

Financial Aid Policy and Procedures 2019-2020



Arclabs Welding School

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Arclabs Policies and Procedures

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1.0 INTRODUCTION

1.1 Statement of Purpose

Federal regulations mandate that institutions administering Federal Financial Aid have written policies and procedures. This manual documents Arclabs policies and procedures for administering financial aid. If no policy or procedure addresses a given issue, the Financial Aid Administrator (FAA) and Chief Financial Officer (CFO) will address the issue based upon the intent of Arclabs financial aid programs and practices.

This manual:

- Sets forth the Arclabs policies for administering student aid and describes the procedures to be taken to implement these policies.
- Provides general procedures to insure that a systematic and consistent approach is taken in the administration of financial aid.
- Provides quick reference to various practices.
- Facilitates the orientation and training of personnel when changes occur.

1.2 Financial Aid Reference Documents

In addition to Arclabs Financial Aid Policy and Procedures Manual, other regulations which affect student aid will be adhered to. These regulations and guides are located at www.ifap.ed.gov and the below guides are used by Arclabs federal financial aid personnel as reference documents:

- Federal Student Aid Handbook
- Federal Registers (Financial Aid Legislation)
- U.S. Department of Education (ED) Audit Guide
- NASFAA Newsletters and website
- Higher Education Act as amended
- Dear Colleague Letters from the Department of Education
- NSLDS Reference Materials
- SAR and ISIR Reference Materials
- Department of Education Webinars and Presentations

2.0 PHILOSOPHY AND POLICIES OF STUDENT FINANCIAL AID

2.1 Mission of Arclabs Welding School

The mission of Arclabs is to intentionally train and test students in welding, pipe fitting and inspection for employment by the clients we serve.

2.2 Arclabs Philosophy of Financial Aid

Arclabs believes that everyone who desires training which will advance them towards the goal of finding employment should have the opportunity to attend school regardless of their financial situation. We promote financial assistance to eligible students so that they may benefit from our technical training with the goal of providing them a career. The primary purpose of the financial aid program at Arclabs is to provide financial assistance to students who, without aid, would be unable to

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attend school. Financial assistance is offered in the form of federally funded programs and state funded programs. Financial assistance is viewed only as supplementary. The student and the family of a student are expected to make a maximum effort to assist with educational expenses. Federal financial aid will be administered in accordance with Federal regulations and guidelines pertaining to the type of assistance requested.

3.0 ADMINISTRATIVE AND FINANCIAL AID ORGANIZATION AND OFFICE MANAGEMENT

3.1 Authorizing Aid, Disbursing Aid and Separation of Duties

The function of awarding and packaging aid for a student (authorizing payments) is separate from the function of drawing down funds from G5 and posting to student's accounts (disbursing funds). Authorizing payments is performed by the FAA with the assistance of office coordinators and financial aid coordinators at each branch campus location while the function of disbursing funds is performed by the CFO.

3.2 Purpose of the Financial Aid Office

The purpose of the Financial Aid Office is: (1) to provide professional financial counseling to students and parents about meeting the costs of education; (2) to administer Title IV Aid programs competently according to Arclabs policies and in accordance with federal regulations; and (3) to maintain institutional records of assistance programs and students assisted.

3.3 Responsibilities of the Financial Aid Administrator and Coordination with Office Coordinators at Each Branch Location

The primary responsibilities of the Financial Aid Administrator (FAA) are to assess eligibility of applicants for aid and collect the applicable supporting documents, notify students of aid eligibility, award aid in compliance with policies and regulations, complete federally mandated reports, assemble and maintain student aid records and design/implement systems to accomplish these tasks. This position requires knowledge of federal regulations, institutional policies and procedures, ability to deal with students and parents about sensitive issues and the ability to deal with continually changing program regulations.

Financial Aid Coordinators (FAC) or Office Coordinators (OC) at each branch location work with the FAA to determine financial aid eligibility and packaging a student's financial aid. The FAC's/OC's provide face-to-face communications with students, parents and other interested parties and assist in guiding the student through the financial aid process. This assistance may include (among other things) helping students fill out their FAFSA, helping a student through student loan counseling, making sure a student obtains and signs the required documentation, or coordinating phone meetings with the FAA.

3.4 Responsibilities of Business Office

The primary responsibilities of the business office (BO) are to maintain student accounts that record charges, credits and amounts due, maintain records in accordance with US GAAP and government

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auditing standards, reconcile financial data from our financial aid and student information software systems (see Section 3.8 for a description of those systems) to our general ledger, reconcile cash between our bank statements and general ledger, calculate the return of Title IV funds, implement Arclabs refund policy, maintaining internal controls and maintaining general stewardship for federal financial funds. The BO is also responsible for all general accounting functions and preparation of Arclabs financial statements.

3.5 Office Hours and Services

The Financial Aid Office is open and available to students from 8:30 a.m. to 1 p.m. and 2 p.m. to 5:30 p.m. Monday through Thursday and 8:30 a.m. to 1:00 p.m. on Friday. Appointments can be made at any time during business hours. When necessary, appointments may be made outside normal business hours to accommodate the schedule of a prospective student. Walk-ins are provided assistance in the order that they sign-in. Please note that students with appointments will take precedence over walk-ins regardless of wait time.

3.6 Financial Aid Personnel

The office staff responsible for administering federal financial aid are listed below:

· Kyle Davidson	Chief Financial Officer
· Sherrone McCord	Financial Aid Administrator
· Megan Schubert	Office Coordinator Charleston Campus Office
· Emily McPheron	Financial Aid Coordinator Columbia Campus
· Doug Bartek	Financial Aid Coordinator Houston Campus
· Jennifer Harrison	Business Office
· Emilee Crooks	Business Office

3.7 Third Party Services

Arclabs uses FAME as its third party servicer for financial aid services. FAME's financial aid services include ISIR retrieval, generating financial aid award letters, enrollment reporting, reports that provide an accounting of Title IV award functions, ordering funds and COD updates. Arclabs uses Pantheon Student Solutions as a third party servicer in default management.

3.8 Financial Aid Records Management

Arclabs uses software provided by the company FAME for its student information system (SIS) and its federal financial aid processing. FAME also serves as Arclabs third party processor for financial aid services. The financial aid software provided by FAME is called Freedom Financial Aid (FFA). FFA software supports receipt of ISIRs, automated eligibility and verification, automated packaging of student financial aid awards, cash orders, disbursing funds, and, when necessary, returning funds.

Registration of students is done by the Admissions Office or Student Services Office at each branch campus location. The person registering the student verifies that the student has completed all required information on the registration form and enrolls the student using the FAME SIS. The student is then scheduled into the appropriate program. All student demographic information and required reporting information is collected during the registration process and entered into our SIS.

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Federal Financial Aid students will prepare a FAFSA. Once the CPS processes a FAFSA received from a student, it sends an ISIR electronically to FAME which in turn submits the ISIR electronically to Arclabs. The FAA reviews the ISIR and takes required actions as more fully described in Sections 6 through 11. The FAA then packages the student as more fully described in Sections 8 through 13 and FAME FFA produces a financial aid award letter. If the student accepts the financial aid award, the awards are automatically posted to the student record. When the Arclabs FAA receives the signed award letter, FAME then orders the funding and updates COD. When funding is received in Arclabs bank account, the CFO reports the receipt in Freedom FFA which then automatically posts directly to the students account ledger in the FAME SIS. The CFO then transfers the funds from Arclabs Pell or Direct Loan bank accounts to the Arclabs operating bank account.

3.8.1 Security of Financial Aid Records and Student Records

See the Arclabs Student Handbook regarding the security of paper student records. As more fully described in the FAME Financial Aid Services Procedures Manual, electronic records are maintained in the FAME SIS for student demographics, enrollment status, attendance, academic progress, grades, student charges, financial aid awards, financial aid award disbursements, refunds / R2T4 calculations, and deferred revenue calculations. FAME hosts the SIS and FFA software systems for Arclabs. FAME has the appropriate security controls in place to protect against hacking, viruses and other unauthorized security intrusions attempting to access electronic data. FAME backs up Arclabs student data hosted on their systems.

Each Arclabs user of these systems has a unique login and password required to be entered before they are able to use the systems. Security privileges on the FAME systems are managed by Arclabs Compliance Specialist. Employees are given access necessary to accomplish the functions of their position. If an employee leaves Arclabs, their access to FAME systems is immediately disabled.

The CFO is the Primary Destination Point Administrator (PDPA) who controls access to Federal Student Aid systems. The PDPA and users of the Federal Student Aid systems are responsible for protecting the systems from access by unauthorized personnel.

3.9 Location of Records

In addition to the electronic records mentioned in 3.8, hard copy financial aid records are located in the Financial Aid Office at 2615 Highway 153, Suite B3 in Piedmont SC. The Financial Aid Administrator has the responsibility for maintaining these files and records. Arclabs will retain all financial aid records and files as required by law for 3 years from the end of the award year for which the aid was awarded.

3.10 Organization of Student Financial Aid Record

Each student file will be organized into a permanent financial aid folder housed in the Financial Aid Office and will be organized as follows:

- Arclabs Student File Checklist
- ISIR
- Enrollment Agreement
- NSLDS

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- Direct Plus Loan Denial (Dependent Student)
- Master Promissory Note
- PLUS Master Promissory Note (Dependent Student)
- Entrance Counseling
- PLUS Entrance Counseling (Dependent Student)
- Verification Forms
- Student Title IV Authorization Form
- High School Completion docs- Transcript and/or Diploma, GED
- Copy of ID
- Unofficial Award Letter
- Official Award Letter
- Pell/Loan Funding Form
- Student Credit to Account Letter
- SAP documentation
- Exit Counseling

For Students who have withdrawn, the following information will also be in the student file:

- Complete Withdrawal Form
- Attendance Records/ Progress Report
- Student Ledger
- R2T4 (Return of Title IV)
- Exit Counseling

3.11 Confidentiality and Inspection of Student Records

All information (written or oral) that a student and/or family reveals in the process of seeking assistance is confidential. Access to this information is restricted to the Financial Aid Office and Arclabs Administrative Team. Application materials become the property of Arclabs upon submission and are maintained in the student's file.

4.0 PARTICIPATION IN FEDERAL FINANCIAL AID PROGRAMS

4.1 Institutional and Program Eligibility

The documents received from ED showing Arclabs eligibility to provide federal financial aid programs are our Program Participation Agreement (PPA) and our Eligibility and Certification Approval Report (ECAR). The documents are located in the office of the CFO. Arclabs is approved to offer federal financial aid assistance under the following Title IV programs: Pell grants, Subsidized and Unsubsidized Direct Loans and Plus loans. The class offering under which Arclabs is approved to offer federal financial aid assistance is the 900 Hour Advanced Welding Program.

Arclabs awards federal financial aid according to federal regulations and guidelines. Financial assistance is viewed only as **supplementary**. The student and the family of a student, when applicable, are expected to make every effort to assist with educational expenses.

4.2 Purpose of Pell Grant and Federal Direct Loan Programs

The Pell Grant program is a grant program designed to provide a foundation of aid to needy students. Pell Grants do not have to be repaid. The Federal Direct Subsidized Loan program offers loans to

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students and, like the Pell Grant program, is also need-based. The federal government subsidizes the interest while the borrower is in school, in the grace period or in deferment. The Federal Direct Unsubsidized Loan program offers loans to students and is not need-based. The borrower is responsible for the interest that accrues during any period. Federal Direct Plus Loans are loans available to parents of dependent students.

4.3 Other Financial Aid Programs

Other programs under which Arclabs is approved to offer financial aid assistance are:

- Veteran's Affairs (VA)
- Workforce Innovation and Opportunity Act (WIOA)
- Vocational Rehabilitation
- Certain community organizations like Goodwill Industries and the Salvation Army

4.4 Definition of Title IV Academic Year

Our 900-hour Advanced Welding Program is a clock hour program. Our academic year is 900 hours and 26 weeks. Our payment periods are determined by clock hours. Our first payment period is from hour 1 to hour 450 and our second payment period is from hour 451 to 900.

5.0 STUDENT CONSUMER INFORMATION

Arclabs Course Catalog & Student Handbook (Handbook) includes consumer information for all programs offered at the school. You can find our Handbook on Arclabs website(www.arclabs.edu) under Resources on the Getting Started tab.

6.0 APPLYING FOR FEDERAL FINANCIAL AID PROGRAMS

6.1 Student Application

Students must complete a "Free Application for Federal Student Aid" (FAFSA) form. Application forms are free and may be obtained online at <http://www.fafsa.ed.gov>. Computer usage and assistance in completing the FAFSA are available from the financial aid representative. Students are directed to read the instructions carefully when completing the FAFSA. After completing a FAFSA students will receive a Student Aid Report (SAR). Students should review all the information on the SAR. If any changes are necessary, the student can make corrections online using his/her Federal Student Aid ID (FSA ID).

Students who applied for financial aid the previous year may qualify to use a Renewal FAFSA. The student may access the Renewal Application online by using their FSA ID. On the renewal, the student should correct his or her information and submit it to the processing center.

Once the FAFSA is completed, the school will receive an Institutional Student Information Record (ISIR). The student will receive a SAR Information Acknowledgment by mail in five working days for their inspection. This ISIR will be used to determine the student's award.

To be eligible for benefits, students must provide the following items:

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- A Standard High School Diploma from an Accredited High School or GED
- Driver's License or photo ID
- Verification Worksheet (provided by Financial Aid Administrator) - if applicable
- Tax Transcripts and W2's (provided by IRS) - if applicable
- Non-filers must submit an Income Verification Worksheet (provided by Financial Aid Administrator) AND Non-filers' statement (provided by IRS) - if applicable

7.0 VERIFICATION

Regulations governing the Title IV student financial aid programs require institutions to verify applicant-reported data in certain instances. These regulations also require institutions to develop written policies and procedures to carry out the verification process (34CFR 668.53).

Verification is the process of checking the accuracy of information submitted by applicants when they apply for financial aid. All records and other materials used in completing the application will be saved in the student's financial aid folder. This information will be needed later to prove the information submitted is correct. After submitting the FAFSA, the student will receive a SAR which includes a summary of application information and the determination of the expected family contribution (EFC). This EFC is the result of computations involving the financial and non-financial data submitted on the application. The method of computation is applied to all students uniformly. The specific computations involved in the calculation may be obtained by contacting the Financial Aid Administrator (FAA).

The Central Processing System (CPS) selects potential students who apply for aid for verification. To be eligible for benefits, students selected for verification must provide the following items:

- Verification Worksheet (provided by FAA)
- Tax Transcripts (provided by IRS)
- Non-filers must submit an Income Verification Worksheet (provided by FAA) AND Non-filers' statement (provided by IRS)

All students who have been selected for verification by the US Department of Education (ED) must complete verification before being awarded Title IV financial aid.

The FAA will verify all information that is furnished and retained in the student file against the ISIR to ensure accuracy. Arclabs will resolve conflicting and/or inconsistent information related to the student's application. The requirement to resolve conflicting data is separate and distinct from the verification requirements, and supersedes any verification policies.

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Arclabs only verifies students who are selected for verification by CPS. For those students who are selected for verification, the FAA explains the process verbally, provides the student with a list of required documents and a form requiring the student's signature stating they understand the process. This form states what documentation and actions are required and the time period (Section 7.4) within which an applicant must provide any documentation requested. The form includes:

- The consequences for failure to meet the deadline
- The method by which the applicant will be notified of the results of verification
- The method by which the applicant will be notified if as a result of verification the applicant's EFC changes and results in a change in the amount of the applicant's assistance under Title IV, HEA Programs

An applicant whose FAFSA information is selected for verification must complete verification before Arclabs makes any changes to the applicant's values of the data items required to calculate the EFC under authority of Section 479(a) of the HEA.

7.1 Acceptable Documentation for Items to be Verified

When verification is required, the FAA collects appropriate documentation from the applicant based on the guidelines published in The Federal Student Aid Handbook. Items that generally must be verified by comparing the data items on the SAR/ISIR with identical data items on the IRS tax return and/or other primary documentation are listed in the following section.

Applicants selected for verification will be required to produce items detailing proof of any combination of the following:

- Household size
- Number enrolled in Postsecondary Education
- Adjusted Gross Income
- Income Taxes Paid
- Income Earned from Work
- Untaxed Income and Benefits
- SNAP Benefits
- High School Diploma
- Identity/Statement of Educational Purposes
- Child Support Paid

Arclabs FAA will resolve discrepant information in compliance with 34 CFR Part 668.16(f) and as described below.

7.1.1 Household Size

Verification Worksheet completed and signed by student and/or parent is acceptable documentation.

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7.1.2 Number Enrolled in Postsecondary Education

Verification Worksheet completed and signed by student and/or parent is acceptable documentation. If there is reason to doubt the information, the schools listed may be contacted to confirm enrollment. The student should always be included in this number. Others can be included only if they are counted in the household size and will be attending a postsecondary educational institution at least half-time (6 credit hours per semester for at least one term or 15 clock hours per week) in the current award year. These individuals must also be working toward a degree or certificate leading to a recognized educational credential at an eligible school.

Dependent students must exclude parents as number enrolled in college.

7.1.3 Adjusted Gross Income

Acceptable documentation for independent students (and spouse) is a signed copy of U.S. Tax Transcript for the base year. For dependent students, a signed copy of parents and student's U.S. Tax Transcript for the base year is needed.

7.1.4 U.S. Income Tax Paid

Acceptable documentation for independent students is a copy of U.S. Tax Transcript for the base year; for dependent students, a copy of parent's and student's U.S. Tax Transcript for the base year is needed. Tax Transcripts are provided by the IRS. Prior to June 15, 2012, a signed copy of a Tax Return was acceptable documentation for students and parents. This is no longer accepted for documentation purposes.

7.1.5 Income Earned from Work (non-tax filers)

For Non-Tax filers, the following documentation is needed: a verification worksheet completed and signed by the student (spouse optional) and/or parent; a non-filers transcript; and a listing of sources and amounts of all income for the base year.

7.1.6 Certain Untaxed Income and Benefits

For Child Support – Verification Worksheet completed and signed by student and/or parent is acceptable documentation.

For IRA/Keogh deductions – Acceptable documentation is the tax transcript or alternative tax documents.

For Foreign Income Exclusion – Acceptable documentation is the tax transcript or alternative tax documents

For Interest on Tax-Free Bonds – Acceptable documentation is the tax transcript or alternative tax documents.

7.1.7 SNAP benefits

If the ISIR shows that someone in the parents' or student's household received SNAP benefits in the year being awarded, the student must provide a signed statement indicating receipt of the benefit to Arclabs. If Arclabs has reason to doubt the receipt of SNAP benefits, we must require him/her to obtain and give us documentation from the agency that supplied the

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benefit. This documentation may include, but is not limited to, an account summary, statement, or website printout that clearly verifies the SNAP benefits received and that the document was obtained through official means from the agency.

7.1.8 High School Diploma or GED® Requirement

To be eligible to receive financial aid the student must have received their high school diploma by the start of the school year for which they are applying for aid.

7.1.8.1 High School Self-Certification of a Valid Diploma

Arclabs accepts student's self-certification on the FAFSA that he or she obtained a high school diploma. However, if we have reason to believe that the high school diploma is not valid or was not obtained from an entity that provides secondary school education or if the student was placed in a Verification Tracking Group that requires verification of high school completion status, the institution must follow its procedures, as required under the regulations at 34 CFR 668.16(p), to evaluate the validity of the student's high school completion.

7.1.8.2 Checking the Validity of a High School Diploma

For Title IV student aid purposes, in determining whether a student's high school diploma is valid, Arclabs checks with the Council for Higher Education Accreditation on their website at chea.org to determine if a diploma issued from that school is recognized as a valid high school diploma.

7.1.8.3 Foreign High School Diploma

For Title IV students with a Foreign High School Diploma, Arclabs will have the student submit his/her high school credentials with a translation. The CFO will deny or approve the results after careful review.

7.1.8.4 Checking the Validity of a GED

The regulatory provision that allows a GED certificate to be considered the "equivalent of a high school diploma" requires obtaining the certificate. The requirement for Arclabs is not satisfied by completing a "GED program." For Title IV purposes, there is no concept of a valid GED program, online or not. The student must take and pass the GED test in person at a designated GED Testing Center. Once the student has completed all sections of the GED test and passed by satisfactorily meeting minimum scores, the State will issue a certificate of high school equivalency.

The student may also be issued an official GED transcript by the test publisher or the jurisdiction where the test was taken which will provide the test scores for each academic content area of the GED test.

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7.1.9 Identity / Statement of Educational Purposes

Students need an original government-issued photo identification (ID) such as a passport or a driver's license and 2019-20 Identity and Statement of Educational Purpose Document. Students must verify high school completion status and identity/statement of educational purpose in addition to the items in the Standard Verification Group.

7.1.10 Child support paid

If the ISIR shows that the student or parent paid child support in the year of the completed FAFSA, the student must provide a signed statement or, if she/he is dependent, signed by either parent and giving the annual amount of the support, the names of those who paid it and to whom it was paid, and the name(s) and ages of the child(ren) for whom it was paid.

If Arclabs believes that the signed statement is inaccurate, the student must provide appropriate documentation, such as a statement from the recipient of the child support showing the amount provided, or other documentation that the payments were made, such as copies of the child support checks, money order receipts, or records of electronic child support payments.

7.2 Verification Status Codes

A Verification Status Code of "Blank" – A blank space indicates that the SAR/ISIR was not selected for verification by CPS.

- V1- Standard Verification
- V2- No longer used (was previously SNAP Verification)
- V3- Child Support Paid Verification
- V4- Custom Verification Group
- V5- Aggregate Verification Group
- V6- Household Resources Verification Group

7.3 Completion of Verification

If the verification process shows no errors in non-dollar items or dollar items, the information will be used to process the student for Pell purposes. The FAA files the documents in the student's financial aid file folder. If the verification process shows errors in non-dollar items or errors in dollar items for the student and/or the parent, the student and/or parent's information must be corrected and the corrected information must be reprocessed. The student will be responsible for correcting the information on the FAFSA and resubmitting the application. All corrections must have documentation signed by the student, spouse and/or parent. When the reprocessed SAR/ISIR is received, it is reviewed. If the SAR/ISIR is now accurate, the verification process is complete. The Verification Checklist and all verification documents are filed in the student's financial aid file folder.

After completing verification, Arclabs must also have on file the final and valid federal output document showing the final official EFC.

7.4 Verification Deadline

If a student does not complete verification within 45 days of requested verification information, the student forfeits the Pell for the award year and will be responsible for all tuition and fees owed to the school. Exceptions can be made by CFO on a case by case basis.

7.5 Verification of Other Information

The SAR/ISIR will often have comments requiring the FAA to verify specific items. Any specific item flagged by CPS will be included in the verification process.

7.6 Supplemental Verification List Used by FAA

Attached as Addendum A is an additional supplemental checklist used by Arclabs FAA when performing verification duties.

8.0 PROFESSIONAL JUDGEMENT

Arclabs will apply professional judgement sparingly, on a case by case basis and only in exceptional circumstances. All professional judgements will be approved by the CFO.

9.0 DEPENDENCY OVERRIDES

The federal government developed the FAFSA as the tool for calculating all students' aid in a fair way. For the vast majority of students, it allows for a reasonable calculation of financial responsibility and aid eligibility. On very rare occasions, a student's situation may need to be reviewed more closely for possible adjustment.

In cases where a student is in an abusive family situation which creates extreme hardship preventing them from attending college, a dependency override may be considered by the FAA. Documented child-abuse cases, release into DHS or court custody, or parental incarceration are examples of extreme situations that can be considered for an override. Such situations must be documented by two non-family sources and must involve a total abandonment by the parents from all emotional, financial and physical support for the student.

Note that factors such as parental unwillingness to give information or financial help to a student does not make a student eligible for a dependency override. This is the case whether or not the parents claim the student as a dependent on their federal tax return and it is the case whether or not the student lives with the parent.

To have a Dependency Override request considered, students must supply the following:

- A letter written by the student requesting consideration as an independent student. This must clearly explain their relationship with their parents and detail how the family structure has been completely dissolved.
- Completed FAFSA form or SAR if the initial aid application has already been submitted.

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- Copy of current year completed federal tax return for student showing sufficient income to have paid for all expenses.
- At least two supporting letters submitted (preferably on letterhead) from independent agencies validating the student's breakdown in family structure. This may include, but is not limited to, letters from social services, foster-care givers, high school counselor, youth protection agency, church pastor, or copies of police records confirming abuse. No provider of a letter should be a family member. Other documentation may be submitted as the student deems appropriate.

10.0 DOCUMENTS REQUIRED PRIOR TO AWARDING PELL AND DIRECT LOANS

Once all paperwork is completed, the FAA will put the financial aid file together. The file will have all required payment information and documentation. Listed below are some of the documents that must be present in the files (if applicable):

- ISIR
- Enrollment Agreement
- Proof of High School Diploma or GED
- Verification worksheet
- Verification of amount of income and taxes – Tax Transcript provided by the IRS and W2
- Master Promissory Note
- Entrance Counseling
- Unofficial Award Letter
- Title IV Authorization form

10.1 Procedure to Follow Concerning Missing Information

If information is missing, the FAA requests the student to bring missing documents. Once documentation is submitted, it is filed in the student's financial aid file. Once the financial aid file is together, the FAA will print the official award letter to have the student sign. The printing of the official award letter triggers ordering the Pell disbursement upon the student attending class. The award letter is sent to the campus financial aid coordinator for student signature.

10.2 Procedure to Follow Concerning Conflicting Information

The Financial Aid Administrator reviews documents to make sure there is no conflicting information in the student file. If conflicting information exists, the student is advised on what conflicts are found and how they must be resolved. If no conflicts exist, the Financial Aid Administrator proceeds with processing.

10.3 Procedure for Handling Void Applications

In the event that the applicant receives an eligibility letter only, they may submit it to the FAA for review and assistance. The FAA reviews comments on the letter explaining why the SAR/ISIR is void. If the applicant submits a void application, the FAA assists the applicant in the interpretation of the letter and the corrective actions that may be required. The usual problem is failure of the student and/or others to sign the original application either with a "wet" signature, or by signing electronically with their FSA ID number.

10.4 Procedure for Handling Rejected Applications

The applicant receives an Eligibility Letter and Information Review Form. Comments will appear on the SAR explaining the application rejection and indicating action the applicant may take to correct his/her information so that eligibility may be determined. The FAA's role is the same as with the void application stated above.

10.5 Procedure for Handling Ineligible SAR/ISIR

The applicant receives an Eligibility Letter and Information Review Form. The eligibility letter states that the Expected Family Contribution (EFC) is too high for a Pell Grant. The Financial Aid Administrator is available to discuss other avenues for assistance.

11.0 OTHER ELIGIBILITY REQUIREMENTS

The Financial Aid Administrator reviews the documents in the file and ascertains that the student meets general qualifications for financial assistance as listed below.

11.1 Need

Need for the Pell grant program is documented by submission of a valid SAR/ISIR with an EFC of less than \$5,577 by the student.

11.2 Default Status

If a student is in default on a previously issued student loan, he/she is not eligible for further Title IV assistance. However, it is possible for the student to obtain satisfactory arrangements for repayment. Student must have a letter from the holder of the loan stating that the student has made satisfactory repayment arrangements and is eligible for Title IV funds before any funds may be disbursed.

11.3 Educational History of Student

If the student has attended other schools in the past, the FAA can assess the NSLDS information from SAR/ISIR concerning defaults and overpayments. If the student has attended another school and the FAA determines that it has been within the current award year, she will then access National Student Loan Data System (NSLDS) on the web at www.nsls.ed.gov. If the student is a transfer student for Pell purposes, the NSLDS will give the student's current year Pell disbursement and the current year scheduled award. This information will be used in award calculation.

11.4 Social Security Benefits

If the student receives social security benefits, the amount is verified with a signed statement by the applicant and/or spouse and/or parents certifying that the amount of Social Security shown on the application is correct AND documentation from the Social Security Administration showing the total amount of benefits received by the applicant and/or the applicant's spouse (if applicable) and/or the dependent applicant's parents. This is required only if the student is selected for verification or the Financial Aid Administrator has reason to believe that it was reported incorrectly.

11.5 Undergraduate Status

If a student states on FAFSA that he/she has a Bachelor's degree, then he/she is not eligible for the Pell Grant because students who have undergraduate bachelor degrees are not eligible for the Pell Grant.

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11.6 Course Repeats

Students who want to repeat our 900-hour Advanced Welding course are not eligible for federal financial aid assistance.

12.0 PELL GRANT AWARDS

The Pell Grant program is a grant program designed to provide a foundation of aid to needy students. Pell Grants do not have to be repaid.

12.1 Amount of Pell Grant

Grant amounts are available only to students enrolled in our 900 Hour Advanced Welding Program. Grant amounts are based upon the Expected Family Contribution (EFC) and Arclabs Cost of Attendance (COA). Arclabs COA is described in Section 12.2 and the student's EFC is located on the student's most recent ISIR. A student's financial need is based on the formula COA minus EFC equals Need. The government provides a payment schedule annually to be used to determine the amount of a Pell Grant. For the 19/20 award year the maximum Pell award is \$6,195. If a student's EFC is \$5,577 or higher, he/she is not eligible for the Pell Grant.

12.2 Cost of Attendance

COA is updated for each program every year. A COA is provided for both dependent and independent students. For purpose of awarding Title IV need-based assistance, Arclabs estimates reasonable expenses for students enrolling in our 26 week 900-hour Advanced Welding Program. The estimated cost of attendance is below.

	Student at Home with Parents	All Other Students
Tuition	\$16,400.00	\$16,400.00
Fees, Books & Supplies	\$ 1,075.00	\$ 1,075.00
Transportation	\$ 1,202.00	\$ 2,405.00
Room & Board (Living Expenses)	\$ -	\$13,362.00
Personal Allowance	\$ 1,937.00	\$ 3,875.00
Totals	\$20,614.00	\$37,117.00

As shown above, COA for purposes of the Pell grant is the cost of tuition and fees for a full time student for a full academic year plus an allowance for room and board, books, supplies, transportation and personal expenses incurred by the student for a full academic year. Arclabs tuition for its Title IV

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eligible program, the 900 Hour Advanced Welding Program, is \$16,400.00. Tuition and Fees are published in the Handbook. Arclabs cost of attendance is also shown on our Net Price Calculator on our website at www.arclabs.edu.

12.3 Determining Scheduled Award

Determination of the Pell Award is automated using our FAME software. COA information is uploaded to the FAME software prior to the start of each academic/award year. The Pell award that is determined from the FAME software system is based on this COA information loaded in the system, the payment schedule provided by the federal government for determining Pell, and using formula COA minus EFC equals need.

12.4 Crossover Payment Periods

If a student's payment period begins in one academic year and ends in another, it is considered a crossover payment period. Always look at the student's best interest when deciding what payment period to pay out of. There are a number of factors to be considered when making this decision. If the student has already exhausted all their Pell funding for the previous academic year, you must use the new academic year to pay out of. If the student has not exhausted their Pell funding for the previous academic year, you may want to pay out of that year, so that still leaves 2 payment periods in the new academic year.

13.0 FEDERAL DIRECT STUDENT LOAN AWARDS

Federal Direct Loans are Federal Student Loans available to students enrolled in post-secondary schools and are used to supplement personal and family resources, scholarships and grants. There are two types of Federal Direct Student Loans, the Subsidized Loan and the Unsubsidized Loans. A Federal Direct Subsidized Loan is subsidized by the U.S. Government and is need-based. A Federal Direct Unsubsidized Loan is unsubsidized.

13.1 Federal Direct Subsidized Loans

Direct Subsidized Loans are for students with financial need. They are awarded on the basis of the student's financial need and other specific eligibility requirements. Arclabs Financial Aid Office will review the results of your FAFSA and determine the amount you can borrow. The federal government does not charge interest on these loans while borrowers are enrolled at least half-time, during a six-month grace period, or during authorized periods of deferment. Repayment of subsidized loans begins six months after enrollment has ceased or dropped below half-time status.

13.1.1 Interest Rate on Direct Subsidized Loans

The interest rate for undergraduate students between July 1, 2019 and June 30, 2020 will be fixed at 4.53%.

13.1.2 Eligibility

To be eligible for a subsidized loan a student:

- must have financial need (based on your FAFSA results)

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- must be enrolled at least half-time
- must meet Satisfactory Academic Progress requirements
- may not exceed the annual or aggregate loan limits
- must not be in default on a previously taken federal direct student loan

13.2 Federal Direct Unsubsidized Stafford Loans

You are not required to demonstrate financial need to receive a Direct Unsubsidized Loan, but must meet specific eligibility requirements. Like subsidized loans, Arclabs Financial Aid Office will determine the amount you can borrow. Interest accrues (accumulates) on an unsubsidized loan from the time it's first paid out. Interest is charged throughout the life of the loan. You can pay the interest while you are in school and during grace periods and deferment or forbearance periods, or you can allow it to accrue and be capitalized (that is, added to the principal amount of your loan). If you choose not to pay the interest as it accrues, this will increase the total amount you have to repay because you will be charged interest on a higher principal amount. Repayment of unsubsidized loans begins six months after enrollment has ceased or dropped below half-time status.

13.2.1 Interest Rate on Direct Unsubsidized Loans

The interest rate for undergraduate students between July 1, 2019 and June 30, 2020 will be fixed at 4.53%.

13.2.2 Eligibility

To be eligible for an unsubsidized loan a student:

- must complete a FAFSA
- must be enrolled at least half-time
- must meet Satisfactory Academic Progress requirements
- may not exceed the annual or aggregate loan limits
- must not be in default on a previously taken federal direct student loan

13.3 Borrower Requirements

In order to receive federal student loans, you must meet certain requirements. The Department of Education has created a website www.studentloans.gov to manage borrower requirements and provide valuable information regarding federal student loans. The three items listed below are required from all student loan borrowers.

13.3.1 Entrance Counseling

To ensure that you understand your rights and responsibilities as a student loan borrower, the Federal Government requires you to participate in loan counseling prior to receiving a Direct Loan, if you have not previously received a Direct Loan, Federal Family Education Loan or Supplemental Loans to Students (SLS) Loan. You must complete entrance counseling before receiving your first Direct Loan disbursement at Arclabs. Entrance Counseling may be completed at www.studentloans.gov. Your Federal FSA ID is required in order to complete the Entrance Counseling.

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13.3.2 Sign Master Promissory Note (MPN)

The Master Promissory Note, commonly referred to as MPN, is a document that must be signed in order to receive a federal student loan. The signed MPN binds you to the federal government as a promise to repay the student loan you intend to take out to help cover your educational expenses. The MPN provides valuable information about the rights and responsibilities you have as a borrower. You must sign an MPN before receiving your first Direct Loan disbursement at Arclabs. An MPN may be signed at www.studentloans.gov.

13.3.3 Exit Counseling

Prior to graduating, leaving school, or dropping below half time status, Direct Loan borrowers must complete exit counseling. The Direct Loan Exit Counseling will explain your rights and responsibilities as a Direct Loan Borrower. Your Federal FSA ID is required in order to complete the Exit Counseling because your personal loan information will be provided. Exit Counseling may be completed at www.studentloans.gov. Exceptions occur when a student withdraws without notification or is unable to be reached prior to leaving school. In these cases, an exit counseling packet will be sent to the address on file.

13.4 Origination Fee

Students who accept and are disbursed Direct Loans will be charged an origination fee by the Department. These origination fees will be deducted before each disbursement. All Direct Subsidized and Unsubsidized loans disbursed on or after October 1, 2019 will include an origination fee of 1.059%.

13.5 Federal Student Loan Deferment

A deferment is a period of time during which your loan holder suspends your regular loan payments. Borrowers should contact their loan servicer for the appropriate deferment form and submit the form to the Financial Aid Office for certification. It is the student's responsibility to ensure that the deferment request is processed by their loan servicer.

13.6 Refusing to Originate/Certify a Loan

Arclabs and the Financial Aid Office reserve the right to refuse to originate and/or certify a Direct loan or may reduce the loan amount. Such decision is made on a case-by-case basis and they must involve the directors of the Financial Aid Office. The borrower will be notified in writing of the reason for the decision and documentation will be kept by the Financial Aid Office.

13.7 Federal Direct PLUS Loans for Parents

Parents of dependent students may apply for a Direct PLUS Loan to help pay for their child's education expenses as long as certain eligibility requirements are met.

To be eligible for a Direct PLUS Loan for Parents:

- The parent borrower must be the student's biological or adoptive parent. In some cases, the student's stepparent may be eligible.
- The student must be a dependent student who is enrolled at least half-time. Generally, a student is considered dependent if he or she is under 24 years of age, has no dependents and is not married, a veteran, a graduate or professional degree student, or a ward of the court.
- The parent borrower must not have an adverse credit history (a credit check will be performed). If the parent's credit is not approved, the parent may still receive a loan if someone (such as a friend or relative) whose credit is approved agrees to endorse the loan. The endorser promises to pay the loan if the parent fails to do so.

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- The student and parent must be U.S. citizens or eligible noncitizens, must not be in default on any federal education loans or owe an overpayment on a federal education grant, and must meet other general eligibility requirements for the federal student aid programs.
- The parent or student must not be in default on a previously taken federal direct student loan.

13.7.1 Interest Rate on Direct PLUS Loans

The interest rate is fixed at 7.08%. Interest is charged from the date of the first disbursement until the loan is paid in full.

Interest rate cap for military members - If a parent qualifies under the Service Members Civil Relief Act, the interest rate on loans obtained before entering military service may be capped at 6% during the parent's military service. Parents must contact their loan servicer to request this benefit.

13.7.2 Borrower Requirements

Parents of dependent students who wish to seek a Direct PLUS loan must complete a Direct PLUS Loan Request and Master Promissory Note (MPN) on www.studentloans.gov. The MPN is a legal document in which the borrower promises to repay the loan and any accrued interest and fees to the Department. It also explains the terms and conditions of the loan.

13.7.3 Annual Loan Limits

The annual loan limit on a Direct PLUS loan is equal to the student's cost of attendance minus any other financial aid the student receives.

13.7.4 Loan Fee

Parents who are approved and accept a Direct PLUS loan will pay a fee of 4.236% of the loan amount, deducted proportionately each time a loan disbursement is made.

13.7.5 Direct PLUS Loan Repayment

The repayment period for a Direct PLUS loan begins at the time the PLUS loan is fully disbursed, and the first payment is due within 60 days after the final disbursement. However, for Direct PLUS loans with a first disbursement date on or after July 1, 2008, the parent may defer repayment:

- While the student on whose behalf the parent borrowed the loan is enrolled on at least a half-time basis,
- For an additional six months after the student ceases to be enrolled at least half-time.

13.8 Loan Entrance/Exit Counseling (Required)

Before receiving a student loan, borrowers must complete an entrance counseling session. Loan entrance counseling provides information to students concerning how to manage student loans, both during and after college. Exit Counseling is generally required once a direct loan borrower drops below half-time enrollment status, withdraws or graduates. The student must notify the Arclabs Financial Aid Office prior to withdrawal or graduation for loan counseling. The purpose of loan exit counseling is to inform the student of their tentative total loans received while in attendance at Arclabs and to provide the student with an estimated payment schedule. Every loan counseling session will be documented in the student's record by the Financial Aid Office.

Successful completion of entrance and exit counseling will consist of the following two parts:

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- Students must complete entrance counseling on the studentloans.gov website before receiving their first Direct Loan disbursement at Arclabs.
- Students must complete exit counseling on the studentloans.gov website prior to graduating, withdrawing or dropping below half time enrollment status. The Financial Aid Office will e-mail and mail via United States Postal Service to the student the Exit Counseling for Federal Student Loan Borrowers booklet no later than 30 days from the last date of attendance if the student does not electronically complete the online exit counseling.

The Financial Aid Office is responsible for verifying a student's completion of counseling. Receipt of this information will be documented in the student's record.

13.9 Borrower Rights & Responsibilities

When a student takes on a student loan he/she has certain rights and responsibilities.

The borrower has the right to receive the following information before the first loan disbursement:

- The full amount of the loan
- The interest rate
- When the borrower must start repaying the loan
- The effect borrowing will have on the student's eligibility for other types of financial aid
- A complete list of any charges the student must pay (loan fees) and information on how those charges are collected
- The yearly and total amounts the student can borrow
- The maximum repayment periods and the minimum repayment amount
- An explanation of default and its consequences
- An explanation of available options for consolidating or refinancing the student loan
- A statement that the student can prepay the loan at any time without penalty

The borrower has the right to receive the following information before leaving school:

- The amount of the student's total debt (principal and estimated interest), what the student's interest rate is, and the total interest charges on the loan(s)
- A loan repayment schedule that lets the student know when his/her first payment is due, the number and frequency of payments, and the amount of each payment
- The fees the student should expect during the repayment period, such as late charges and collection or litigation costs if delinquent or in default
- An explanation of available options for consolidating or refinancing the student's loan
- A statement that the student can repay his/her loan without penalty at any time

The borrower has a responsibility to do the following:

- Understand that by signing the promissory note, the student is agreeing to repay the loan according to the terms of the note
- Make payments on the student loan even if the student does not receive a bill or repayment notice
- If the student applies for a deferment or forbearance, he/she must still continue to make payments until notification that the request has been granted
- Notify the appropriate representative (institution, agency, or servicer) that manages the student's loan when the student graduates, withdraws from school, or drops below half-time status; changes his/her name, address, or Social Security Number, or transfers to another institution
- Receive entrance counseling before being given the first loan disbursement, and to receive exit counseling before leaving school

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13.10 Direct Loan Quality Assurance Process

The U.S. Department of Education (ED) requires schools which participate in the Federal William D. Ford Direct Loan Program, or more commonly referred to as the Direct Loan (DL) Program, to have a quality assurance process in place. [See 34 CFR 685.300(b)(9).] The Direct Loan Program includes loans made as Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loans. In compliance with this requirement, Arclabs Welding School sets forth the following as a description of its Direct Loan Quality Assurance Process (DLQAP).

PARTICIPANTS

The DLQAP process involves the CFO, Financial Aid Administrator and Manager of Accounting. Additionally, the school has engaged the services of Financial Aid Management for Education, Inc. (FAME) for its loan origination and disbursement services. FAME's Freedom FinAid software enables the school to create and maintain loan origination records and track Direct Loan disbursements. The CFO has the overall responsibility to ensure the school's compliance with this Direct Loan Quality Assurance process. This is done through ongoing communication and teamwork with school staff and the staff at FAME. (NOTE: The DLQAP described herein only highlights key functions of FAME's involvement provided as part of its contracted services. For a more detailed discussion of the components and operation of FAME's services, please refer to FAME's *Financial Aid Services Procedures Manual*, hereby incorporated in to this DLQAP by reference.)

COMPONENTS

The components of our DLQAP include:

- Regulatory compliance in reporting loan records, disbursements, and adjustments to disbursements to the COD System, to include that such transactions are done within applicable timeframes, etc.
- Accuracy in disbursements made for the correct amount to the correct student
- Monthly reconciliation and award year close-outs that are performed timely
- Compliance with general regulatory provisions pertaining to the DL program, e.g., separation of duties, etc.

School staff members are involved in determining the appropriate Direct Loan awards for students by completing the awarding module within the Freedom FinAid software. All loan records are determined by the software for the loan amount(s), loan period, and the applicable award year for the loan. This also includes assuring appropriate proration of loan amounts is done when applicable. The software calculates the loan's cost of attendance (COA) based upon the student's program information and tuition and fee charges indicated in the program version record of the software provided by the school. The date of loan origination is recorded as the date the electronic origination record is created.

Notwithstanding the general loan eligibility determinations that are calculated, Arclabs *may* refuse to originate a Direct Loan or may reduce the borrower's determination of need for the loan if the reason for that action is documented and provided to the borrower in writing, and if:

- The determination is made on a case-by-case basis
- The documentation supporting the determination is retained in the student's file; and
- The school does not engage in any pattern or practice that results in a denial of a borrower's access to Direct Loans because of the borrower's, race, gender, color, religion, national origin, age, disability status, or income.

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The Freedom FinAid software reviews students' individual loan records and attendance records input into the software by the school to determine when disbursements are eligible to be made. A "cash need" record shows disbursements that have been requested or allocated. In addition to the disbursement monitoring and review process incorporated within the software, the school has established and maintains its own proper administrative and fiscal procedures, as well as the related necessary records, as stipulated in regulation (34 CFR 668) to ensure compliant operation of the Direct Loan program

In order to maintain accounts that are reconciled and in balance, a monthly reconciliation of accounts is performed. The school uses FAME's expertise to drive this process. In such a relationship, FAME completes the Direct Loan School Account Statement report on a monthly basis for Arclabs Welding School. The form is used by FAME to reconcile monthly activity between FAME (on behalf of Arclabs) and COD. If any discrepancies between the school's data and that of the COD System are identified, FAME assists the school in resolution with COD immediately. Should there be a need for Direct Loan refunds, the school makes the appropriate deposit into its "Federal Funds Account – Direct Loan" and updates the software. FAME in turn initiates a return of excess funds to ED. Necessary adjustments to previously approved loans are likewise submitted to COD. This ensures the accounts remain in balance and compliance in reporting of adjustments in a timely manner.

Some of the reports generated by FAME to assist the school with its quality assurance and compliance in operating the Direct Loan program include:

- Direct Loan School Account Statement (DLSAS). This report is a monthly reconciliation of Direct Loan records maintained by FAME with the data on file with COD. The outcome of these monthly reconciliations is to have the award year resolved to a \$0 balance at year's end.
- Federal Funds Account – Bank Statement Reconciliation Report. This report is used to summarize the reconciliation of the school's Federal funds bank account. FAME reconciles the school's bank activity against FAME's general ledger which gives an accounting of what the school has received, refunded, and disbursed.
- Federal Funds Account – Unidentified Items Report. This report lists entries on the school's bank statement that could not be identified when FAME reconciled the school's Federal funds bank account(s). Completion of this report enables FAME to properly identify and make the appropriate entries in the reconciliation of the school's Federal funds bank account(s)
- Federal Funds Account – Bank Charges Report. This report shows the amount of bank charges that is due to the school's Federal funds bank account(s). As Federal funds cannot be used to pay bank charges, it is essential that bank charge information be reviewed and amounts identified deposited. Additionally, if the school maintains a balance of institutional funds to cover bank charges, this report advises the school of the balance that is currently available for this purpose.
- Federal Funds Account – Potential Excess Cash Report. This report provides information regarding checks/disbursements that have been outstanding for more than six business days and, therefore, represent potential violations of the excess cash regulations. As excess cash is considered a serious finding during Federal program reviews or an audit, it is essential that the school reviews the information on this report to determine if its policies and procedures are properly addressing the expeditious delivery of Federal financial aid to students.
- G5 Reconciliation Report. This report is used by FAME to reconcile the school's award balances to the award balances posted in G5.
- Summary Trial Balance Report. The Summary Trial Balance reflects the ledger balances of our Federal funds account(s) as of a specific month and date.
- General Ledger Detail Report. This report reflects the detail of the account shown on the Summary Trial Balance.

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- Fund Disbursement Report. This report provides year-to-date Direct Loan disbursements by student.

Furthermore, beyond the detailed reports listed above, additional reports may be generated on an ad hoc basis to assist with operating a Direct Loan program of the highest quality. Some of these reports include opportunities to detail entrance and exit counseling results for individual students, as well as a report to indicate the Master Promissory Note status for students, etc.

RECONCILIATION AFTER-ACTION

The school reviews the steps in the monthly reconciliation at the school-level to identify any discrepancies that surfaced in the process that were due to timing, misreporting, or miscommunication and takes necessary corrective actions to ensure they will not occur again in the following month. The school documents its reconciliation efforts for use in subsequent months' reconciliation, as well as at year-end reconciliation. Year-end reconciliation occurs when all school information shows an Ending Cash Balance of \$0 and Total Unbooked Disbursements of \$0 and such balances agree with that shown in the COD System for the award year. When the school and the COD System are in balance (reconciled) for the year, the award year is able to be closed out. The reconciliation and award year closeout are finalized by reviewing and confirming the \$0 balance on the COD System Web site on the Balance Confirmation form. Policies and procedures are updated to incorporate any necessary changes to ensure more efficient reconciliation in future months and at year-end.

DIRECT LOAN FISCAL AND ADMINISTRATIVE PROCESSES

The Direct Loan program is one of the several Federal Title IV programs which the school operates under its Program Participation Agreement (PPA) with ED. This being the case, many of the below areas are ones which are otherwise discussed in sections of Arclabs policies and procedures related to the Title IV programs in general. Only those items specific to the Direct Loan program are referenced here.

DISBURSEMENTS

Direct Loans are generally scheduled to be disbursed in two substantially equal payments per loan period unless the loan period is equal to only one payment period, in which case the loan will be disbursed in two payments during that one payment period. Additionally, no one payment may exceed one-half of the loan amount unless one or more payment periods have elapsed before a first disbursement is made, in which case a disbursement may include loan proceeds for the completed payment period(s). Also, in accordance with regulatory requirements, the first disbursement for a first year, first-time borrower may not be made until after the 30th day of the student's program of study. These regulatory disbursement processes work in concert with the aforementioned processing described under the "Components" section of this DLQAP that is performed by FAME. [NOTE: When our school attains a cohort default rate of less than 15 percent for each of the three most recent fiscal years for which data are available, we may elect to disburse, in a single installment, loans that are made for one term (or a four-month period). At such time we also are not required to delay the disbursement of a first disbursement of a loan for 30 days for first-time, first-year undergraduate borrowers.]

ENROLLMENT REPORTING

As part of the services provided by FAME, enrollment reporting to the National Student Loan Data System (NSLDS) is completed at least once every 60 days. FAME uses the data within the Freedom FinAid software to report the required data to NSLDS. FAME will forward any rejected records to the school within the software if unable to resolve. The school is responsible for correcting the data in the software or directly on the NSLDS website.

RECORD RETENTION

All records related to a student or parent borrower's application, eligibility determination and participation in the Direct Loan programs are retained for a minimum of three (3) years after the end of the award year in which the student last attended school here. All other records related to our participation in the Direct

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Loan program, including records of any other reports or forms, are retained for three years after the end of the award year in which the records are submitted. All records involved in any loan, claim, or expenditure questioned by an audit, or Federal program review, investigation, or other review are retained until the later of either the resolution of that questioned loan, claim, or expenditure; or, the end of the retention period applicable to the record. FAME's record retention policies meet or exceed those of the school defined here. FAME cooperates in any audits or program reviews to provide the necessary documentation to substantiate all loan awards, etc.

ACCOUNTING REQUIREMENTS

The school maintains, in concert with FAME as its third-party servicer, the financial records pertinent to the Federal Direct Loan Program. The school maintains its records documenting the receipt and expenditure of DL funds in accordance with generally accepted accounting principles. This includes general ledger control accounts and related subsidiary accounts that identify each DL program transaction and separate those transactions from all other institutional financial activity. The school engages to have an independent audit conducted annually.

DIRECT LOAN PROGRAM BANK ACCOUNT

Arclabs maintains Direct Loan program funds in a bank that is federally insured or secured by collateral of value reasonably equivalent to the amount of those funds. The school takes seriously its fiduciary responsibility. The bank account is clearly identified as one that contains Federal Title IV funds.

DIVISION OF FUNCTIONS AND SEPARATION OF DUTIES

In order to ensure integrity in the management of the Direct Loan program at Arclabs Welding School, the school has implemented procedures that ensure a separation and distinction of duties and authority in the associated functions. Specifically, no one office has responsibility for both the authorizing of payments and the disbursing or delivering of funds to any one particular student.

LIMIT ON USE OF FUNDS

All funds received through the Direct Loan program are used strictly for making payments to eligible borrowers. The funds are not hypothecated, used as collateral, or authorized or made available for any other purpose.

DLQAP CALENDAR

Monthly: Once per month FAME performs a reconciliation of Direct Loan data with the COD System.

Annual: Year-end closeout of the award year activity is performed in concert with FAME and ED's published time schedule each year. Year-end reconciliation occurs when all school information shows an Ending Cash Balance of \$0 and Total Unbooked Disbursements of \$0 and such balances agree with that shown in the COD System for the award year.

Annual: A minimum of 90 days before the end of each award year the school will review, assess, and update all Direct Loan policies and procedures based upon experiences encountered in the current award year and updates in policies and procedures communicated from FAME, as well as changes in regulations or laws to be effective in the coming award year.

Effective Date: March 31, 2020

Next Review Due: March 31, 2021

14.0 CASH MANAGEMENT AND FISCAL OBLIGATIONS

Arclabs has the fiduciary responsibility to properly and accurately request, maintain, disburse, and when necessary, return Title IV funds according to established rules and procedures. Our policies and procedures for meeting our fiduciary responsibility are below.

14.1 Separation of Duties

The function of awarding and packaging aid for a student (authorizing payments) is separate from the function of drawing down funds from G5 and posting to student's accounts (disbursing funds). Authorizing payments is performed by the FAA with the assistance of OC's/FAC's at each branch campus location while the function of disbursing funds is performed by the CFO.

14.2 Bank Accounts

Arclabs has a separate account to receive and return Pell funds (Account Name Federal Funds Pell Account) and a separate account to receive and return Direct Loan funds (Account Name Federal Funds Loan Account).

14.3 Disbursing Funds

14.3.1 Payment Periods

Arclabs 900 Hour Advanced Welding Program is a 900 clock hour, 26-week program which is the same as our academic year. Students eligible to receive federal financial aid to attend our 900 Hour Advanced Welding Program will receive their disbursement in two installments – one in each payment period. The first payment will occur during the first payment period. The first payment period is the period during which the student logs his/her first clock hour of attendance until clock hour 450. The second payment period runs from clock hour 451 to clock hour 900. Once a student logs over 450 clock hours of attendance he/she becomes eligible for their second installment of federal financial aid.

14.3.2 Requirements for Disbursement

Before disbursing funds, the student must be fully packaged. Arclabs should have the following documents completed prior to the first disbursement:

- Signed ISIR
- Signed Official Financial Aid Award Letter – This letter notifies the student of the federal financial aid he/she is receiving
- Signed Master Promissory Note if Direct Loans or Plus Loans are being used to fund the cost of attendance
- Evidence that Entrance Counseling has been completed.

After the student is fully packaged and the above documents are in place, then our third party processor, FAME, will order cash from G5, ED's Grant Management System as described below.

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14.3.3 Initial Disbursements in First Payment Period – Pell Grant Funds

The first disbursement of Pell funds is ordered by FAME when a student is fully packaged. Generally speaking, when a Pell cash request is placed by FAME to G5 before 3:00 pm EST, the funds will be deposited into Arclabs Pell bank account the next business day. Arclabs will acknowledge receipt of these funds in the FAME Freedom Financial Aid system (FFA). Receipt of the funds in FAME FFA automatically applies the payment to the appropriate student account in our FAME Student Information System (SIS). Once the disbursement has been received in the FFA the CFO will transfer the funds into the Arclabs operating account. This is done within 3 business days of receipt of the funds.

14.3.4 Initial Disbursements in First Payment Period – Direct Loan and Plus Loan Funds

For a fully packaged student who is not a first time, first year Direct Loan borrower, Arclabs will request through the FFA that FAME place an order for loan funds. Arclabs will also request that FAME place an order for Plus Loans once a student is fully packaged.

For first time, first year Direct Loan borrowers, a request for funds is required to be delayed for 30 days. Following the 30-day period, Arclabs will request that FAME place an order for loan funds. Once the funds are deposited into Arclabs Direct Loan bank, Arclabs will acknowledge receipt of these funds in FAME FFA. Receipt of the funds in FAME FFA automatically applies the payment to the appropriate student account in our FAME SIS. Once the disbursement has been received in the FAME FFA, the CFO will transfer the funds into the Arclabs operating account. This is done within 3 business days of receipt of the funds.

14.3.5 Second Disbursement in Second Payment Period – Pell Grant Funds

When a student has attended 450 hours, he/she is checked for Financial Aid Satisfactory Academic Progress (FASAP). Refer to Arclabs Student Handbook for our policy on Satisfactory Academic Progress and FASAP. Failure to meet FASAP at the 450-hour mark will result in an FA Warning for the next payment period. Students remain eligible for Title IV funds while on FA Warning. After Arclabs has checked the student for FASAP, if he/she is eligible for the second disbursement of Pell Grant funds, then FAME will place an order for the second disbursement. Also, no disbursement will be made to a student who is on a Leave of Absence (LOA). See Arclabs Handbook for our Leave of Absence policy.

14.3.6 Second Disbursement in Second Payment Period – Direct Loan and Plus Loan Funds

Like the second disbursements of Pell, when a student has attended 450 hours, he/she is checked for Financial Aid Satisfactory Academic Progress (FASAP). After Arclabs has checked the student for FASAP, if he/she is eligible for the second disbursement of Loan Funds, then FAME will place an order for the second disbursement. No disbursement will be made to a student who is on LOA.

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14.4 Notifications/Authorizations

The official financial aid award letter describes the total financial assistance (Pell and Loans) that the student will receive as well as the anticipated disbursement dates.

If the student's financial aid includes loans, Arclabs will notify the student no later than 7 days after crediting his/her ledger of the date and amount of the loan disbursement, their right to cancel all or a portion of the loan and the procedures to be followed for cancelling a loan.

Title IV financial aid funds are federal funds used to pay tuition, fees, room and board as well as other educational expenses such as books and welding tools. With a student's authorization, Arclabs can hold any credit created by the funds to apply to other existing charges on the student's account. This Student Authorization Form authorizes Arclabs to hold or release credits from all sources on the student account to pay for future and/or miscellaneous charges. The authorization remains in effect for the entirety of enrollment. The authorization is voluntary and may be rescinded by submitting a written request to the Student Financial Aid Office.

14.5 Overpayments

14.5.1 Common Types of Overpayment

An overpayment occurs anytime a student receives a payment that is greater than the amount for which the student is eligible. Examples of the two types of overpayments are as follows:

- Student error, such as failing to report the spouse's income on the FAFSA
- School error, for instance, when a student goes on LOA between the time financial aid funds are ordered and when the funds are deposited into Arclabs bank account.
Disbursements should not be applied to a student's account when he/she is on LOA.

14.5.2 Overpayment Due to Incorrect Data

If the overpayment is due to incorrect data on the SAR/ISIR, the Financial Aid Administrator will assist the student in correcting the SAR/ISIR. Arclabs will then return funds to ED as excess funds.

14.5.3 Overpayment Due to Institutional Error

If the Financial Aid Administrator or CFO discovers an overpayment due to the Institutional error, Arclabs will return funds to the Department of Education (ED) as excess funds immediately upon determining the error.

14.5.4 Title IV Credit Balances

Each week, Arclabs will review two reports from the FAME SIS to aid in the determination of Title IV credit balances. The reports are "Credit Balances Due Students" and "All Students with a Negative Balance." If, based on review of these reports, it is determined that a Title IV credit balance has been created, Arclabs will refund the credit to the student within 14 calendar days unless the student has given Arclabs written authorization to hold his/her credit balance.

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14.6 Withdrawal/Return of Title IV Funds/Institutional Refunds

See the Arclabs Student Handbook for the Withdrawal and Return of Title IV Funds policy and the Institutional Refund policy.

14.7 Leave of Absence

A leave of absence (LOA) is a temporary interruption in a student's attendance in the institution's program of study. An LOA is not considered a withdrawal if the student complies with the Arclabs policy for requesting an LOA. See the Arclabs LOA policy in the Handbook.

14.8 Accounting and Reconciliations

All accounting transactions, including those involving Title IV funds, are accounted for in accordance with US GAAP and federal regulatory requirements. We prepare internal financial statements on a monthly basis which the CFO reviews with members of Arclabs senior management. We also reconcile general ledger accounts on a monthly basis. Each year we prepare annual financial statements and footnotes that are audited by Sikich, LLP. The objective of the audit is to express an opinion about whether Arclabs financial statements are fairly presented in accordance with US GAAP.

Disbursements of Title IV funds flow directly into Arclabs Pell bank account or Direct Loan bank account. As described in Section 13 these funds will be received in the FAME FFA by the CFO and automatically posted to the student account ledger in the FAME SIS. The funds are then transferred into Arclabs operating account. The supporting documentation for the receipt and transfer of funds is given to the business office. The business office posts the receipt of cash, reduction of student receivables and transfer to the operating account in the QuickBooks general ledger. At month end, our third party processor, FAME, performs a cash reconciliation of the Cash account per FAME SIS to the bank statement. Likewise, the business office performs a cash reconciliation of the QuickBooks cash balance to the bank statement. The two independently done reconciliations are compared and discrepancies resolved.

At month end, the business office downloads current month charges, earned revenue, student accounts receivable and deferred revenue from the FAME SIS. From these reports, the business office will make a journal entry into the QuickBooks general ledger to record revenue, accounts receivable and deferred revenue. A reconciliation of student accounts receivable is then performed between FAME SIS and QuickBooks. Discrepancies are resolved.

The above two reconciliations assure that the transactions reported in the FAME SIS are accurately and completely reflected in QuickBooks.

We receive business office reports on a monthly basis from FAME that document reconciliations between FAME SIS and FAME FFA to ED. The Pell Reconciliation is a periodic reconciliation of our Pell Grant records with the cash receipts and cash returns on file at ED for G5 and with COD for student disbursements and adjustments. Likewise, the Direct Loan Reconciliation is a periodic reconciliation of our Direct Loan records with the cash receipts and cash returns on file at ED for G5 and with COD for student disbursements and adjustments. The complete list of business office reports received from

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FAME is in the FAME Financial Aid Services Procedures Manual, Section 8 - Publications and Reports.

15.0 DEFAULT MANAGEMENT

Arclabs uses a third party servicer, Pantheon Student Solutions (PSS), to help us in managing potential defaults of students who took Direct Loans to finance tuition and fees. PSS services are intended to enhance Arclabs existing education services which include entrance and exit counseling, student retention activities and job placement.

Following the graduation, the withdrawal or dropping below half-time status of an Arclabs student with a Direct Loan, our FAME SIS will print out a grace period notification for that student on a periodic basis. The grace period is the six-month period after leaving school where no Direct Loan payments are required which gives a student time to get financially settled. The grace period notification from the FAME SIS explains that the student's first loan payment is upcoming. It also explains what the student should do if he/she thinks they will have problems making their first payment on time. Once the grace period notification is printed, Arclabs mails the notification to the student during the grace period. PSS also provides students with grace period notifications.

PSS will use information provided by Arclabs, and in conjunction with NSLDS and loan servicer reports will construct a record for each borrower. PSS will use this record to update loan status, manage contact attempts and attach supporting documentation.

If a student becomes delinquent on their Direct Loan, PSS will attempt to contact the student through various methods including US mail, phone calls, email, texts or live chats on their website. Once the student is contacted, PSS will encourage immediate payment as the best option. However, for students who are unable to make a payment, PSS will assist the student with deferment/forbearance form completion and submittal.

PSS will skip trace borrowers whose contact information is no longer current.

16.0 DEPARTMENTAL REQUIRED REPORTING

16.1 Enrollment Status Reporting Procedures

Arclabs must report and confirm the enrollment status of students receiving Title IV aid. A student's enrollment status determines deferment eligibility, grace periods and repayment schedules related to Direct Loans. The Office Coordinator at each branch location maintains the enrollment status of each student in the Freedom SIS for that specific branch location. Based on the data in Freedom SIS, our third party processor, FAME, provides Enrollment Reporting to NSLDS. As disclosed in the FAME procedures manual, FAME sends Enrollment Reporting to NSLDS on a frequency in compliance with ED's requirements. If there is an error in the enrollment report, the Freedom SIS will give Arclabs personnel a "Task Alert" to correct the error and the error will be corrected on a timely basis. Additionally, period checks are performed by the Accounting office in the NSLDS website to ensure all students are accounted for, not duplicated and are timely.

16.2 Transfer Monitoring Procedures

The Transfer Monitoring Process of the National Student Loan Data System (NSLDS) monitors all mid-year transfer students (students who transfer from one school to another during the same award year) for factors that could affect eligibility for Title IV federal student aid. Schools are required to inform NSLDS, through the transfer monitoring process, of all the students transferring into the institution. NSLDS monitors changes in the financial aid history of those students and alerts the school of any relevant changes.

From the date that the latest ISIR for the student was generated and sent to the school, NSLDS monitors changes to the student's financial aid history. NSLDS checks to see if there have been any changes in the student's financial aid history that may be relevant to the student's eligibility for aid at the new school. NSLDS continues to monitor changes since the last alert is sent to the school.

If there are relevant changes to the student's financial aid history, NSLDS will alert the school. The school must then review the change to determine if it affects the student's eligibility for FSA. NSLDS will not alert a school if there are no relevant changes to the student's financial aid history.

NSLDS is expected to run the transfer monitoring process once a week. After Arclabs informs NSLDS of a new transfer student, we must wait seven days before we can make a disbursement of FSA to an otherwise eligible student. Arclabs does not have to wait if it receives an alert from the NSLDS during the seven-day period or it obtains the student's financial aid history information directly by accessing the NSLDS website at: https://www.nsls.ed.gov/nsls_FAP/secure/logon.jsp.

If a school makes a disbursement to an eligible student but later receives an alert from NSLDS, the school must access and review the student's financial aid history to determine whether an action needs to be taken with regard to that disbursement or any subsequent disbursements.

Arclabs adds students to the Transfer Monitoring list when the FAA reviews the Loan History in NSLDS for new financial aid students. The FAA logs in to NSLDS, inputs the student data on the home page, then clicks Loan History in the Financial Aid box. At that time, a box appears with the option to "Add Student to Monitoring List". The FAA clicks that box and the submit button and a message appears announcing the success of adding the student to the Transfer Monitoring List.

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Alternatively, to add a student in accordance with Arclabs Transfer Monitoring Procedure log onto https://www.nslsdfap.ed.gov/nsls_FAP/secure/menu.jsp.

Select Transfer Monitoring List in the right-hand column.

01/27/2012 Logoff function changed

Logoff function changed with the move of NSLDS behind AIMS. To ensure that you have properly signed off NSLDS you must close the web browser. Users may use this link [LOGOFF FROM NSLDS AND AIMS](#) to fully logoff NSLDS without closing the browser.

PRIVACY ACT OF 1974 (AS AMENDED)

Begin by selecting the SSN option on the drop down, enter the student's SSN, last name, enrollment date and click the retrieve tab. That will bring you to a screen that indicates no student currently selected.

No student currently selected.

Student Monitoring Add

SSN:	<input type="text"/>
First Name:	<input type="text"/>
Last Name:	<input type="text"/>
Date of Birth:	<input type="text"/> (MMDDCCYY)
Enrollment Begin Date:	<input type="text"/> (MMDDCCYY)
Monitor Begin Date:	<input type="text" value="01/08/2017"/> (MMDDCCYY)

Next, enter all applicable information and click "Add Student to Monitoring List"

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Transfer Monitoring List



There are no student's matching the selection criteria.

Add Student to Monitoring List

Sort By:	SSN	
Display Only:	SSN:	<input type="text"/>
	Last Name:	<input type="text"/>
	Enrollment Begin Date:	<input type="text"/> (MMDDCCYY)
	Monitor Begin Date:	<input type="text"/> (MMDDCCYY)
	Last Changed By:	<input type="text"/>
		<input type="button" value="Retrieve"/>

You should receive a message the student was successfully added.

17.0 FRAUD AND MISREPRESENTATION

There are difficult situations where students and/or parents intentionally misrepresent information in hopes of obtaining additional assistance. The Financial Aid Administrator is required to have a policy of referral when confronted with actual or suspected cases of fraud and abuse. The policy and procedure pertaining to fraud are outlined below.

17.1 Policy for Fraud

Students and parents who willfully submit fraudulent information will be investigated to the furthest extent possible. All cases of fraud and abuse will be reported to the proper authorities.

17.2 Procedures for Fraud

If, in the Financial Aid Administrator's judgment, there has been intentional misrepresentation, false statements or alteration of documents which have resulted in the awarding or disbursement of funds for which the student is not eligible, the Financial Aid Administrator will notify the student and schedule an appointment to discuss the situation. If the student does not make an appointment, the Financial Aid Administrator may:

Not process a financial aid application until the situation is resolved satisfactorily.

Not award financial aid.

Cancel financial aid.

Fraudulent situations will be forwarded to the Office of the Inspector General of the Department of Education, at **1-800-647-8733** or **1-800-MIS-USED**.

17.3 Arclabs Commitment to Integrity

Arclabs holds itself to the highest levels of integrity and will not provide any knowingly false, erroneous or misleading statements to a student, prospective student, family member of student or prospective student or ED. Arclabs is committed to operating in an environment of integrity. Each employee of Arclabs is responsible for assuring that the actions and activities conducted at the school promote such

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an environment. Through the hiring, training, and performance review processes, employees learn the culture and official policies of Arclabs and are educated to represent Arclabs with integrity.

18.0 AUDIT REQUIREMENTS

Financial aid records and student files are audited every year. Auditors review a sample of student aid files to ensure that the Financial Aid is being administered in compliance with federal, state and Institutional policies.

18.1 Preparation for Audit

The only preparation for an audit is to cooperate with the auditor's requests. Typically, the auditor will randomly select a specific number of students to inspect. The files are pulled and given to the auditor. Any additional assistance requested is responded to promptly. The results of the audit are then submitted through E-Z Audit. If any revisions need to be made they are resubmitted within 15 calendar days.

19.0 NON-DISCRIMINATION STATEMENT

It is the policy of Arclabs to provide equal opportunities without regard to race, color, national origin, gender/sex, age, qualified handicap, marital or veteran status, or the presence of non-job related medical conditions or disabilities in any of its educational programs and activities. This includes, but is not limited to, admissions, employment, financial aid and educational services.

20.0 TITLE IV CODE OF CONDUCT

Arclabs enforces the following Code of Conduct which applies to officers, employees and agents of the school:

1. Arclabs will not enter into any revenue-sharing arrangement with any lender.
2. No officer or employee of Arclab's Financial Aid Office or any employee or agent who has responsibilities with respect to educational loans shall solicit or accept any gift from any lender, guarantor or servicer of educational loans.
3. No officer or employee of Arclab's Financial Aid Office or any employee or agent who has responsibilities with respect to educational loans shall accept any fee, payment, or other financial benefit as compensation from any lender or lender affiliate for any type of consulting arrangement or other contract to provide services to or on behalf of a lender relating to educational loans.
4. Arclabs will not steer any borrowers, including first-time borrowers, to particular lenders nor assign any borrower a lender through award packaging or other methods. The Institution will not refuse to certify or delay certification based on the borrower's selection of a particular lender or guaranty agency.
5. Arclabs will not request or accept any offer of funds for a private loan, including funds for an opportunity pool loan, to students in exchange for providing concessions or promises to the lender for a specified number of loans made, insured, or guaranteed, a specified loan volume, or a preferred lender arrangement.
6. Arclabs will not request or accept from any lender any assistance with call center staffing or financial aid office staffing.
7. No officer or employee of Arclab's Financial Aid Office, or any employee or agent who otherwise has responsibilities with respect to educational loans, and who serves on an advisory board, commission, or group established by a lender, guarantor, or group of lenders or guarantors will receive anything of value from the lender, guarantor or group except for reimbursement of reasonable expenses incurred by serving on the board, commission, or group.

ADDENDUM A
2019-2020 Verification Tracking Groups
FAFSA Information Required to be Verified

Verification Tracking Flag	Verification Tracking Group Name	FAFSA Information Required to be Verified
V1	Standard Verification Group	<u>Tax Filers</u> Adjusted Gross Income U.S. Income Tax Paid Untaxed Portions of Individual Retirement Account (IRA) Distributions Untaxed Portions of Pensions IRA Deductions and Payments Tax Exempt Interest Income Education Tax Credits <u>Nontax Filers</u> Income Earned from Work <u>Tax Filers and Nontax Filers</u> Number of Household Members Number in College
V2	Reserved	N/A
V3	Reserved	N/A
V4	Custom Verification Group	High School Completion Status Identity/Statement of Educational Purpose
V5	Aggregate Verification Group	<u>Tax Filers</u> Adjusted Gross Income U.S. Income Tax Paid Untaxed Portions of IRA Distributions Untaxed Portions of Pensions IRA Deductions and Payments Tax Exempt Interest Income Education Tax Credits <u>Nontax Filers</u> Income earned from work <u>Tax Filers and Nontax Filers</u> Number of Household Members Number in College High School Completion Status Identity/Statement of Educational Purpose
V6	Reserved	N/A

ADDENDUM A (continued)
ACCEPTABLE DOCUMENTATION

FAFSA DOCUMENTATION	ACCEPTABLE DOCUMENTATION
Household Size	Verification Worksheet (V1) for Award year
Number in College	Verification Worksheet (V1) for Award year
AGI & U.S. Tax Paid	Verification Worksheet (V1 or V2)*depending on ISIR Verification Flag, IRS Data Retrieval or IRS Tax Transcript
Untaxed Income	IRS DATA Retrieval IRS Tax Return Transcript
Untaxed Income (FAFSA Questions 45& 94)	Arclabs Verification Worksheet for Award Year 2017 IRS W-2 Forms; Child Support Statement, other documentation as requested by the College.
Non-Filer Work Income	Arclabs Verification Worksheet for Award Year 2017 IRS W-2 Forms & Non- Tax Filer Statement
High School Completion	Aggregate Verification Worksheet (V5) High School Diploma or Transcript; GED certificate or transcript; homeschooled credential or transcript