to federal annual or aggregate maximums).

Upon receipt of a complete loan file from you, we will electronically originate the student's loan with the USDE. We will also submit the signed promissory note to the USDE, if the electronic MPN process was not used. When the USDE has received the promissory note (either from us or from the student) they will electronically acknowledge that fact with us, and we are then able to begin disbursing the loan. First payments are generally made no sooner than 30 days into a student's first loan period.

Section 4.2

FDSL Subsequent Payment Requests

Our office will generate subsequent payments only after you have confirmed that the student has begun a new payment period. As with the Pell Grant program, this can easily be accomplished by submitting the student's information on the *Subsequent Payment Request Form* found in Appendix 4 to this manual or electronically through our Team Software System.

Section 5

Verification

Verification is a process that requires an institution to confirm the data that a student has included in his/her application for federal assistance. Generally, institutions must perform verification procedures on selected files. A file has been selected for verification if the EFC number on the SAR or ISIR is followed by an asterisk "*". Specific policies, procedures, and forms needed to complete the verification process are found in Appendix 3 of this manual.

Section 6

"C" Code Resolution

A "C" code occurs whenever the letter C appears next to the EFC number on the SAR or ISIR. Generally "C" codes indicate that there was a mismatch of applicant information with one of several other federal agencies. An applicant's information is electronically matched with the following federal agencies:

- **Department of Homeland Security (DHS)**
- **Social Security Administration (SSA)**
- **National Student Loan Database System (NSLDS)**
- **Selective Service**
- **Veterans Administration**
- **Drug Conviction National Database**

Applicant data, which conflicts with what the government has on file, will result in a "C" code. The narrative or comments section of a SAR, or ISIR will describe what caused the "C" code and what is necessary to resolve it. Since "C" codes are relatively rare, feel free to contact us for personal guidance when you have a file with a "C" code.

Section 7

Transfer Students

The National Student Loan Data System (NSLDS) stores historical data relative to a student's financial aid payments at prior schools. This information is automatically included on the last page(s) of a student's ISIR, and in most cases, is all that you will need to comply with financial aid transcript requirements. However, due to delays in getting accurate data into the NSLDS from other schools and agencies, students who transfer to your school during the current award year should have their ISIR information updated through the NSLDS system. This will provide up to date information on the federal aid that a student was awarded at past institutions and information concerning the student's default status on any prior loans. Since GEMCOR's system will not issue any award payments to students without an accepted disbursement record, we may be unable to process a particular payment if the department responds to our disbursement record that a payment may not be made due to another institution receiving those funds. In these cases you will receive a separate notice from us indicating what institution previously processed aid for the student, and what actions you need to take to resolve any conflict.

Section 8

Federal Cash Management

Regulations prohibit institutions from maintaining excess federal cash on hand. Our systems and policies have been calibrated to avoid this situation. Federal cash is not maintained in your bank account for future student awards. On a daily basis, cash is requested through the GAPS/G5 web site system by GEMCOR for your school, in an amount necessary to cover student awards processed that day. In most cases, the funds are wired into your federal funds escrow account within one business day of our request for those funds. Our system can generate negotiable checks drawn on this escrow account for you to sign, endorse, and deposit into your operating account. **Do not delay in depositing these checks.** Should you wish to avoid the use of our paper checks, you may transfer the funds from your federal account into your operating account through on-line banking. Your operating account and federal funds account must be at the same bank to use the on-line transfer process. Once you transfer the amount of your student awards per our Disbursement Journal into your operating account, simply post the disbursements per the DJ to your students' accounts receivable record. Keep in mind that unnecessarily leaving the money in your federal aid checking account can be construed as maintaining excessive federal cash. In the event you may be cited during an audit for excessive cash maintenance, contact our Accounting Department and we will provide suggested responses on your behalf. To further ensure cash accountability, the following daily, weekly, monthly, and annual reconciliations are performed:

Daily Functions

Federal awards are processed by GEMCOR on a daily basis. Upon receipt of disbursement or refund information from the school, federal award origination and disbursement records are submitted electronically to the Common Origination & Disbursement (COD) System. Origination and disbursement acknowledgements are received and processed through GEMCOR's internal system to create award payments for students. After daily awards have been prepared, GEMCOR will request the necessary funds for these disbursements using the cash management policy identified below. As part of the daily cash requesting processes, your federal authorizations in the GAPS system are routinely compared to your actual awards processed by GEMCOR to ensure student award have been fully authorized by the department before disbursement.

Weekly Functions

Each week an analysis is performed on all accounts to determine the possible existence of federal cash on hand. Cash on hand will only result from money deposited by schools for refunds which has not been used to fund other current or anticipated disbursements. In cases where refunds reported to GEMCOR result in unused cash on hand, the cash will be returned to the department electronically through the Grants Administration and Payment (GAPS) System.

Monthly Functions

Upon receipt of your bank statement each month, your federal funds bank account will be reconciled with your general ledger to ensure accurate cash accountability. In the event bank service charges are assessed to your federal funds account, you will be responsible to pay for those fees. We recommend that you maintain a sufficient amount of institutional funds in your federal account as a source for payment of these service fees, or instruct your bank to assess service fees to another account you maintain at that bank.

FDSL account statements are received by GEMCOR from the department each month reflecting loan cash and disbursement activity for your school. These reports are reconciled against our internal systems to ensure loan activity is properly recorded and that all transactions in our system balance with those at the federal level.

Annual Functions

On an annual basis, all program activity for all federal awards is reconciled with the department's COD and GAPS systems. These procedures ensure an adequate accounting of all federal fund transactions regarding your student recipients, and that all funds requested from the department have been properly used and accounted for.

Section 8.1

GAPS / G5 Advances

Federal funds necessary to cover award checks generated by our office are electronically deposited into your federal funds bank account. This process is initiated by us when we place a request for funds through the department's G5 web site also known as the Grants Administration and Payment System (GAPS). Each day we review your account to determine if additional funds need to be deposited into your account to cover that day's award checks. Below is our cash management policy which is used each day to effectively manage our client's federal bank accounts.

FEDERAL CASH MANAGEMENT POLICY

1. *Each day, after Title IV awards are processed, the balance of federal cash in the school's account is reviewed to determine if sufficient funds are on hand to cover awards processed.*

The balance reviewed would be the balance of Title IV program funds on hand as of that day, and would include any Title IV refunds or award adjustments recorded as of that day.

2. *In the event the balance of Title IV program funds on hand is sufficient to cover the awards processed for the day, no additional funds will be requested from the Department of Education.*

In the event the balance of Title IV program funds on hand is not sufficient to cover the awards processed for the day, then a request for additional funds from the Department of Education will be made through the Grants Administration and Payment System (GAPS). The amount of funds requested will be computed from the following formula:

Total amount of Title IV program awards processed for students minus the total amount of Title IV program funds on hand including refunds & adjustments.

We believe the above policy will strictly control occurrences of excessive cash maintenance, and will provide for better program integrity and accountability.

Section 8.2

Disbursing Funds

In order to avoid situations of maintaining excessive cash on hand, federal regulations require that student awards be disbursed within three business days of receiving funds from the department through GAPS. Although this sounds like a difficult requirement to meet, disbursement generally occurs at the point that you post the award to the student's account with the school. Therefore, your requirement is that a posting of a student's award is made to his/her account within three days of receiving funds from GAPS.

Our system draws down money from GAPS each day, for the awards generated that day. To always be safe from excess cash allegations, simply review our disbursement journal for a given day, and post the necessary credits to the student's account within three days of the processing date on the journal. This way, regardless of when you actually deposit our award check or electronically transfer the funds online, the credit was posted, e.g., the funds were disbursed, within the three-day rule.

Section 8.3

Account Reconciliation

Your Title IV funds flow through a special escrow checking account set up by you. The title of this account should reflect your institution's name as well as the phrase "federal funds account". Only federal aid funds should flow through this account. If your bank charges monthly service fees on this account, those fees are your responsibility and must be reimbursed by you. We suggest that you deposit an amount sufficient to cover six to twelve months of estimated service charges into your federal aid account. This would not be considered as maintaining excessive cash on hand since the money is

institutional rather than federal. Institutions participating in federal aid programs for the first time will need to have this account approved by the Department of Education for electronic transfer of funds. Contact our Accounting Department for assistance with this process. Once your account has been set up, funds are requested by GEMCOR to cover award checks processed on a daily basis. We will maintain the integrity of this account as part of our full service administration. Our Accounting Department routinely reconciles your federal student aid bank account on a monthly basis. We encourage you to have your bank mail the statements on this federal aid account directly to our office. If you choose to have them go through you, it is imperative that we receive your statements regularly. This ensures strong cash accountability. We reserve the right to suspend processing for any client who is delinquent in submitting bank account statements to us on a timely basis.

Section 8.4

Federal Reporting

All Pell Grant, Direct Loan, and Campus-Based program reports are regularly filed by our office. These reports include your periodic GAPS Cash Accountability or Confirmation Reports, periodic Student Status Confirmation Reports (SSCR), annual FISAP Reports, and daily Common Origination and Disbursement (COD) reporting of federal award disbursements..

Electronic Pell and Direct Loan Payment Data reports are done on a daily basis as you award funds to your students. This practice of daily origination and disbursement record submissions ensures continual flow of authorization adjustments. Electronic acknowledgements of these reports are received by our office from the Department. These results are compared to data submitted for every student to ensure accurate and timely Pell and Direct Loan payment data reporting. Your authorization levels are monitored on a daily basis to ensure up to date information. Receiving accepted confirmations from the Department for every student award prior to issuing payment provides the highest level of compliance and accuracy for your federal aid programs.

Section 8.5

Audits

To ensure operational integrity, to minimize your costs of having your federal aid programs audited, and to comply with federal legislation, GEMCOR has a formal audit performed on its internal control procedures on an annual basis. This audit will be provided to you free of charge upon request. Your CPA, when auditing your federal aid program activity, can rely on our audit of internal controls. This prevents him/her from having to travel to GEMCOR's offices to audit our policies and should keep your audit costs low. We encourage you to use CPAs experienced in federal aid audits, and we can provide qualified referrals upon request.

For each fiscal year, you are required to have a compliance and financial audit performed at your institution. An independent certified public accounting (CPA) firm must perform these audits. The audits are due at the USDE within six months of the end of your corporate fiscal year. These audits are very unique and require the experience of professionals who have a history of performing Title IV compliance and financial audits. Once again, we are happy to provide referrals to you.

Finally, please understand that an audit is a time consuming process. Our office needs time to professionally prepare your school's "audit package" so that it is at your campus when the auditors are there performing their examination. Please give us ample notice to perform our obligations. It is not possible to request an audit package from us on Thursday for your on-campus audit next Monday. We appreciate your cooperation.

Section 9

Return of Unearned Title IV Funds

In the event a student withdraws or is terminated from the program, a tuition refund calculation in accordance with your institutional refund policy must be performed and any resulting refunds must be repaid by the school. For Title IV recipients, a Return of Unearned Title IV Funds calculation must be performed **before** an institutional refund calculation. Any unearned Title IV funds must be returned to your federal aid account within the regulatory 45-day deadline. When returning unearned Title IV funds, or making tuition refunds, the money must be returned in the following mandated order:

- **To unsubsidized, then subsidized FDSL Programs.**
- **To the Federal Pell Grant Program**
- **To the Federal SEOG Program**
- **To any other Title IV Program**

When making Pell, FDSL, or Campus Based refunds, notify our office immediately. We will record the refund, account for the additional cash in your federal aid account, and reduce the student's expected disbursement in the government's computer systems.

Included in Appendix 6 to this manual are *Return of Unearned Title IV Funds Calculation Forms* and *Refund / Return of Funds Notification Forms*. Please incorporate them into your procedures. The *Refund / Return of Funds Notification Form* should be used to identify all students on whom you have returned federal aid to your bank account. These funds are generally recycled to future recipients.

Section 10

Technical Support

Our office provides toll free technical support on any educational or financial aid issue during normal business hours (Monday-Friday 9:00am to 5:00pm Central Time). Simply call our office. In addition to general daily inquiries, we can provide assistance to you with program review responses, accreditation concerns, and eligibility and certification issues.

GEMCOR also conducts periodic financial aid training workshops. These workshops give us an opportunity to share ideas with peers, learn about new federal laws, and provide continuing education training to your financial aid staff and owners. The workshops are generally during the summer months in the Chicago metropolitan area. We will provide you with seminar information as schedules are determined.

Another area of support provided by GEMCOR is in the field of staff training. Financial aid training for your staff can be scheduled at any time during the year. Training at our office is provided free of charge to client institutions, and can be accomplished within several hours. On-campus training can be arranged at a time mutually convenient. There is a charge for on-campus training. The fee would include expenses incurred, in addition to a daily charge. These fees would be estimated and agreed upon by both parties prior to the visit. To arrange for individualized training, simply contact our office.

Appendix 1

Formula Sheets

2012-2013 Formula Sheet

PELL ID

PROGRAM ID

School Name _____

Student Name _____

Start Date ____/____/____

Student ID # _____ - _____ - _____ - _____

(Original Social Security #) (Name Code) (Trans #)

(From SAR or ISIR. Provide this ID number in lieu of submitting actual SAR/ISIR document to GEMCOR for processing)

If Start Date is Prior To July 1, 2012 ENTER HOURS COMPLETED AS OF JUNE 30, 2012 _____

Program Information

Respond to the following four questions based on Full Time status

Number of Hours in Program _____

Number of Weeks in Program _____

Number of Hours in Academic Year _____

Number of Weeks in Academic Year _____

Cost of Attendance

Tuition and fees for full academic year \$ _____

Books, supplies, equipment \$ _____

Room and board \$ _____

(Determined by school)

Personal expenses \$ _____

(Determined by school)

Transportation \$ _____

Other, e.g., dependent care \$ _____

disability expenses, loan fees

(Determined by school)

TOTAL COST OF ATTENDANCE \$ _____

Campus Based Aid Request

Other Financial Resources

Stafford Loan PLUS Loan State Aid Other Aid _____

\$ _____ \$ _____ \$ _____ \$ _____

Requested Award Amounts

FSEOG

FWS

Perkins Loan



Federal Share 75%

Total Award

School Share 25%

Transfer Students

Did this student attend any other post-secondary institution during the 2012-2013 award year? ____ Yes ____ No

How many clock or credit hours will this student complete at your school for the current enrollment? _____

2012-2013 Formula Sheet

School Name _____

Pell ID No. _____

Student Name _____

Program ID. _____

Term Start Date ____/____/____
(This date should represent the start date of the first term being funded from the 2012-2013 SAR / ISIR)

Enrollment Status	(T1)	(T2)	(T3)	(T4)
Full Time	___	___	___	___
3/4 Time	___	___	___	___
Half Time	___	___	___	___
LT Half Time	___	___	___	___

Student ID # _____
(Original Social Security #) (Name Code) (Trans #)

(From SAR or ISIR. Provide this ID number in lieu of submitting actual SAR/ISIR document to GEMCOR for processing)

Is this a new student? ___ Yes ___ No
If "NO", please provide number of full-time equivalent terms completed _____

Program Information

Respond to the following four questions based on Full Time status

Number of Terms in Program _____

Number of Weeks in Program _____

Number of Terms in Academic Year _____

Number of Weeks per Term _____

Cost of Attendance

Tuition and fees for full academic year \$ _____

Books, supplies, equipment \$ _____

Room and board (Determined by school) \$ _____

Personal expenses (Determined by school) \$ _____

Transportation \$ _____

Other, e.g., dependent care disability expenses, loan fees (Determined by school) \$ _____

TOTAL COST OF ATTENDANCE \$ _____

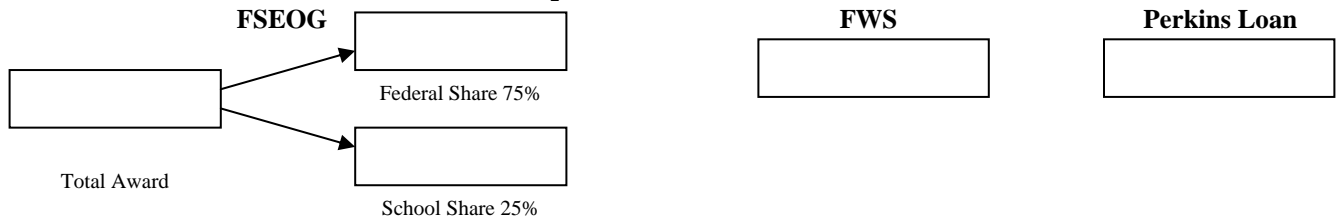
Campus Based Aid Request

Other Financial Resources

Stafford Loan PLUS Loan State Aid Other Aid _____

\$ _____ \$ _____ \$ _____ \$ _____

Requested Award Amounts



Transfer Students

Did this student attend any other post-secondary institution during the 2012-2013 award year? ___ Yes ___ No

Appendix 2

Cost of Attendance Budget Form

COST OF ATTENDANCE STANDARD BUDGETS

	PELL GRANT		LOAN / CAMPUS BASED	
	"A"	"B"	"A"	"B"
A. Tuition and fees for full academic year (Pell) or period of enrollment (Loan program)				
B. Books, supplies, equipment				
C. Room and board (Actual room & board charges if on-campus housing exists. Estimate room & board charges for academic year if student housing is off campus)				
D. Miscellaneous expenses & transportation (Determined by school)				
E. Other, e.g., dependent care or disability expenses (Determined by school)				
TOTAL COST OF ATTENDANCE				

BUDGET CODES :

“A” = Cost of attendance budget for students with no dependents, and living with parents.

“B” = Cost of attendance budget for all other students.

You may use this form to determine your standard cost of attendance budgets.
Keep this form in your files in the event it is requested by your auditors.

You may create separate budgets for each program and enrollment status, for example, Medical Assisting - Full Time and Medical Assisting - Part Time, or Computer Systems Specialist – Day or Evening, etc.

Appendix 3

Verification Policy/Procedures & Forms

SAMPLE VERIFICATION POLICY

Verification is a process which enables a school to confirm the accuracy of information used to determine a student's eligibility for federal student assistance. A student's file may be selected for verification by either the school or by the US Department of Education.

If a student's file has been selected for review under the verification process, the student must complete the following requirements:

1. Complete and sign a Verification Worksheet provided by the institution. Dependent students will also need information and signatures from parents on this worksheet.
2. Students, spouses, or parents who are tax filers must have their income reported on the FAFSA imported from the IRS systems using the IRS Data Retrieval Tool (IRS DRT). A code number of "02" in the "IRS Data Retrieval Flag" field on the ISIR is evidence that this was completed successfully. Tax payers who failed to import their income with the IRS DRT will be required to access their FAFSA file online and import their information with the IRS DRT. Any tax payer unable to import their information will be required to submit an IRS Tax Return Transcript to the institution. This document will be used to verify income reported on the FAFSA.
3. Any other information deemed necessary by the institution including, but not limited to child support documentation, divorce decrees, W-2 forms, or untaxed income documentation.

Students must complete the above requirements within 60 days of the student's last date of attendance or by August 31st after the end of the respective award year, whichever is earlier.

The institution will withhold financial aid payments from any student who has not completed the verification requirements within the prescribed deadlines.

Students will be required to correct any information that is found to be inconsistent as a result of the verification process. The verification process is not considered to be completed during periods of corrective action. Corrections generally include a recalculation of the student's EFC, and resubmission through the Central Processor.

If a student's award changes as a result of the verification process, the student will be counseled and informed of how the change affects his/her packaging and financial obligations to the institution.

To protect the integrity of federal student assistance programs, institutions must enforce verification policies. It is the student's responsibility to comply with any and all requests by the institution for verification material, within prescribed deadlines.

In the event of an overpayment in the Pell or SEOG programs, the student will be notified and given 30 days to repay the overpayment. After that time any unpaid balance will be sent to the Department of Education for collection action. Until the balance is cleared, the school will withhold all academic transcripts and the student will no longer be eligible for Title IV assistance.

Students will forfeit their right to federal assistance for non-compliance with verification policies.

VERIFICATION PROCEDURES

Upon receipt of the required verification material from the student, the following data elements are reviewed against the SAR or ISIR for accuracy:

Minimum Acceptable Documentation

A. Adjusted Gross Income (AGI) from U.S. Tax Return, or for non-tax filers, the source and amount of income earned stated on the Verification Worksheet.	IRS Data Retrieval Flag value of "02" indicating successful use of the IRS DRT, or an IRS Tax Return Transcript for tax filers. Verification Worksheet for non-filers
B. U.S. Income Tax paid (tax filers only)	IRS Data Retrieval Flag value of "02" indicating successful use of the IRS DRT, or an IRS Tax Return Transcript.
C. Number of family members (Foster children are not included in family size, nor is the income from the government for foster child expenses included as income on the FAFSA)	Signed Verification Worksheet
D. Number of family members attending college at least half-time	Signed Verification Worksheet
E. Child Support Paid	Signed Verification Worksheet
F. SNAP (Supplemental Nutrition Assistance Program) Recipient	Signed Verification Worksheet
G. The following untaxed income for tax filers: i. IRA / pension deductions (tax filers only) ii. IRA / pension distributions (tax filers only) iii. Tax exempt interest income (tax filers only) iv. Education Credits (tax filers only)	IRS Data Retrieval Flag value of "02" indicating successful use of the IRS DRT, or an IRS Tax Return Transcript.

SPECIAL CONSIDERATIONS :

1. If the student (or parents of a dependent student) are separated or divorced at the time of application, but filed a joint tax return for the base year, all parties W-2 forms are necessary to document the discrepancy in AGI.
2. Some applicants such as married tax payers filing separately will not be able to use the IRS Data Retrieval Tool. These applicants must submit IRS Tax Return Transcripts to satisfy the verification requirements.

2012–2013 VERIFICATION WORKSHEET INDEPENDENT STUDENT

Your 2012–2013 Free Application for Federal Student Aid (FAFSA) was selected for review in a process called verification. The law says that before awarding Federal Student Aid, we may ask you to confirm the information you reported on your FAFSA to verify that you provided correct information. If there are differences, your FAFSA information may need to be corrected. You must complete and sign this worksheet, attach any required documents, and submit the form and other required documents to the financial aid administrator at your school.

SECTION 1 INCOME VERIFICATION

If you (and/or your spouse, if married) filed, or were required to file, a U.S. Income Tax Return for 2011 you must use the IRS Data Retrieval process to electronically import your tax information into your FAFSA record. This can be done at www.fafsa.ed.gov. If you cannot use this option, you must obtain an **IRS Tax Return Transcript** either online at www.irs.gov or by calling 1-800-908-9946.

If you (and/or your spouse, if married) did not file, and were not required to file, a U.S. Income Tax Return for 2011, you must list the source and amount of income earned during 2011 below and provide copies of W-2s forms to the financial aid administrator at the institution.

<i>Employer's Name</i>	<i>2011 Amount Earned by Student</i>	<i>2011 Amount Earned by Spouse</i>	<i>IRS W-2 Attached? (Yes/No)</i>

SECTION 2 FAMILY SIZE VERIFICATION

List below the people in your household that will receive more than half of their support from you from 7/1/12 – 6/30/13. Also provide the name of any college/university/vocational school that a person in your household will attend on at least a half time basis during 7/1/12 – 6/30/13.

<i>Full Name</i>	<i>Age</i>	<i>Relationship</i>	<i>College at Which Enrolled at Least Half Time</i>

SECTION 3 CHILD SUPPORT PAID VERIFICATION

If you, or your spouse if married, paid child support during 2011, you must complete the section below with all information regarding the support paid.

<i>Name of Person Who Paid Child Support</i>	<i>Name of Person to Whom Child Support was Paid</i>	<i>Name of Child for Whom Support Was Paid</i>	<i>Amount of Child Support Paid in 2011</i>

SECTION 4 FOOD STAMPS/SNAP BENEFITS VERIFICATION

Complete this section if someone in your household received benefits from the Supplemental Nutrition Assistance Program or SNAP (formerly known as food stamps) any time during the 2010 or 2011 calendar years.

One of the persons listed in Section 2 of this worksheet received SNAP benefits in 2010 or 2011. If asked by my school, I will provide documentation of the receipt of SNAP benefits during 2010 and/or 2011.

CERTIFICATION & SIGNATURE

I certify that all of the information reported on this worksheet is complete and correct.

Student's Signature

_____/_____/_____
Date

Spouse's Signature (Optional)

_____/_____/_____
Date

WARNING: If you purposely give false or misleading information on this worksheet, you may be fined, be sentenced to jail, or both.

2012–2013 VERIFICATION WORKSHEET DEPENDENT STUDENT

Your 2012–2013 Free Application for Federal Student Aid (FAFSA) was selected for review in a process called verification. The law says that before awarding Federal Student Aid, we may ask you and your parents to confirm the information you reported on your FAFSA to verify that you provided correct information. If there are differences, your FAFSA information may need to be corrected. You and your parent must complete and sign this worksheet, attach any required documents, and submit the form and other required documents to the financial aid administrator at your school.

SECTION 1 INCOME VERIFICATION

If you and/or your parent filed, or were required to file, a U.S. Income Tax Return for 2011 you and/or your parent must use the IRS Data Retrieval process to electronically import tax information into your FAFSA record. This can be done at www.fafsa.ed.gov. If you and/or your parent cannot use this option, you and/or your parent must obtain an **IRS Tax Return Transcript** either online at www.irs.gov or by calling 1-800-908-9946.

If you and/or your parent did not file, and were not required to file, a U.S. Income Tax Return for 2011, you and/or your parent must list the source and amount of income earned during 2011 below and provide copies of W-2s forms to the financial aid administrator at the institution.

<i>Employer's Name</i>	<i>2011 Amount Earned by Student</i>	<i>2011 Amount Earned by Parents</i>	<i>IRS W-2 Attached? (Yes/No)</i>

SECTION 2 FAMILY SIZE VERIFICATION

List below the people in your parent's household for whom your parents will pay more than half of their support from 7/1/12 – 6/30/13. Also provide the name of any college/university/vocational school that a person in your parent's household will attend on at least a half time basis during 7/1/12 – 6/30/13.

<i>Full Name</i>	<i>Age</i>	<i>Relationship</i>	<i>College at Which Enrolled at Least Half Time</i>

SECTION 3 CHILD SUPPORT PAID VERIFICATION

If your parents paid child support during 2011, you must complete the section below with all information regarding the support paid.

<i>Name of Person Who Paid Child Support</i>	<i>Name of Person to Whom Child Support was Paid</i>	<i>Name of Child for Whom Support Was Paid</i>	<i>Amount of Child Support Paid in 2011</i>

SECTION 4 FOOD STAMPS/SNAP BENEFITS VERIFICATION

Complete this section if someone in your parent's household received benefits from the Supplemental Nutrition Assistance Program or SNAP (formerly known as food stamps) any time during the 2010 or 2011 calendar years.

One of the persons listed in Section 2 of this worksheet received SNAP benefits in 2010 or 2011. If asked by my school, I will provide documentation of the receipt of SNAP benefits during 2010 and/or 2011.

CERTIFICATION & SIGNATURE

I certify that all of the information reported on this worksheet is complete and correct.

Student's Signature

_____/_____/_____
Date

Parent's Signature

_____/_____/_____
Date

WARNING: If you purposely give false or misleading information on this worksheet, you may be fined, be sentenced to jail, or both.

Appendix 4

Second Payment Request Form

Subsequent Payment Request Form

Use this form to request second, third or fourth payments for students who have already received aid this year. Please indicate which program funds you are requesting by checking the grant or loan box, or both.

School Name: _____

Pell ID Number: _____

The following students have completed all hours and weeks of instructional time for which they have already been paid, are maintaining satisfactory progress as defined by the institution, and meet all other eligibility requirements.

Student Name	Social Security Number	Payment Period (450, 900, Wtr, Spg, etc.)	Payment Type Grant / Loan		Payment Period Begin Date
_____	_____	_____	<input type="checkbox"/>	<input type="checkbox"/>	__/__/__
_____	_____	_____	<input type="checkbox"/>	<input type="checkbox"/>	__/__/__
_____	_____	_____	<input type="checkbox"/>	<input type="checkbox"/>	__/__/__
_____	_____	_____	<input type="checkbox"/>	<input type="checkbox"/>	__/__/__
_____	_____	_____	<input type="checkbox"/>	<input type="checkbox"/>	__/__/__
_____	_____	_____	<input type="checkbox"/>	<input type="checkbox"/>	__/__/__
_____	_____	_____	<input type="checkbox"/>	<input type="checkbox"/>	__/__/__
_____	_____	_____	<input type="checkbox"/>	<input type="checkbox"/>	__/__/__
_____	_____	_____	<input type="checkbox"/>	<input type="checkbox"/>	__/__/__
_____	_____	_____	<input type="checkbox"/>	<input type="checkbox"/>	__/__/__
_____	_____	_____	<input type="checkbox"/>	<input type="checkbox"/>	__/__/__
_____	_____	_____	<input type="checkbox"/>	<input type="checkbox"/>	__/__/__
_____	_____	_____	<input type="checkbox"/>	<input type="checkbox"/>	__/__/__
_____	_____	_____	<input type="checkbox"/>	<input type="checkbox"/>	__/__/__
_____	_____	_____	<input type="checkbox"/>	<input type="checkbox"/>	__/__/__

School Official's Signature: _____

Appendix 5

Federal Direct Student Loan (FDSL) Program **Certification Worksheets**

Federal Direct Loan Certification Worksheet

Clock Hour and Credit Hour Non-Term Institutions

If the student did not process an electronic master promissory note (E-MPN) at www.studentloans.gov, you must attach a Master Promissory Note (MPN) with an original signature.

School Name: _____ School ID: _____

Student Name: _____ Program ID: _____

Student ID # _____
(From SAR or ISIR) (Original Social Security #) (Name Code) (Trans #)

In order for GEMCOR, Inc. to process your Direct Loan application, we will need the following information:

1- Student's start date: ____/____/____ Anticipated graduation date: ____/____/____

2- Grade level of loan (circle one): 1 2 First Time Borrower? Yes No

3- Loan period: From: ____/____/____ to ____/____/____
(The loan period must represent either a full academic year of study, or the number of hours and weeks remaining in the program, whichever is lesser)

4- Number of Clock / Credit Hours in Loan Period: _____

5- Number of Clock / Credit Hours in Academic Year _____ Hours in Program _____

6- Number of Weeks in Academic Year _____ Weeks in Program _____

Loan Amount Determinations

Subsidized Loan Determination

Total cost of attendance for period of loan	\$ _____
Less EFC for period of loan	(_____)
Less other financial aid for period of loan	(_____)
Unmet Financial Need	\$ _____

Unsubsidized / PLUS Loan Determination

Total cost of attendance for period of loan	\$ _____
Less other financial aid for period of loan (Include Subsidized Loan Applied For)	(_____)
Unmet Financial Need	\$ _____

7- Loan amount requested: **subsidized** \$ _____ **unsubsidized** \$ _____ **PLUS** \$ _____

8- Dependency status Independent Dependent Prof. Judgement

9- Enrollment Status Full time Half time

10- Parent PLUS Credit Check was Denied. Requesting additional unsubsidized loan

Signature of school official: _____ Date: ____/____/____

Federal Direct Loan Certification Worksheet

Credit Hour, Term-Based Institutions

If the student did not process an electronic master promissory note (E-MPN) at www.studentloans.gov, you must attach a Master Promissory Note (MPN) with an original signature.

School Name: _____

School ID: _____

Student Name: _____

Program ID: _____

Student ID # _____
(From SAR or ISIR) (Original Social Security #) (Name Code) (Trans #)

In order for GEMCOR, Inc. to process your Direct Loan application, we will need the following information:

1- Student's start date: ____/____/____ Anticipated graduation date: ____/____/____

2- Grade level of loan (circle one): 1 2 3 4 First Time Borrower? Yes No

3- Loan period: From: ____/____/____ to ____/____/____
(The loan period should include the number of terms in a full academic year, or the number of terms remaining in the program, whichever is less)

4- # Credit Hours in Loan Period: _____ # Credit Hours in Academic Year: _____

5- # Weeks in Loan Period: _____ # Weeks in Academic Year: _____

6- Suggested Disbursement Dates: *(Should coincide with the terms included during the loan period)*

1st ____/____/____, 2nd ____/____/____, 3rd ____/____/____, 4th ____/____/____

Loan Amount Determinations

Subsidized Loan Determination

Total cost of attendance for period of loan	\$ _____
Less EFC for period of loan	(_____)
Less other financial aid for period of loan	(_____)
Unmet Financial Need	\$ _____

Unsubsidized / PLUS Loan Determination

Total cost of attendance for period of loan	\$ _____
Less other financial aid for period of loan (Include Subsidized Loan Applied For)	(_____)
Unmet Financial Need	\$ _____

7- Loan amount requested: **subsidized** \$ _____ **unsubsidized** \$ _____ **PLUS** \$ _____

8- Dependency status Independent Dependent Prof. Judgement

9- Enrollment Status Full time Half time

10- Parent PLUS Credit Check was Denied. Requesting additional unsubsidized loan

Signature of school official: _____

Date: ____/____/____

Appendix 6

Return of Unearned Title IV Funds Calculation Form
&
Refund Notification Form

Appendix 7

Sample FSEOG Recipient Selection Policy

Federal Supplemental Educational Opportunity Grant

Recipient Selection Policy

The institution participates in the Federal Supplemental Educational Opportunity Grant (FSEOG) program. Each award year, the U.S. Department of Education authorizes funds for disbursement under this program. These funds are awarded to students attending the institution based on the following selection policy:

For each award year (July 1 through June 30), the total FSEOG funds allocated to the institution by the department will be divided into fourths. One fourth of the annual allocation will be awarded to undergraduate students enrolled at the institution during each of the following quarters;

- July 1 to September 30
- October 1 through December 31
- January 1 through March 31
- April 1 through June 30

Students selected to receive FSEOG awards will be those students who are deemed by the institution to have exceptional financial need. Priority of student awards is based on students having the lowest expected family contribution figures (EFCs) as indicated on the student's SAR or ISIR for the applicable award year. Priority will also be given to existing recipients of Federal Pell Grant funds.

Individual student awards will be no less than \$100, and no more than \$4,000 per academic year in accordance with federal regulations. Also, in accordance with federal regulations, the institution will contribute a matching percentage of the total FSEOG awards. This contribution will be no less than 25% of the total FSEOG funds awarded. Institutional matching funds will be provided either by the institution directly as a credit to a student's account, or by allocating a portion of state grant funds made available to the institution by the State.

Note to Institutions

If you elect to perform your matching requirement by using state grant funds, no portion of these state grant funds may contain any federal matching funds available through the LEAP (formerly SSIG) program. Contact your State funding authority to determine if state grant funds contain federal matching funds from LEAP.