

Laguna College of Art & Design

Financial Aid Department Policy & Procedures Manual

LAGUNA COLLEGE OF ART & DESIGN MANUAL OF FINANCIAL AID POLICIES AND PROCEDURES

Introduction

Purpose and Use of the Manual

This manual has been developed by Laguna College of Art & Design (LCAD) for the use of its staff in accordance with federal and state regulations and accrediting standards.

This manual has specific policies related to LCAD's practices and is not to be used exclusively without the consideration of publications issued by the U.S. Department of Education, Bureau for Private Postsecondary and Vocational Education, Western Association for Schools and Colleges (WASC), National Association of Schools of Art and Design (NASAD) and Association of Independent Colleges of Art and Design (AICAD).

LCAD has designed this manual for the Financial Aid Office to utilize to ensure that the applications, processing and disbursing of all student aid funds are handled in a timely and efficient manner, maintaining compliance with regulatory guidelines.

Financial Aid Reference Documents

The following reference materials are located in the Financial Aid Office and available on the Department of Education's web page: www.IFAP.ed.gov, Bookshelf and Catalog, which contains the current versions of:

- Financial Aid Handbook
- Compilation of Student Financial Aid Regulations
- Audit Guide
- Guide to SAR and ISIR
- OpenNet User Manual
- OpenNet Administrators Manual
- California Grant Programs Manual
- Blue Book
- Electronic Data Exchange Technical Reference

History of Financial Aid at Laguna College of Art & Design

Laguna College of Art & Design was first approved by the U.S. Department of Education (ED) to participate in Student Financial Aid (SFA) in 1974. At the present time, LCAD participates in Federal Pell Grant, Federal Family Education Loan (FFEL) and Campus-Based Programs.

Responsibility for Development of Institutional Financial Aid Policies

The development of LCAD's financial aid policies has been assigned to the Director of Financial Aid and Associate Director of Financial Aid with input from financial aid officers, the Vice President of Academic Affairs, the President of LCAD and consultants.

Notification of Policies and Procedures

LCAD notifies its faculty, staff, and students of any policy revisions through publications on bulletin boards, in meetings, via email, and in information provided at semester registration.

ADMINISTRATIVE ORGANIZATION

Institutional Organization Chart

LCAD's organizational chart is shown in figure 1.

Financial Aid Office Staff

LCAD has the following staff in its Financial Aid Office:

- Director of Financial Aid
- Associate Director of Financial Aid

Division of Responsibility between the Financial Aid Office and Business Office

The Financial Aid Office is responsible for ensuring that financial aid applicants are eligible for financial aid in accordance with federal regulation.

The Business Office handles all fiscally related procedures. The Financial Aid Office confirms eligibility for financial aid, the information is provided to the Business Office to post/release the financial aid disbursements(s).

The Business Office is responsible for posting all Federal Pell Grant, Federal supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS and FFEL Program funds via the method of Electronic funds Transfer (EFT).

PUBLICATIONS

Student consumer Information

In accordance with Sub-Part D of the General Provisions, LCAD distributes the federal publication name, “the Student Guide” (its own consumer information booklet,) and the LCAD catalog that is made available to all prospective and enrolled students. Updates are given to students during registration when applicable.

Dissemination of Consumer Information

The LCAD’s Financial Aid Information booklets are included in all Financial Aid Information packets/mailings.

Availability of Employees for Dissemination

The administrative staff LCAD is available to distribute school information to students during normal business hours. Students can schedule an appointment to discuss matters regarding SFA availability or specific issues relating to his/her file. The Financial Aid Office has an appointment book available at the main reception desk.

RECORDS MANAGEMENT

Student Files

The Financial Aid Office is responsible for maintaining current and complete student financial aid files. All files are to be maintained with accurate records.

LCAD maintains both an academic and a financial file. Academic Files are maintained by the Registrar and are kept in locked fire proof file cabinets in the Registrar’s area. Financial aid files are maintained by the Financial Aid Office and are kept in a locked fire proof vault in the Registrar’s Office.

Active Files

LCAD's Admission's Department is responsible for creating new academic files at the time a student is admitted, which are given to the Registrar to activate the charges represented on the Enrollment Agreement. LCAD's Financial Aid Department is responsible for creating new financial aid files at the time students complete their financial aid package with financial aid. Student records are based on the applicable checklist items.

Inactive Files

LCAD's Financial Aid Office is responsible for ensuring inactive files (Official Withdrawal or Unofficial Withdrawal) contain all accurate information. Before changing the status of a student, it will ensure that it contained the following:

For Official Withdrawal:

- The program in which the student graduated;
- That all required credits have been met;
- Student has completed Exit Interview with the Financial Aid Office;
- Student requested to be withdrawn from school;
- Student signed "Withdrawal/Leave of Absence Form";
- Complete a Exit Interview with the Financial Aid Office;

For Unofficial Withdrawal:

- The Registrar is responsible for initiating a "Withdrawal/Leave of Absence Form"
- The program in which the student will be withdrawn;
- The reason for termination (if known);
- Whether the student is recommended to restart in the future;
- Any other information regarding the circumstances of withdrawal;

For both status changes designated departments must complete a completed Withdrawal/Leave of Absence Form.

THE STUDENT CHANGE OF STATUS

A Change of Status Form – It is used to show or record any changes to a student record, i.e.; add or drop classes, restart, returning LOA students, and change of address

Withdrawal/Leave of Absence Form – It is used when a student Officially Withdraws, Unofficially Withdraws or Request a Leave of Absence.

RECORD RETENTION

In accordance with the Improving America's Schools Act of 1994 (Public Law 103-382), LCAD inactive student records are maintained for a minimum of three years.

Federal Pell Grant records must be kept for a minimum of three years after that award year has ended.

Federal Family Education Loan records must be kept a minimum of three years following the last date of student attendance at LCAD.

Campus-Based records for an award year must kept for a minimum of three years after the award year has ended.

CAL Grant records must be kept for a minimum of 5 years.

NOTE: LCAD may not discard records involved in any loan, claim, or expenditure questioned by a federal audit, program review, investigation, or any other review in an outstanding audit or program review. To ensure compliance with this requirement, the Director of LCAD must grant written permission for records to be discarded.

STUDENT FINANCIAL AID PACKAGING

Packaging Policy

LCAD's Financial Aid Office provides all financial aid applicants with necessary forms and information required by federal regulations. A financial Aid package is considered complete once the student has completed the enrollment, paid all applicable fees and been found to be academically qualified for enrollment.

Anti-Drug Abuse Policy

All LCAD students are provided with the Institution's drug prevention policy and procedures at Orientation. Every year LCAD provides certification to the ED that it operates a drug abuse prevention program that is accessible to its students, employees and officers. This policy is stated in the Institution's catalog and LCAD's Student Handbook.

Free Application for Federal Student Aid (FASFA)

LCAD requires all financial aid applicants to complete the Free Application for Federal Student Aid (FASFA). The FASFA is entered into the U.S. Department of Education's software EDEXpress. An Application Print report is generated as a preliminary needs analysis to provide students with an estimated award. The Application Print Report is maintained in the student's file with students and/or parent's signature if necessary.

Financial Aid Transcript (FAT)

LCAD relies solely on the student financial aid histories through the National Student Loan Database (NSLDS) in lieu of requesting a FAT. LCAD is authorized to use data from the

NSLDS to monitor the financial aid history of all applicants for federal student aid, including those who transfer mid-year.

Other Documentation Required Under Certain Circumstances

LCAD reserves the right to require additional documentation that might impact a student's eligibility for federal financial aid.

Application Priority Dates

LCAD will allow students to apply to enrollment to the college up until the posted/printed Add Deadline. Students wishing to apply for financial aid are eligible to complete a FAFSA at any point during the academic year.

Academic Year, Class Hours and Credits

LCAD has established its academic year at 2 semesters.

LCAD courses are assigned semester-hour credits. Each credit corresponds to the number of hours of lecture per week for the semester. For example, three hours per week spent in a lecture class earns three credits for the semester.

For awarding Academic Credit is as follows:

- 12 hours of lecture = 1 semester credit
- 36 hours of studio = 1 semester credit

For awarding Financial Aid in certificate programs is as follows:

- 12 hours of lecture = 1 semester credit
- 36 hours of studio = 1 semester credit

A Laguna College of Art & Design class hour is normally an instructional period of 50 consecutive minutes.

Verification of Information

LCAD is required by ED to verify certain applicants that are selected by the Central Processing System. In rare instances, LCAD's Financial Aid Office may elect to verify the application to resolve any questions he/she may have regarding what has been reported on the FAFSA or other documents provided in the student's file.

Verification requirements applicable only to SFA recipients in the following SFA programs:

- Federal Pell Grant Program
- Federal Stafford Loan Program

- Federal Supplemental Educational Opportunity Grant (FSEOG)
- Federal Work-Study

LCAD has chosen to Verify 100% of the **selected** applicants.

Selection of Applicants

Student files are selected for verification by one of the following methods:

- If the student's file is selected for verification, it is selected when the application is processed by the Central Processing System (CPS) of ED. The indication of the selection is an asterisk (*) to the right of the student's Expected Family Contribution (EFC) on the student's ISIR.
- The Financial Aid office may select any student for Verification if there is reason to believe that the information on the student's application is questionable or fraudulent.

Timing of Verification

- No Disbursements may be made if the school has conflicting information pertaining to the student's application for financial aid. The handbook states that the deadline for verification is no later than 120 days after the last day of the student's enrollment. The final ISIR must be received within this timeline as well.

PROCEDURES AND REQUIREMENTS FOR VERIFICATION

- Each student selected for verification receives a verification letter and Verification Worksheet, which informs the student of verification procedures and documents that LCAD will require to complete Verification.
- The Financial Aid Office explains to the student which documents must be submitted and establishes a reasonable deadline based on the type of information requested. For example; if a student's federal income tax return is required and the student must request a copy from the IRS, a reasonable deadline would be two or three weeks from the date of request.
- Federal Pell, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work Study (FWS) and Subsidized Loan funds are not disbursed until all required documentation is received and reviewed by the Financial Aid Office and verification is completed.
- Upon receipt, of all verification documents, the documents are reviewed with the ISIR. All errors will be corrected on the ISIR if warranted (i.e., the ISIR is required to be reprocessed). Financial Aid will recalculate the student's eligibility, if necessary. If the student's award changes, the Financial Aid office will issue a revised student Award Letter notifying the student of the changes and will re-submit the ISIR for corrections. If the student's award does not change, the ISIR is not submitted to recalculation.

Copy of Federal Income Tax Return

LCAD will request the student's/parents' federal income tax return of a student who is selected for verification by ED.

A student can request a copy of his/her actual federal taxes on IRS form 4506 for a complete copy of the taxes or IRS form 4506T for a Federal Tax Transcript.

For taxes not yet filed, a W-2 or statement of income, plus proof of extension (IRS form 4568) are acceptable.

Adjusted gross income, income earned from work, and U.S. taxes paid will continue to be verified using a copy of a tax return signed by either filer in case of a joint return' by the preparer. Or be stamped with the name and address of the preparer of the return. Faxed or photocopied signatures are acceptable on verification documents as long as the signature is legible.

Note: The applicant must submit a copy of the filed tax return(s) when filed in order to complete the verification requirement. An applicant, who fails to submit a copy of the filed tax return within 15 days following the request, is ineligible to receive financial aid and any financial aid disbursed must be repaid.

Verification Selection for Other Purposes

The Central Processing System matches the application data to several databases, including the NSLDS, to flag certain items. Items which are in question must be resolved before disbursing funds to the student.

Income Insufficient to Support Family

The Laguna College of Art & Design uses the Income Protection Allowance, determined yearly by the Department of Education, as guidance when verifying income levels that may appear to be too low to support the household size in question. LCAD will verify any income level that is below the current year's IPA and require each family to fill out the Low Income Verification Worksheet and turn in a federal income tax return if one was completed.

Time Frame for Completion of Verification

LCAD allows 30 days for a Federal Pell Grant and Stafford Loan applicant to provide acceptable documentation to the Financial Aid Office. The 30 day requirement may be extended based on

the Director of Financial Aid's approval. Students selected for verification will be notified in writing of what documents are required within the specific timeframe.

Completing Verification

LCAD will not disburse financial aid funds until the student has completed the required verification. No interim disbursements will be made. The student will be advised in writing of any changes of award.

Waiver of Verification

ED permits the Institution to waive verification. The conditions for exclusion are:

- Death
- Incarceration
- Certain Immigration Status
- Certain Spouse/Parent Status
- Parents or Spouse's Address is unknown
- Completed Verification at another Institution
- Pacific Island Residency Status
- Transfer Student
- Applicant who is attending a foreign school that participates in the FFELP
- No Funds Disbursed

Correction Procedures

If LCAD determines an error does not fall within the tolerances, the EDEXpress system may recalculate the student's EFC. If it is determined there is no change in the EFC, LCAD will pay the student based on the original ISIR. The EDEXpress Application Print Report is always maintained in the student's file to validate no change in the original EFC.

If after running an EDEXpress Application Print Report it is determined that the EFC has in fact changed, the corrected data must be transmitted to obtain a corrected ISIR. The ISIR being paid on is retained in the Student's financial aid file.

Tolerances

Occasionally, LCAD will use the tolerance options defined by ED when a student's original application contains any dollar items errors. LCAD will follow the tolerance limits based on the award year in question.

Resolving C Codes

When the Department of Education processes the ISIR, it uses the student's social security number, name, and date of birth to perform several edits with federal databases. Certain data

match edits can result in comment codes, or “C” codes, that are indicated in the ISIR and must be researched and cleared prior to federal aid processing. The common edits that result in a file being held for resolution are:

- The Social Security Administration did not confirm that you are a U.S. Citizen.
- The Department of Homeland Security (DHS) could not confirm your statement that you are an eligible noncitizen because there is a question about your alien registration number.
- The National Student Loan Data System (NSLDS) indicates that you are in DEFAULT on a federal student loan.
- The National Student Loan Data System (NSLDS) found your reported social security number on their database, but neither name nor date of birth on the NSLDS record matched.
- The name you reported on your application doesn’t match the Social Security Administration’s records.
- The date of birth you reported on your application doesn’t match the Social Security Administration’s records.
- The student is not registered with Selective Service.

If a “C” code is present on the ISIR, you must request documentation from the student to determine eligibility. Follow the simple steps below and use the “C” Resolution Chart to help you.

- Read all text on the cover sheet of the ISIR for all “C” codes present.
- Review the student financial aid file to determine if there is already documentation on file to clear the “C” code.

If there is documentation necessary to clear the “C” status, document on the ISIR.

If there is no documentation to clear the file, advise the student of the items necessary to clear the code.

Consistency of Information

LCAD’s Financial Aid Office is required to resolve any conflicting information for an applicant. Conflicting information is not exempt from verification requirements.

PROFESSIONAL JUDGMENT IN STUDENT AID ADMINISTRATION

Professional Judgment

Professional Judgment allows LCAD’s Financial Aid Officers to use its discretion in changing student’s eligibility (i.e., adjusting data elements used to calculate the EFC and/or changing a student dependency status) for financial aid based on special circumstances. Use of professional judgment is made on an individual case-by-case basis. The reasons for adjusting a student’s

eligibility must relate to the student's special circumstances and evidence documenting those circumstances in the student's file. These are some examples of special circumstances, such as an abusive family environment or abandonment by parents, elementary or secondary school tuition, medical or dental expenses not covered by insurance, unusually high child care costs, recent unemployment of a family member, or other changes in the family's income or assets. Use of professional judgment is neither limited to nor required for the situations mentioned.

An aid administrator's decision regarding adjustments is final and cannot be appealed to the Department.

Complete the FAFSA with the base year information of the student, spouse and/or parent. After receiving the ISIR make the appropriate adjustments to the base year information according to the source documents. The Financial Aid Office must also sign a Professional Judgment statement indicating attesting to the special conditions that warranted the Professional Judgment.

Supporting Documents for Professional Judgment

It is the responsibility of the Financial Aid Officer to obtain documents to support a student's claim of special circumstances warranting professional judgment determination. Examples of supporting documents include, but are not limited to:

- Unemployment records
- Medical receipts or canceled checks
- Elementary or Secondary School Tuition receipts
- Letter from Third Party
- Additional Information as needed to document unusual circumstances

INDEPENDENT STATUS DOCUMENTATION

Independent Status

LCAD considers an applicant to be independent for financial aid purposes if the applicant meets one of the following conditions:

- Is 24 years or older;
- Is a veteran of the U.S. Armed Forces;
- Is married;
- Is an orphan or ward of the court or was a ward of the court until 18; or
- Has legal dependents (other than a spouse) whereby more than 50% support was provided.

Applicants who do not meet one of these conditions are considered dependent, unless extenuating circumstances exist and can be documented as Professional Judgment.

Documentation Requirements

LCAD does **not require** documentation to support a student's claim of independence, unless evidence provided by the student contradicts what's been reported on other documents.

STUDENT BUDGETS

Federal Pell Grant

LCAD utilizes an average Federal Pell Grant budget. A standardized Federal Pell Grant Cost of Attendance is maintained for each program offered.

Federal Family Education Loan

LCAD utilizes the California Student Aid Commission's Expense Budget when determining a student's Cost of Attendance (COA). The components used in the student's Cost of Attendance are:

- Tuition and fees
- Room and board for students living with parents or without parents
- Personal expenses
- Transportation costs
- Average student loan fees and insurance premium charges (if applicable)
- Equipment charges (ex. Computer)
- Dependent care (Optional)
- Extra expenses of disabled students
- Other costs based on Professional Judgment

The same budget used in determining a student's Subsidized Stafford eligibility is used in determining Unsubsidized and PLUS loan eligibility.

The duration of a student's budget is for 9 months for full time. The individual student budget is documented on the packaging record/budget sheet generated from EDExpress.

Additional Resources

Students who are relying on other resources to fund their tuition must report these to the Financial aid Officer. JTPA and Rehab, etc., must be considered as a resource when determining a student's financial need. Montgomery GI Bill Veterans benefits, National Server Education Award, Post-service benefit under Title 1 is excluded from EFA.

AWARDING AND DISBURSING FINANCIAL AID

Determination of Total Funds Available

LCAD maximizes the available financial aid to cover direct charges. Students are not encouraged to borrow in excess of his/her charges; however, maximum eligibility is always disclosed to applicants.

Packaging Financial Aid

The packaging process of LCAD students determines the best combination in meeting a student's need, given the constraints of available funds. All Title IV funds are distributed equitably to the students.

LCAD maintains the following goals in packaging students:

- Provide as many students as possible with sufficient resources to meet their financial need;
- Distribute resources equitably; and
- Educate students of their rights and responsibilities when borrowing funds.

Financial aid packaged in the following order:

- **Federal Pell Grant** based on eligibility
- **Federal Supplemental Educational Opportunity Grant** based on the availability of funds and given to the needy students
- **Cal-Grant** based on eligibility
- **Subsidized Stafford Loan** based on financial need
- **Unsubsidized Stafford and PLUS loan** non-need based
- **Federal Work-Study** based on the availability of funds and based on financial need

Revisions to an Initial Award

LCAD's Financial Aid office shall inform the student if there is a change to financial aid awarded by:

- Providing a revised Award Letter;
- Informing the student of the reason for the changes; and
- Informing the student of the amount of the change.

FEDERAL PELL GRANT

The Federal Pell Grant is an entitlement program available to undergraduate students to pay for their education.

The formula used in determining a student's eligibility for Federal Pell Grant is established by Congress. Each formula produces an Expected Family Contribution (EFC). Based on the EFC, a student's Pell eligibility is determined from ED's published Regular Payment Schedule for Determining Full-Time Scheduled Awards/Determining Two Semester Time Scheduled Awards in the Award Year. Each award is made in two equal disbursements. The first disbursement is

made once it is determined that the student is enrolled in an eligible program. The second disbursement is made after student has completed the appropriate credits, i.e., for full time 12 credits each semester. Before receiving the first disbursement of Federal Pell Grant, the student must provide all necessary documents requested and a valid ISIR must be received.

Calculating Federal Pell Grant Awards

LCAD uses “Formula 4” when calculating the student’s Federal Pell Grant award and payments.

In determining a student’s eligibility for Federal Pell Grant there are five basic steps to follow:

1. Determine enrollment status – LCAD students are considered full time/three semester time;
2. Select the Federal Pell Cost of Attendance;
3. Determine the annual award from the appropriate Pell Payment Schedule;
4. Calculate the payment per payment period;

Determining Payment Periods

LCAD offers semester programs and measures its payment periods as follows:

- 12 semester hours for full time students.

Crossover Payment Periods

LCAD students’ are not paid with any crossover payment periods.

FEDERAL FAMILY EDUCATION LOAN PROGRAMS

The Federal Family Education Loan (FFEL) programs consist of the following:

- Stafford Loans – Subsidized and Unsubsidized
- Parent Loan to Assist Students (PLUS)
- Graduate PLUS Loans

The Stafford Loan Programs are available to both undergraduate and graduate students. As of July 1, 1994, the maximum variable interest rate was 8.25%.

Stafford Student Loan (minimum need for recommending loan application)

LCAD has not established a minimum need for borrowers to apply for. The lender determines the minimum eligibility. Typically, \$500.00 is the minimum amount allowed to a borrower.

Certifying a Loan Application

Before certifying a loan application the Financial Aid Officer must ensure that the student met the general eligibility requirements. A loan application application may not be certified unless all documents are received.

A Financial Aid Officer may not certify a loan for more than the least of the following:

- The amount the borrower requested;
- The student's unmet financial need (Subsidized only);
- The student Cost of Attendance; or
- The borrower's maximum borrowing limit.

Determining Loan Amounts

The amount a student may borrow is dependent upon whether the loan is need-based or non-need based.

A need based loan that LCAD students utilized is:

- Federal Subsidized Stafford Loans.

Non-need based loans utilized by LCAD students are:

- Federal Unsubsidized Stafford Loans
- Federal PLUS Loans.

To qualify for subsidized loans, a student must have financial need. A borrower unable to qualify for a need-based loan may apply for an unsubsidized loan. Need for subsidized loan is the Cost of Attendance (COA) minus the Expected Family contribution (EFC) minus Estimated Financial Assistance (EFA) for the period of enrollment covered by the loan. An unsubsidized loan cannot exceed the COA less the total EFA, which includes the subsidized loan. A student does not have to demonstrate financial need to benefit from the PLUS loan his/her parents borrower. If the parent is denied a PLUS loan due to adverse credit, a dependent student may borrower an unsubsidized loan under the independent student borrower limits.

To pre-determine a parent's eligibility to borrow a PLUS loan, a Pre-Qualifying Application must be completed. Signed by the parent and returned to the Financial Officer. The Pre-Qualifying application is then submitted to the lender via the internet, for a decision before the PLUS loan application is completed. The acceptance or denial must be maintained in the student's file for future reference, especially if the lender denies the parents.

Loan Fees

Within the COA, one of the components is the cost of any loan fee, origination fee, or loan insurance premium charged to a student or parent borrower of the Title IV loan. Currently the

guaranty agency charges a 3 percent origination fee on FFEL. LCAD uses the average amount of loan charges for the student's grade level.

Determining the Loan Period

The period of enrollment or loan period in which the application refers to is the period for which the FFEL is intended. For programs offered by LCAD, the loan period is the length of the academic year.

Grade Levels

All student loan applications are certified according to the grade level of the student.

- 0-30 Credits, Freshmen
- 31-60 Credits, Sophomore
- 61-90 Credits, Junior
- 91 and up Credits, Senior

Prorated Annual Loan Limits

Loan proration changed with the enactment of the HEA of 1998, effective October 1, 1998, per GEN-98-28 consistent treatment for loan proration for programs of less than one academic year. This type of treatment would only apply to students who transfer from another institution or are scheduled to complete sooner than the full academic year.

LCAD proportionally prorates any loan period that is less than one academic year in length. Proration is based on the credits in the semester taken.

The annual Federal Loan limit (per academic year) for first year undergraduate students is \$3500, unless the student is attending less than a full academic year. In such cases, a proration of the 3500 is required based on the semester credit remaining in the academic year. Prorating the Federal Stafford Loan is based on the following calculation:

$$\frac{\text{Total number of credits taken for the semester}}{\text{Total credits for the year i.e. 24 credits}}$$

Annual Maximum Loan X the above Fraction = Amount of Loan Eligible to Receive

Payment to the Borrower

A delivery of loan proceeds to the student occurs on the date that LCAD credits the student's account. All first disbursements for first time college students are requested on, or after, the 30th day after the student's start date. Each borrower who received loan proceeds from the lender is

presented on an EFT roster faxed to the campus. Before each disbursement is made the student's eligibility must be reviewed to ensure that he or she remains eligible for the disbursement.

All loan disbursements are issued in two equal disbursement for a full time student and four equal disbursements for a three semester student and may not be disbursed earlier than the beginning of the scheduled semester that is covered by the loan period. Before each disbursement is made the student's eligibility is reviewed to ensure that he or she remains eligible for the disbursement.

Master Promissory Note Policy

All loans certified must be completed on a Master Promissory Note (MPN). The completed Master Promissory Note will be used for loans over multiple years.

Master Promissory Note Procedure

1. Discuss the borrower rights and responsibilities and ensure that the borrower understands his or her loan debt.
2. Prepare and have the student sign the Entrance Interview, Additional Loan Information sheet
3. The borrower must complete Understanding of Aid Funds Disbursement, authorizing LCAD to receive and credit the Student's tuition account.
4. Provide the borrower with a Federal Stafford Loan Master Promissory Note to complete with the following information:
 - ▶ Last Name, First Name, MI
 - ▶ Social Security Number
 - ▶ Permanent Student Address
 - ▶ City, State, Zip Code
 - ▶ Home Telephone number
 - ▶ Date of Birth
 - ▶ *Drivers License State and Number
 - ▶ E-Mail Address (Optional)
 - ▶ **Lender Name, State, Zip code
 - ▶ **Lender Code
 - ▶ *Two complete references
 - ▶ Interest Payments (Optional)
 - ▶ Signature and Date
5. The Financial Aid Officer may complete the Federal Stafford Loan School Certification with the following information only:
 - ▶ School Code
 - ▶ School Information
 - ▶ Borrower's Last Name, First Name and MI

- ▶ Social Security Number
- ▶ Permanent Street Address
- ▶ Telephone Number
- ▶ Date of Birth
- ▶ Borrower e-mail address
- ▶ Lender/Code
- ▶ Grade Level
- ▶ Enrollment Status
- ▶ Anticipated Graduation Date
- ▶ Loan Period
- ▶ Certified Amount according to the Borrower's request
- ▶ Recommended Disbursement Date(s)

6. Maintain copies of the Understanding of Aid Funds Disbursement, Additional Loan Information form, MPN and Certification forms in the student's file.
7. Certify the loan using either PCFAPS or Laureate, according to the Lender/Service that will be issuing the loan for the student.
8. Send the original MPN and Certification to the lender if required by the Lender.

Additional Loan proceeds requested by the student borrower might require an additional Certification.

*Most common oversight by the Borrower

**Remind student of information provided on the Additional Loan Information Request form.

EFT Roster

Each EFT roster is received by the Director of Financial Aid and reviewed to ensure accuracy, then given to the Business Office to credit the student's tuition account.

Cash Management Policy

It is the policy of LCAD to ensure all disbursement guidelines are in accordance with SFA Cash Management Requirements.

Payment Period Definition

For Title IV purposes, LCAD defines a payment period as 12 semester hours for full time students.

Time Frame for the Request of Funds

The Financial Aid Officer may not request a lender to provide FFEL funds by EFT Earlier than

1. 30 days after the first day of classes for the first payment period for a first-year, first time Federal Stafford Loan Program;
2. 10 days before the first day of classes for any subsequent payment period for a first-year, first time Federal Stafford Loan Program borrower or any payment period for all other Federal Stafford Loan Program borrowers; and
3. 10 days before the first day of classes for any payment period for Federal PLUS Program borrower or for any payment period.

Frequency of Payment

Federal Pell Grant and FSEOG are disbursed on or about the first day of each semester and each semester after pending verification of Credits completed. FFEL loans are disbursed in 2 equal payments for full time students.

Notices and Authorization

LCAD notifies all Title IV, HEA recipients of funds for any award year. A financial Aid Estimate is completed at the time the student is packaged that indicates the amount of Title IV fund amounts expected to receive for each payment period. Subsequent payment periods are estimated based on prior year information. The notification explains how and when those funds will be disbursed. The subsequent revisions to a student's award do not require a student to sign subsequent notifications.

Since all Title IV proceeds are credited to a student's account, the accounting office notifies the Financial Aid Office of the date and amount of each disbursement for a student. The Financial Aid Office generates a list of students informing them that their Title IV monies have been credited to their account. Students and/or parent that borrow FFEL have the right to cancel all or a portion of the loan within 14 days of the notification.

The Financial Aid Office notifies the students and/or parents after crediting the student's account within 7 days.

Disbursement and Delivery Requirements for the FFEL Programs

For first time, first year undergraduates, the FFEL installment must be requested 30 days after the payment period begins. Title IV, HEA funds are disbursed by crediting a student's account at LCAD. All funds credited to the student's account satisfy current charges for tuition and fees for the semester.

Credit Balances

Title IV, HEA programs funds that exceed the amount of tuition, fees and other authorized charges for the semester will be paid with 14 days after the balance occurs.

Post-withdrawal Disbursement

A post-withdrawal disbursement must be offered to a student when he or she withdraws, drops out or is expelled, through 60% of a payment period and is otherwise eligible for the disbursement.

To qualify for a post-withdrawal disbursement, LCAD will ensure that all verification documents are received within 15 days after the request. A student who fails to provide all required verification documents within the 15-day requirement forfeits Title IV eligibility for the entire award period.

Within 30 days from the date of determination, the school is required to send notification to the student and/or parent that a post-withdrawal disbursement is pending. The student and/or parent have 14 calendar days from the date of the notification to indicate if the post-withdrawal will be accepted. If the student and/or parent fail to provide a response, the earned portion of the post-withdrawal disbursement will be applied to the student's account and any unearned portion will be returned. If the post withdrawal form is received 14 days after the notification was due, and not to exceed 120 days after the date of determination, it is at the schools' discretion to accept that as notification in releasing the post-withdrawal disbursement.

If the student and/or parent accepts all or a portion of the post-withdrawal amount, the post-withdrawal disbursement made as a result of a withdrawal must be made within 120 days of the date of determination. If the school decides not to accept a late post-withdrawal notification then the student and/or parent must be notified in writing why that request was denied.

Late Disbursement

A late disbursement may be made if the student became ineligible solely because

1. The student is no longer enrolled at LCAD as at least a half-time student for the loan period.
2. For purposes of Federal Pell Grant and FSEOG programs, the student is no longer enrolled at the school for the award year.
3. The Disbursement of FSA funds are disbursed no more than 120 days from the student's last day of eligibility.

Conditions for Late Disbursements

LCAD may disburse fund under a Title IV, HEA program to an ineligible student and to the parent of an ineligible student if before the date the student became ineligible.

1. An ISIR with an official Expected Family Contribution calculated from the Central Processor System (CPS);
2. The LCAD Financial Aid Officer certified the loan application.
3. A valid ISIR was processed by the CPS (For Federal Pell Grant award);
4. FSEOG Program awarded the student a loan or grant, per award letter

In all cases a late disbursement of Title IV, HEA program funds can only be used to cover educational costs that LCAD determines the student incurred for the period that the student was enrolled and eligible; and the late disbursement must be made no later than 120 days after the date the student became ineligible.

ENTRANCE AND EXIT PROCEDURES

Entrance Loan Counseling

Before a First disbursement may be made to a first-time Stafford borrower, the student must receive entrance counseling that explains the loan obligation. The counseling must be conducted in person, by audiovisual presentation, or by interactive electronic means. Entrance counseling is completed at the time the student first applies for SFA with the Financial Aid Officer. The Financial Aid Officer discusses Student loans and incorporates the following items into the discussion:

- Reinforce the importance of repayment;
- Describes the consequences of default;
- Explain the use of the Master Promissory Note;
- Stress that repayment is required, regardless of education outcome or subsequent employability;
- Provide a sample monthly repayment amounts;
- Borrower's Rights and Responsibilities;
- Importance of keeping loan records;
- Importance of communicating changes of status to the lender; i.e., address changes, change in enrollment in school;
- All new students on their first day of class attend a Financial Aid orientation that incorporates all items mentioned above and an Entrance Loan Video, by EdFund.

The Financial Aid Officer has the student complete the following forms:

- Entrance Interview, Published by EdFund (one copy is placed in the student file, second copy is given to student)
- Master Promissory Note (After complete, student is given Borrower's copy with Borrower's Rights and Responsibilities)
- Brochures/Repayment Schedules from the Lender

Exit Loan Counseling

LCAD must ensure that all students receiving FFEL funds receive exit counseling before they leave school. Exit counseling should be completed shortly before graduating or ceasing at least half-time enrollment. It is the borrower's obligation to participate in an exit counseling session. For students that unofficially withdraw from school, upon completion of R2T4, within 30 days from the LDA or Date of Determination, students are mailed the exit counseling documents to

complete and return to the school. Exit Loan counseling is completed with each individual student with the following items discussed:

- Review the Entrance counseling information
- Review repayment options, when payments begin and approximately how much payments are.
- Review forbearance, deferment and cancellation options
- Discuss Debt management, i.e. developing a realistic budget
- Discuss the availability of loan information on NSLDS
- Discuss the availability of the FSA Ombudsman's office to help in resolving student loan problems when other approaches have failed

The Financial Aid Officer has the student complete the following forms:

- Exit Interview, Published by EdFund (one copy is place in the student file, second copy is given to student, third is mailed directly to EdFund)
- Additional Student Loan Information (one copy is placed in the student file, second copy is given to student)
- Brochures/Repayment Schedules from their Lender

REFUND AND REPAYMENT

Leave of Absence Policy

Students may encounter situations in their lives which are beyond their control that make it impossible for them to attend school for a significant period of time. A leave of absence may be granted for a minimum of one semester and may not exceed two semesters.

To obtain a leave of absence, a student must complete a leave of absence form and have it approved. Leaves of absence are granted only for medical reasons or emergency situations or special circumstances not vacations. If the student does not return from a leave of absence within 60 days or by the designated return date, the student will be unofficially withdrawn from LCAD.

Students need to be aware that any extended leave of more than two semesters will require that you automatically be withdrawn from the college. Upon return, it will be necessary for the student to re-enroll. Federal regulations require that you be allowed only one leave of absence each year (12 month period). When a student returns from a leave of absence, they must schedule an appointment with the Financial Aid Office to reinstate their financial aid.

When calculating the maximum time frame for a student's LOA, the school must ensure that it accounts for all periods of nonattendance (including weekends and scheduled breaks).

Leave of Absence Procedures

The Student must complete a Change of Status/Request for Leave of Absence with the Financial Aid Office. The Financial Aid office will meet with the student and discuss the following to ensure that the student understands the Leave of Absence policy.

- Have student complete Change of Status/Request for Leave of Absence form
- Request is not more than two semesters
- Student understands that they need to return from their Leave of Absence on the return date
- Failure to return from the Leave of Absence and need to be withdrawn from LCAD, may effect the FFEL repayment terms, including possible expiration of the 6 month grace period.
- Student cannot receive Title IV funds while on LOA

The Director of Financial will review the Withdrawal/Request for Leave of Absence to ensure the following:

- Request is not more than two semesters
- Student has signed request
- Leave of Absence is within LCAD's policy
- SFA funds have not been disbursed and future scheduled SFA funds disbursements have been rescheduled.
- Give Withdrawal/Request for Leave of Absence to Registrar, maintain a copy in the Student's file

Return to Title IV

LCAD utilized the Department of Education's Return to Title IV software to perform refund calculations.

Treatment of Title IV Funds When a Student Withdraws

When the student withdraws from LCAD and is a Title IV recipient, both the State of California refund and Return to Title IV is calculated. The Return to Title IV funds is calculated based on the portion of time earned during the school's defined payment period, not to exceed 60%. The unearned portion determined to be returned will be either by the school or the student. The results are compared to the State of California refund policy, which is explained in the school catalog to determine the larger refund due.

Tuition paid in advance for periods beyond the semester of withdrawal is refunded in full. If withdrawal for any reason occurs, the student simply notifies the College, and the official date of withdrawal is the last date of attendance. Refunds are made within 30 days of the date the College is notified or determines the student has withdrawn.

Refund Distribution Policy

The school must return the unearned Title IV aid for which it was paid in the following order, up to the total net amount disbursed from each source:

1. Unsubsidized FFEL
2. Subsidized FFEL
3. FFEL PLUS
4. Federal Pell Grant
5. Federal ACG Grant
6. FSEOG
7. Other Title IV programs
8. State Programs
9. Student

The student (or parent for a PLUS loan) must return unearned aid for which the student is responsible for repaying funds to the following sources in the following order. Amounts to be returned to grants are reduced by 50%

1. Unsubsidized FFEL
2. Subsidized FFEL
3. FFEL PLUS
4. Federal Pell Grant (50%)
5. Federal ACG Grant (50%)
6. Federal SEOG (50%)
7. Other Title IV programs
8. State Programs
9. Student

SATISFACTORY ACADEMIC PROGRESS

The Federal Government states that you must be progressing in your classes at an acceptable rate to finish within a maximum time period.

The standards for Satisfactory Progress are set fourth by the Government and by the Accrediting Body by which we are accredited.

These standards are that all students:

- Maintain a quantitative measured GPA

The Accumulative Grade Point Average is calculated on the 4.0 scale.
Student must maintain a CGPA of 2.0.

- Complete 60% of the classes attempted.

The Student must have completed 60 % of the credits attempted and/or completed sufficient credits to have maintained an average enrollment status appropriate to their enrollment status. Evaluations will be conducted at the end of each academic year. A fulltime student must complete a minimum of 12 units per academic year. For this purpose, “completed” is defined to mean received a final grade of 60% or higher. A withdrawal (W) does not represent completed credit. Cumulative means all work completed at LCAD whether or not the student received Financial Aid during any period. In addition, the student must maintain Satisfactory Progress in Liberal Arts in order to stay in the Bachelors program, as stated on page 84 of the 2007-08 catalog.

- To determine whether a student is maintaining satisfactory attendance and academic progress, warnings are issued on a semesterly basis and may take the form of a verbal warning.
- Complete the program within the Maximum Time Frame of one and one half times the program length is as follows:

The maximum time frame for full-time students is 12 semesters or 6 years.

The maximum time frame for three-quarter time student is 18 semesters or 9 years.

The Maximum time frame for half time student is 24 semesters or 12 years.

Transfer Students:

All transfer students will initially be assumed to be maintaining Satisfactory Academic Progress for the first two semesters. LCAD will then require the student to meet LCAD’s standards of Satisfactory Academic Progress.

LCAD has established a formal process through which the administration and faculty can identify and provide assistance to students who experience academic difficulty. An administrative review will be done on all students at the end of each semester. This will enable LCAD to notice potential problems at an early stage in the student’s education career.

Any student with potential Satisfactory Academic Progress problems will receive written notice to meet with the Registrar/Satisfactory Progress Counselor. The counselor will provide counseling to the student. This counseling will consist of suggesting future classes/grade levels required to meet Satisfactory Academic Progress standards.

When determined that a student has not met Satisfactory Academic Progress, the student will be placed on probation for one semester.

Financial Aid is suspended while a student is on probation, except in mitigating circumstances. In this case, you will need to make other arrangements for meeting your tuition obligations.

Attendance

Laguna College of Art & Design does not require faculty to actively take or collect attendance rosters. However, attendance is monitored by the instructors with each instructor having sole discretion in assessing the impact of absences on a student's final grade. Any attendance policy adopted by the LCAD faculty senate shall supersede the policy as stated in the Student Handbook.

If a student does not meet satisfactory progress standards at the mid-point, the student may be dismissed from school. LCAD may continue students in a non-regular status after they have been determined not to be making satisfactory progress at the evaluation points described above for a period of time not greater than one academic term or 25% of the normal program length, whichever is longer.

During this period, the student is not eligible for federal student aid, but the student may continue to matriculate in a non-regular status and may be charged tuition and fees. While in a non-regular status, students normally will need to correct academic deficiencies by retaking courses they have failed, or practicing previously learned skills in order eventually to be reinstated as a regular student.

Student Appeal Procedure for Satisfactory Academic Progress

Any student denied Financial Aid under the College's Satisfactory Academic Progress policies has the right to appeal such a decision.

The procedures are as follows:

- Write a letter to the attention of the Director that includes all mitigating circumstances involved for the student.
- Attach any documents that evidence the cause for the student's problems which led to the dismissal/and or cancellation of Financial Aid.
- The Director will meet with the appropriate educational directors and the Director of Financial Aid for review.
- If the appeal is denied, the Director will render a final decision regarding the student's status, in writing, to the student.
- If the appeal is denied, an appointment will be made for the student to meet with the Director approximately 7 working days from the receipt of the written appeal.

Advisory Sessions

In order to insure that potential problems are detected early in the student's educational career, LCAD will conduct advising sessions with the student, providing the student with goals and objectives in meeting the minimum criteria.

Reinstatement Policy

A student may be reinstated as a regular student after one semester providing that they meet the satisfactory progress requirements. The student is then placed on probation for a semester where he/she is closely monitored to ensure that he/she continues to be progressing satisfactorily. No funds are disbursed if they are eligible for financial aid during this period. If the student does not progress satisfactorily, he/she will once again resume non-regular students.

Re-Entry Policy

It is the policy of Laguna College of Art & Design to allow students who have withdrawn from the program of study to re-enter in either a new or previously attended program. Student's can re-enter at the point at which they left their program. Definition of a re-entered Student is a student who drops below half-time enrollment or ceases to be enrolled (terminates), then returns to full-time status.

Re-Entry Procedures

For a student to re-enter, the student must apply to LCAD for Re-entry

- Student must complete a Re-Admission Application;
- Application is submitted to the Financial Aid Office;
- The student is instructed to contact LCAD, decision will be made within 24 hours;
- Application is then reviewed by the School Director, Education Director and Financial Aid Director. At which time they will make a decision and either admit the student or deny re-admission;
- If Student is approved for re-admission, student will meet with Financial Aid Office to re-establish his/her SFA;

When funding a re-enter student, ensure that the student file is documented correctly with all the necessary re-enter documents, including but not limited to the following:

- A new Enrollment Agreement to include the program name cost of the program, length of program.
- A Change of Status from to support the new enrollment agreement defining the tuition and fees.
- Review time frame that student is re-entering is within 180 days
- Review the student's Federal Pell eligibility and/or campus-based aid, if applicable.
- Review student's satisfactory academic progress during the prior enrollment period.
- Review student's previous award package, have student complete new SFA forms if applicable.
- Re-instate the original loan (s), if the student is within the loan period when he/she returns.

Challenging Courses

LCAD understands that a student may have prior education completed in one or more relevant courses or have appropriate experience; the student may be exempted from such course(s) at the discretion of the director. In some cases challenge examinations may be required. The student will be given credit and a letter grade upon successful performance on the examination.

Transfer Students

Advanced students transferring from another reporting school may enroll at any time. Credit will usually be given for comparable courses completed in other institutions upon receipt of the official transcript. The college reserves the right to administer equivalency examination to determine proficiency and placement in both academic and studio courses.

FRAUD AND ABUSE

Misrepresentation by Student or Parents

LCAD makes every effort to ensure information provided by its applicants is presented accurately. If the Financial Aid Office has reason to believe a student and/or parent has provided erroneous information, and is unsuccessful in resolving the issues, the information will be referred to the ED

Referral to Department of Education (ED)

Applicants may be referred to ED if:

- Documents submitted by the applicant and/or parents are questionable;
- Unresolved discrepancies exist between current year and prior year award information;
- The applicant and/or parents refuse to provide required documentation; and/or
- There is unresolved conflicting documentation.

Before an application is referred to ED, the applicant will have at least 45 days to correct the information. Cases involving the overpayment of less than \$100 will not be referred to ED.

The address for referrals to ED shall be forwarded to the address printed in the appropriate award years' ED Verification Guide.

Reporting Suspected Fraud

LCAD is required to report cases of suspected fraud or other criminal misconduct in connection with aid applications to the address printed in the appropriate award years' ED Verification Guide. Examples of fraud include but are not limited to:

- Forged or falsified documents such as financial aid output documents, citizenship documents, transcripts, including irregularity of official signature of certification to receive financial aid;
- False or fictitious names or aliases, addresses, or social security number, including multiple social security numbers;
- A pattern of misreported information from one year to the next;
- False claims of independent student status;
- False claims of Citizenship; and/or
- Stolen or fraudulently endorsed financial aid checks