

## INSTRUCTIONS FOR PARTICIPATION ADDENDUM

MAY 2010

All eligible schools located outside the United States (commonly referred to as foreign schools) currently participating in the Federal Family Education Loan (FFEL) Program are affected by the federal student aid provisions of the Health Care and Education Reconciliation Act of 2010 (HCERA), Public Law 111-152, Title II, Subtitle A, legislation signed by President Barack Obama on March 30, 2010. The legislation will eliminate the FFEL Program, currently the only federal student aid program in which foreign schools may participate, effective July 1, 2010. The legislation makes the William D. Ford Federal Direct Loan (Direct Loan) Program available to foreign schools in place of the FFEL Program.

A primary difference between the two programs is that under the Direct Loan Program, funds are loaned to students and parents by the U.S. government, rather than, as in the FFEL Program, by private lenders receiving third party, federally reinsured, guarantees. The new legislation permits continuation of FFEL lending alongside the Direct Loan Program for a brief period of time to permit students who have already taken out FFEL Program loans that are only partially-disbursed to receive second disbursements after July 1, 2010, the date authority for making new FFEL Program loans ends.

In this document, we provide instructions for how a foreign school will inform the U.S. Department of Education (the Department) as to whether it accepts or declines participation the Direct Loan Program. After reviewing these instructions and completing the necessary steps and addenda preparation, the foreign school will include the required documentation in the Direct Loan enrollment packet it will send to the Department at the address provided.

The information is presented in the following order:

- Necessary Steps
- Participation Addendum
- Contact Information

### **Necessary Steps** (Detailed information follows on subsequent page.)

- 1) Read the instructions and information in this document.
- 2) Determine if your school will participate in the Direct Loan Program.
- 3) Regardless of your school's decision, print and complete two copies of the Participation Addendum.
- 4) Include the two executed addenda in your school's Direct Loan enrollment packet.
- 5) As soon as possible, submit your school's Direct Loan enrollment packet by express courier to the Department at the following address:

U.S. Department of Education  
Federal Student Aid  
School Eligibility Channel  
Foreign Schools Team – Direct Loan Transition  
Union Center Plaza  
830 First Street NE  
Room 73C3  
Washington, DC 20002-5340

**Note:** If your school will award and disburse Direct Loans in July 2010, please submit your packet no later than May 31, 2010.

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### Participation Addendum

In order to enable all participating foreign schools that wish to do so to continue to make federal student aid available to eligible students in as seamless a manner as possible, it is necessary to update and revise all Program Participation Agreements (PPAs) between the Department and participating foreign schools to comply with HCERA. For that purpose, we have prepared an addendum to the PPA (Participation Addendum) so as to provide for Direct Loan Program participation. At present, foreign school PPAs only provide for participation in the FFEL Program, and unless the PPAs are amended to include the Direct Loan Program, the schools will not be able to participate in the Direct Loan Program.

To that end, we ask that your school print two copies of the Participation Addendum document titled "Participation Addendum" available in the Foreign School Direct Loan Setup area of the Foreign School Information page (the same area in which the document you are reading is posted). Once printed, enter your school's name in the first line of the two documents. After reviewing the Participation Addendum, accept or reject participation in the Direct Loan Program in accordance with the terms of the Addendum.

- Your school's acceptance of the terms of the Participation Addendum as part of its PPA will be documented by the signature of your Chief Executive Officer on the "Accepted" signature line on the last page of the Addendum.
- Your school's rejection of the Addendum will be signified by the signature of your Chief Executive Officer on the "Declined" signature line on the last page of the Addendum.

If at this time your school declines to accept the Participation Addendum, or fails to return an acceptance, this will not preclude future application for participation by your school in the Direct Loan Program, or future acceptance of such an application by the Department. However, if your school declines to accept, or fails to return an acceptance, your school will not be able to disburse federal loans to otherwise eligible students at your school as of July 1, 2010, except as needed to fully disburse FFEL Program loans for which a first disbursement was made prior to that date.

After we receive the two addenda executed by your school, we will return a fully-executed Participation Addendum to you for your school's files.

### Contact Information

Thank you in advance for promptly submitting the requested documentation, participating in the Direct Loan Program, and enabling eligible U.S. students to attend your school.

If you have questions about the Participation Addendum instructions, e-mail the Department's specialized Direct Loan enrollment team at [foreignschoolenrollment\\_fsa@ed.gov](mailto:foreignschoolenrollment_fsa@ed.gov).