

We Help Put America Through School

GEN-05-07

April 2005

Subject: Requesting Approval to Make a Late Disbursement Beyond the 120-Day Period

Summary: This letter explains the procedures for requesting approval to make a late disbursement of Title IV aid beyond the 120-day late disbursement period. These disbursements may be referred to as “late” late disbursements.

Dear Colleague:

Generally, a student or parent becomes ineligible to receive Title IV funds on the date that the student is either no longer enrolled for the payment period or loan period for which the aid was intended, or, for a loan made under the Federal Family Education Loan (FFEL) or William D. Ford Federal Direct Loan (Direct Loan) program, is no longer enrolled at least half-time. After this date, an otherwise eligible student or parent may receive a late disbursement only if the conditions specified in 34 CFR 668.164(g) are met.

In accordance with 34 CFR 668.164(g)(4)(i), a school does not need the U.S. Department of Education’s (the Department’s) approval to make a late disbursement within a 120-day period after the student ceases to meet the enrollment eligibility requirements for receiving Title IV funds. However, a school needs the Department’s approval to make a late disbursement beyond the 120-day period. And, the Department may grant that approval only if the reason the late disbursement was not made within the 120-day period was not the fault of the student or parent.

All of the basic eligibility requirements for making any late disbursement also apply when making a late disbursement beyond the 120-day period. See 34 CFR 668.164(g)(2) and Volume 4, Chapter 2 of the Federal Student Aid Handbook. (Note that the procedures described in this letter for submitting a request for approval to make a late disbursement beyond the 120-day period replace the procedures for submitting a request that are described in the 2004-2005 Handbook.)

Requirements and Procedures for Requesting Approval to Make a Late Disbursement Beyond the 120-Day Period

1. Requests for approval to make a late disbursement after the 120-day late disbursement period must be made directly by a school or its third party servicer. A lender, guaranty agency, or other entity may not submit a request on behalf of a school, regardless of the reason the funds were not disbursed.
2. The school must fax its request on school (or school servicer) letterhead to the Department’s Common Origination and Disbursement (COD) School Relations Center at (877) 623-5082. The fax cover sheet should be addressed to:

ATTN: FSA Support Team, “Late” Late Disbursement Approval Request

3. A separate request must be submitted for each student or parent.
4. A separate request must be submitted for each Title IV program, except that a single request may be submitted for approval to make a late disbursement of both a subsidized and unsubsidized FFEL or Direct Loan program loan for the same student and same loan period.
5. Each faxed request must include the information listed below. Failure to provide all of the required information will delay consideration of the request. It is particularly important to explain why the disbursement could not be made before the end of the 120-day late disbursement period allowed by the regulations. Although no specific format for the request is required, we have included a sample request format as an attachment to this letter.

All requests must include:

- Date of request
- School's name
- School's OPE ID
- Contact person's name, title, phone number, fax number, and e-mail address
- Student's (and parent's, for PLUS loans) name and social security number
- Type of aid (Pell Grant, FFEL, Direct Loan, FSEOG, Perkins Loan)
- Amount to be disbursed (gross amount for FFEL and Direct Loan requests)
- A clear and concise explanation as to why the disbursement was not made while the student was still enrolled for the payment period or loan period or during the 120-day late disbursement period allowed by the regulations.

Pell Grant, FSEOG, and Perkins Loan requests must include:

- Award year
- Payment period beginning and ending dates
- Answers to the following questions:
 - Did the student complete the payment period?
 - If the student did not complete the payment period, on what date did the student cease to be enrolled?
- Date the award was made to the student (FSEOG and Perkins Loan requests only)

FFEL and Direct Loan requests must include:

- Loan type (subsidized, unsubsidized, PLUS)
- Loan certification date (FFEL) or origination date (Direct Loan)

- Loan period beginning and ending dates
- Lender's name (FFEL requests only)
- Award ID (Direct Loan requests only)
- Answers to the following questions:
 - Did the student complete the loan period?
 - If the student did not complete the loan period, when did the student cease to be enrolled at least half time?
 - Does the request involve a late first disbursement of the loan or a late second or subsequent disbursement of the loan?

What to Expect After Submission of a Request

Requests will initially be reviewed to ensure that all required information has been provided. If information is missing, the school will be contacted. Schools will be notified by e-mail when this initial screening has been completed. Generally, a school may expect to receive an e-mail notification of the Department's approval or denial of its request within 10 business days after the completion of the initial screening.

For audit purposes, schools should keep a copy of the approval or denial notification e-mail. Additionally, for approval to make a late disbursement under the FFEL Program, the lender or guaranty agency may request that the school provide a copy of the approval e-mail.

Avoiding the Need to Make Late Disbursements Beyond the 120-Day Period

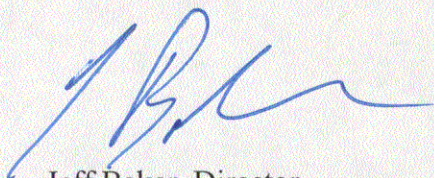
We encourage schools to develop procedures that will enable them to identify, in a timely manner, disbursements that were not made. In our experience, many situations involving late disbursements beyond the 120-day period arise because the school's financial aid office does not become aware that a disbursement was not made until after the end of the 120-day late disbursement period. For example, a school learns that a disbursement was not made when a student attempts to register for a subsequent period of enrollment, or when the school is pursuing a student for payment of institutional charges that should have been paid with Title IV aid. To mitigate the need to make late disbursements beyond the 120-day late disbursement period, schools should ensure that they have adequate coordination of information among the financial aid, business, and registrar's offices.

Contact Information

If you have questions about the procedures for requesting approval to make a late disbursement beyond 120 days, you may contact the COD School Relations Center at 1-800-848-0978 or 1-800-474-7268 (1-800-4PGRANT).

If you have other questions regarding late disbursements, please contact the FSA Customer Service Call Center. The Center staff is available Monday through Friday between the hours of 9:00 AM and 5:00 PM (Eastern Time) at 1-800-433-7327. After hours, calls are accepted by an automated voice response system. Callers leaving their name and phone number receive a return call the next business day. You may also fax an inquiry to the Customer Service Call Center at 202-275-5532, or send an e-mail inquiry to FSA.Customer.Support@ed.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Baker', with a stylized flourish at the end.

Jeff Baker, Director
Policy Liaison and Implementation
Federal Student Aid

Attachment: Sample Request Format