



FILE COPY

August 19, 2013

Joyce Byrd-Strozier
President
Health Opportunity Technical Center
18441 North West 2nd Avenue, Suite 300
Miami Gardens, Florida 33169-4517

United Parcel Service Tracking Number
1Z A54 67Y 01 9927 0731

RE: Final Program Review Determination
OPE ID: 04058300
PRCN: 201120427405

Dear President Byrd-Strozier:

The U.S. Department of Education's (Department's) School Participation Division - Atlanta issued a program review report on August 12, 2011 covering Health Opportunity Technical Center's (HOTC) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* (Title IV, HEA programs), for the 2009-2010 and 2010-2011 award years. HOTC's response was received on June 15, 2012. HOTC failed to address adequately finding 2 of the 4 findings, as detailed in the attached report. A copy of the program review report (and related attachments) and the institution's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by HOTC upon request. The Department has made final determinations based on information obtained during the program review and from documentation already submitted by HOTC. This Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, (3) notify the institution of its right to appeal, and (4) close the review.

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Atlanta School Participation Division
61 Forsyth St. SW, Room 18T40
Atlanta GA 30303-8918

Health Opportunity Technical Center
OPE ID: 04058300
PRCN: 201120427405

Due to the serious nature of one or more of the enclosed findings, in the normal course, this FPRD would have been referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse action (e.g. fine). Since HOTC is no longer participating in the Title IV programs, this FPRD will not be referred at this time; however, should HOTC apply for reinstatement in the future, in addition to meeting all other requirements, this matter will need to be addressed. Please note that the appeal instructions contained herein apply only to the appeal of the financial liabilities established in this final program review determination.

The total liabilities due from the institution from this program review are \$1,197,253.00.

This final program review determination contains detailed information about the liability determination for all findings.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix B, Student Sample. In addition, Appendices B thru G also contain PII.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the August 12, 2011 program review report. If HOTC wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date HOTC receives this FPRD. An original and four copies of the information HOTC submits must be attached to the request. The request for an appeal must be sent to:

Ms. Mary E. Gust, Director
Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP3, Room 84F2
Washington, DC 20002-8019

HOTC's appeal request must:

(1) indicate the findings, issues and facts being disputed;

Health Opportunity Technical Center

OPE ID: 04058300

PRCN: 201120427405

(2) state the institution's position, together with pertinent facts and reasons supporting its position;

(3) include all documentation it believes the Department should consider in support of the appeal. An institution may provide detailed liability information from a complete file review to appeal a projected liability amount. Any documents relative to the appeal that include PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and

(4) include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to HOTC's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).**

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. §§ 668.24(e)(1), (e)(2), and (e)(3).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Melody Parker-Venable at (404) 974-9299. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6)

Charles Engstrom
Division Director

Enclosure:

Protection of Personally Identifiable Information

cc: Boniva Dixon, Florida Commission for Independent Education – Florida Department of Education
Accrediting Bureau of Health Education Schools (ABHES)

Prepared for
**Health Opportunity
Technical Center**

OPE ID 04058300
PRCN 201120427405

Prepared by:
**U.S. Department of Education
Federal Student Aid
School Participation Division - Atlanta**

Final Program Review Determination
August 8, 2013

Table of Contents

	Page
A. Institutional Information.....	3
B. Scope of Review.....	3
C. Findings and Final Determinations.....	4
Resolved Findings.....	4
Findings with Final Determinations.....	4
Finding 2 Attendance Policy not Monitored.....	4
Finding 5 Excess Cash.....	12
D. Summary of Liabilities.....	15
E. Payment Instructions.....	16
F. <u>Appendices</u>	19

Appendix A: Program Review Report

Appendix A1: Institution's Response

Appendix B: Student Sample

Appendix C: Five Year Summary Funding Report

Appendix D: Estimated Actual Loss Formula Calculations

Appendix E: Estimated Actual Loss Formula

Appendix F: Cost of Funds

Appendix G: FEDWIRE Instructions

A. Institutional Information

Health Opportunity Technical Center
18441 NW 2nd Avenue
Suite 300
Miami Gardens, Florida 33169

Type: Proprietary

Highest Level of Offering: Associates Degree

Accrediting Agency: Accrediting Bureau of Health Education Schools

Current Student Enrollment: 187 (2010-2011)

% of Students Receiving Title IV, HEA funds: 94% (2009-2010)

Title IV, HEA Program Participation: Postsecondary Education Participants System:

	<u>2009-2010</u>
Federal Pell Grant (Pell)	\$855,080
Federal Supplemental Opportunity Grant (FSEOG)	\$14,741
Federal Family Educational Loan (FFEL)	\$829,550
Direct Loan (DL)	\$489,494

Default Rate FFEL/DL:	2009	9.5%
	2008	3.1%
	2007	0.0%

Health Opportunity Technical Center lost eligibility to participate in the Title IV Federal Student Aid Programs on February 7, 2011.

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Health Opportunity Technical Center (HOTC) from January 24, 2011 to January 28, 2011. The review was conducted by Melody Parker-Venable and Charles Thompson.

The focus of the review was to determine HOTC's compliance with the statutes and regulations as they pertain to the institution's administration of the Title IV, HEA programs. The review consisted of, but was not limited to, an examination of HOTC's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2009-2010 and 2010-2011 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning HOTC's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve HOTC of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Findings and Final Determinations

Resolved Findings

Findings 3, 4, 6, and 7

HOTC lost eligibility to participate in the Title IV Federal Student Aid Program on February 7, 2011. Because HOTC is no longer eligible to participate in the FSA programs the Institution is unable to make the corrections for finding 3. In addition to finding 3, HOTC was not required to perform the corrective actions to resolve findings number 4 and 7 of the program review report.

HOTC has taken the corrective action necessary to resolve finding 6. Therefore findings 4, 6, and 7 are considered closed. Findings 1 and 8 were reviewed and removed from this report. Findings requiring further action by HOTC are discussed below.

Findings with Final Determinations

The program review report findings requiring further action are summarized below. At the conclusion of each finding is a summary of HOTC's response to the finding and the Department's final determination for that finding. A copy of the program review report issued on August 12, 2011 is attached as Appendix A.

Note: Any additional costs to the Department, including interest, special allowances, cost of funds, unearned administrative cost allowance, etc., are not included in individual findings, but instead are included in the summary of liabilities table in Section D of the report.

Finding 2. Attendance Policy not Monitored.

*Citation: 34 C.F.R. § 668.32 Student Assistance General Provisions
34 C.F.R. § 668.16(d) Standards of Administrative Capability*

Noncompliance Summary: *Student Numbers 1, 2, 4, 6, 8, 10, 11, 13, 18, 20, 21, 27, 28, and 29 should have been placed on probation and/ or withdrawn from HOTC, in accordance with HOTC's Satisfactory Academic Progress Policy. The students identified in this finding did not meet the attendance requirement established by the institution.*

HOTC's attendance policy states that students must be in attendance a minimum of three days per week for a total of twelve hours per week to remain actively enrolled. In addition to the number of required attendance hours, the policy also states that after five unacceptable and/ or unexcused absences, the student will be placed on contractual probation.

Required Action Summary: *HOTC must conduct a file review of all students for the period July 1, 2009 through February 2011 and identify any student files with ineligible disbursements. The institution must submit the information in the following electronic Excel spreadsheet format:*

*Student Name
Last Four digits of Social Security Number
Award Year
Title IV Aid Received by Program and Award Year
Date of Ineligible Disbursement
Amount of each Disbursement*

The institution must summarize the total amount of ineligible funds disbursed by award year. For each student in the file review, the institution must submit documentation (Account Card, Academic Transcript, and Attendance Records). Any payment of liabilities will be established in the Final Program Review Determination Letter.

HOTC was required to provide the results of the review and engage an IPS to test the file review completed by HOTC.

HOTC's Response: *HOTC states that during the period from July 1, 2009 through February 2011, HOTC employed an adequate number of qualified staff to manage the administrative duties of the institution and to establish and maintain required records. HOTC states that its policy addressed excused absences.*

HOTC states that a file review was conducted for the required period and the IPA conducted an attestation for the file review.

Final Determination: *The Attendance Policy as printed in HOTC's catalog states:*

"Students must be in attendance a minimum of three days per week for a total of 12 hours per week to remain actively enrolled at the institution. When a student

fails to remain actively enrolled they are considered withdrawn and must reapply to the school, at which time all rules of application will apply. The objective of the institution is to promote the student's success in completion of the chosen course of study in a timely manner.

After five unacceptable/ unexcused absences, the student will be advised by a senior educator and placed on contractual probation. Failure to comply with the terms of contract will result in a formal meeting and counsel with the chief administrator."

In addition to the Attendance Policy, HOTC has a policy to address withdrawals, both official and unofficial. The policy states that HOTC determines if a student has ceased attendance prior to the first of class by use of the attendance roster. According to this policy, a student may officially withdraw by submitting a written notice to their instructor or the Registrar Department.

The policy goes on to state that any student who violates the attendance policy will be unofficially withdrawn. The date of withdrawal for unofficial withdrawals will be the last date of attendance. The last date of attendance is the date that the last date the student sat in class.

The institution's Probation policy states that when a student fails to adhere to the attendance policy, he/ she will be placed on probation for 30 days. If the student is absent while on probation, the student will be advised by the Program Director, which may result in in termination.

In addition to the Attendance Policy, the institution's Satisfactory Academic Progress (SAP) policy states:

"...all withdrawals, incomplete and or repeats must be completed within the time frame of 150% of the course length. The student must successfully complete the course objectives in a maximum timeframe, not to exceed 150% of the normal program length. The maximum timeframe is divided into increments of 450 hours, during with the student must complete a minimum of 67% of the scheduled hours and achieve a 75% grade point average. If the student is non-compliant to either standard, this student will be placed on probation for one increment until the student regains satisfactory academic progress.

The attendance record, for each student identified in this finding, was reviewed. A review of the attendance files for Student Number 13 and 20 resulted in the removal of the two students from this finding. The results for those students identified from the sample are below:

Student Number	Increment (scheduled hours)	Absences	Attendance Requirement
1	0-450 hours	Unexcused absences for 2 of the 4 days scheduled (week of 11/22-28/2009)	The student is required to attend a minimum 3 of the scheduled days per week and not less than 12 clock hours per week. Student did not meet the minimum attendance requirement for the week.
		Unexcused absences for 5 of the 16 scheduled clock hours (week of 2/21-27/2010) Total hours attended for the week – 11 hours	Though the student attended the required minimum of 3 days; the student did not attend for the required minimum of 12 scheduled clock hours. The student should have been withdrawn by March 1, 2010.
	451-900 hours	Unexcused absences for 5 of the 16 scheduled clock hours (week of April 4-10, 2010 and August 1-7, 2010). Total hours attended for April 4-10: 11 hours August 1-7: 11 hours	Though the student attended the required minimum of 3 days; the student did not attend for the required minimum of 12 scheduled clock hours. The student should have been withdrawn by March 1, 2010.
		Unexcused absent for 2 of 4 days (week of 4/18-24/2010; 6/20-26/2010 and 7/11-17/2010)	Attended 8 hours. Minimum weekly requirement is 12 hours (3 days).
		Unexcused absent for 3 of 4 days (week of 5/9-15/2010)	Attended 4 hours. Minimum weekly requirement is 12 hours (3 days).
2	0-450 hours	Student scheduled start date was 1/05/2009. Student did not attend class until 1/26/09. Student missed the first 44 hours of scheduled class time.	Did not achieve minimum attendance for the first 3 weeks of class. Student should have been withdrawn. <u>**All monies should be returned for this student due to failure to start**</u>
		Unexcused absent for 5 hours (week of 6/1-6/2009)	Attended 11 hours. Minimum weekly requirement is 12 hours
	451-900	Unexcused absent for the	Attended 0 hours. Minimum

		entire week (week of 12/13-19/2009)	weekly requirement is 12 hours (3 days).
		Student's attendance reflects 16 hours for weeks of 12/20-26/09 & 12/27-1/2/2010) for a total of 32 hours; however , school was closed during this time due to scheduled holiday break.	No hours should have been earned because school closed due to Christmas break.
	901-1350	Student did not attend any scheduled classes from March 1 thru May 1, 2010 (9 weeks). Student was reported as earning 8 hours for week of 5/2-8/2010.	Student was not placed on probation and/ or withdrawn. Student should have been withdrawn with last date of attendance as 2/25/2010 (in accordance with unofficial withdrawal policy).
4	0-450	Unexcused absent for 2 of 4 days (week of 1/25-31/2009)	Attended 8 hours. Minimum weekly requirement is 12 hours (3 days).
	451-900	Unexcused absent for 2 of 4 days: week of 9/20-26/2009; 11/30-12/5/2009	Attended 8 hours. Minimum weekly requirement is 12 hours (3 days).
		Student's attendance reflects 16 hours for weeks of 12/20-26/09 & 12/27-1/2/2010) for a total of 32 hours; however, school was closed due to scheduled break.	No hours should have been earned because school closed due to Christmas break.
	901-1350	Student did not attend any scheduled classes from 3/1 thru 5/1/2010 (9 weeks). Student was reported as earning 8 hours for week of 5/2-8/2010. Student returned for 8 hours (5/3-4/2010); then absent again until 6/1/2010 (student attended 4 hours).	Student was not placed on probation and/ or withdrawn. <u>**Student should have been withdrawn with last date of attendance as 2/25/2010 (in accordance with unofficial withdrawal policy).**</u>
6	0-450	Unexcused absences for 2 of 4 days: Feb 15-21, 2009	Only attended 8 hours; minimum of 12 hours is required.
		Student's attendance	No hours should have been

		reflects 16 hours for weeks of Dec 21-27, 2008 and Dec 28, 2008 – Jan 3, 2009 for a total of 32 hours; however , school was closed due to scheduled break.	earned because school closed due to Christmas break.
	901-1350	Student's attendance reflects 16 hours for weeks of Dec 21-27, 2009 and Dec 28, 2008 – Jan 3, 2010 for a total of 32 hours; however , school was closed due to scheduled break.	No hours should have been earned because school closed due to Christmas break.
8	0-450	Student's attendance reflects 16 hours for weeks of Dec 20, 2009 thru Jan 2, 2010 for a total of 32 hours; however , school was closed due to scheduled break	No hours should have been earned because school closed due to Christmas break.
	451-900	Unexcused absence for 5 out of the 16 scheduled hours for the week of April 4 – 10, 2010. (11 hours attended) Unexcused absence 6 out of the 16 scheduled hours for the week of April 11 – 17, 2010. (10 hours attended)	Minimum required weekly attendance is 12 hours and 3 days.
		Unexcused absence for the entire week of May 9 – 15, 2010.	Minimum required weekly attendance is 12 hours; student absent 16 hours.
		Unexcused absences for the weeks of July 11-17, 2010 (attended only 8 hours); August 22-28, 2010 (attended only 6 hours); Sept 5 -11, 2010 (attended only 8 hours)	Minimum required weekly attendance is 12 hours.
10	0-450	Student received 12 make-up hours each day for July 10, 11, 17, and 24, 2010 and September 11, 12, 18 and 19, 2010; however, the	Total of 96 make-up hours credited to student's account; however, only 40.25 hours of absences.

		student had not missed any days of scheduled attendance at the time the make-up hours were attended.	
11	0-450	Student has 8 hours of unexcused absences for the weeks of March 29 – April 4, 2009 (attended 8 hours, only).	Student failed to meet the minimum weekly attendance requirement of 12 hours.
	451-900	Student was absent for the entire week of July 26 – August 1, 2009 (16 hours absent); August 2-8, 2009 (16 hours absent); August 9 – 15, 2009 (attended on 4 of the 16 hours scheduled); August 16 – 22, 2009 (student attended 8 hours, only); August 23 – 29, 2009 (student attended only 4 of the 12 hours scheduled)	Student attended only 16 of the 80 hours scheduled from July 26 thru August 31, 2009. Student did not meet minimum requirement for attendance and should have been withdrawn due to excessive absences. <u>**Student should have been withdrawn not later than August 10, 2009 due to excessive absences.**</u>
		Student's attendance reflects 16 hours for weeks of Dec 20, 2009 thru Jan 2, 2010 for a total of 32 hours; however , school was closed due to scheduled break	No hours could have been earned during this 2 week period due to a scheduled school break. Christmas break.
		Student was absent 8.25 of the 16 scheduled hours during the week of January 3 – 9, 2010.	
	900-1350	The student had no attendance from February 28, 2010 thru May 2, 2010 (approx.. 2 months). No documented leave of absence.	Student should have been withdrawn due to failure to meet quantitative portion of SAP.
18	0-450	Student was absent for 8 of the 16 scheduled hours for the week of November 1-6, 2011 and Student absent from January	

		6-20, 2011 (32 hours).	
21	0-450	Student has unexcused absences beginning January 10 -20, 2011 (28 hours).	Student did not meet minimum attendance.
27	0-450	Student's Last Date of Attendance was January 5, 2011; however, student was not withdrawn as of January 25, 2011. Only attended 260 of the 292 hours scheduled at the time of the review.	Student should have been withdrawn and a Refund Calculation performed.
28	0-450	Student reached 452 scheduled clock hours on March 24, 2010. Student's attendance reflects an additional 32 clock hours due to the school reporting that the student was in attendance during the scheduled 2 week Christmas holiday break.	Student credited with 32 hours of attendance that was never earned.
		Unexcused absence for the entire week of January 4-9, 2010 (16 hours). Student absent for 8 hours (2 days) during the week of March 1-6, 2010.	Student did not meet the minimum required attendance of 8 hours per week. Student did not achieve the minimum required attendance of 8 hours per week.

HOTC was required to perform a file review to respond to this finding and submit the results of that review to this office. HOTC's response to this finding did not include information concerning Title IV disbursements on behalf of the student (broken down by program and award year), or documentation of any approved or excused absences. In the absence of these materials, the Department cannot accept the file review. Therefore, this office cannot reasonably rely upon the provided information to establish liabilities.

For this reason, the Department has determined that all funds disbursed for the 2009-2010 and 2010-2011 award years are a liability. The amounts, by program, represented in the table below were derived from the 'Five Year Summary Funding Report'. A copy of this report is provided in Appendix D.

Program Funds	Award Year	Ineligible Amount	Non-Loan Funds to be Returned	Cost of Funds	Estimated Loss Liability to be Repaid
Direct Loans Subsidized	2009-2010	\$182,719			\$7,905
Direct Loans Subsidized	2010-2011	\$104,625			\$12,793
Direct Loans PLUS	2009-2010	\$2,000			\$0.00
Direct Loans PLUS	2010-2011	\$2,000			\$0.00
Direct Loans Unsubsidized	2009-2010	\$304,775			\$0.00
Direct Loans Unsubsidized	2010-2011	\$165,775			\$0.00
FFEL Subsidized	2009-2010	\$360,350			\$0.00
FFEL Subsidized	2010-2011	\$0			\$0.00
FFEL PLUS	2009-2010	\$33,100			\$0.00
FFEL PLUS	2010-2011	\$0			\$0
FFEL Unsubsidized	2009-2010	\$436,100			\$0
FFEL Unsubsidized	2010-2011	\$0			\$0
Pell Grant	2009-2010		\$855,080	\$24,273	\$0
Pell Grant	2010-2011		\$278,695	\$6,292	\$0
FSEOG (federal share)	2009-2010		\$11,056	\$1,159	\$0
FSEOG	2010-2011		\$0	\$0	\$0
Total Funds to be Repaid			\$1,144,831	\$31,724	\$20,698

Non-loan Funds to be Returned: \$1,144,831
 Cost of Funds for Non-loan Funds: \$ 31,724
 Estimated Loss Liability: \$ 20,698
 Total Liability for Finding 2: **\$1,197,253**

Finding 5. Excess Cash

***Citation Summary: 34 C.F.R. § 162 Requesting Funds
 34 C.F.R. § 166 Excess Cash***

For institutions that are not receiving federal cash from the Department through one of the heightened cash monitoring payment methods, disbursements must be made as soon

as administratively feasible but no later than three business days after receiving funds from the Department.

Also, an institution may not request more funds than it needs immediately for disbursement the school has made or will make to eligible students and parents.

Excess cash is considered to be any amount of Title IV funds, other than Federal Perkins Loan Program funds, that an institution does not disburse to student or parents by the end of the third business day following the date the institution:

- *received those funds from the Department;*
- *deposited or transferred to its Federal account previously disbursed Title IV program funds received from the Department.*

Noncompliance Summary: *The institution did not disburse FSA funds to the students within three business days of drawing down the funds from the Department. The students identified in this finding are: 3, 4, 5, 7, 8, 9, 10, 11, 13, 15, 17, 18, 19, 21, 22, 23, 24, 26, 27, 28, 29, and 30.*

Required Summary Action: *The institution was required to conduct a file review of all Title IV recipients for the period of July 1, 2009 through February 2011 and identify any additional students whose disbursements posted to their account more than three business days after the funds were received from the Department.*

HOTC was instructed to engage and IPA to test the file review completed by HOTC. The IPA's report was required to be submitted with HOTC's response to the Program Review Report.

HOTC's Response: *The institution stated that the PRR did not specify which types of Title IV program funds were in question. Therefore the institution verified Pell, FFEL, and Direct Loan funds, only. They did not verify FSEOG disbursements.*

Final Determination: *HOTC was required to perform a file review for the period of July 1, 2009 through February 2011. The results of the file review were provided in a spreadsheet format. A random review of the file review revealed a discrepancy in the date of disbursement as reported in COD versus the FSA Deposit Date as reported by HOTC in the file review. HOTC was instructed to identify those students whose disbursements were posted to the student account more than three business days after the funds were received from the Department.*

In reviewing HOTC's response to the Program Review Report, it was noted that HOTC did not use the date the funds were received from the Department; therefore (date reported in COD as "Date Disbursed"). For this reason, COD records were examined for all students listed in the file review and compared to the date the funds were posted to the

student accounts (as reported by HOTC on the file review spreadsheet) to identify the students whose account ledger date differs from COD records by more than three business days.

The students identified from the student sample, whose ledger disbursement dates differ from the COD disbursement dates by more than 3 business days are listed below.

Student Number	Pell Ledger Date	Pell COD Date	Sub FFEL/ DL Ledger Date	Sub FFEL/ DL COD Date	Unsub FFEL/ DL Ledger Date	Unsub FFEL/ DL COD Date
3			DL \$1125 7/2/2010	6/18/2010	DL \$3000 7/2/2010	6/18/2010
			DL \$1125 8/25/2010	8/12/2010	DL \$3000 8/25/2010	8/12/2010
4	\$2366 7/16/2009	6/25/2009				
5			DL \$1742 7/21/2010	6/22/2010	DL \$2985 7/21/2010	6/22/2010
7			DL \$1750 7/12/2010	6/22/2010	DL \$3000 7/12/2010	6/22/2010
10			PLUS \$2000 8/3/2010	6/25/2010		
11	\$2675 7/16/2009	7/7/2009				
	\$2675 11/12/2009	11/05/2009				
13			DL \$1750 7/12/2010	6/22/2010	DL \$3000 7/12/2010	6/22/2010
15	\$600 10/27/2009	10/20/2009				
17	\$2150 10/18/2010	8/31/2010	DL \$1750 10/18/2010	9/30/2010	DL \$3000 10/18/2010	9/30/2010
18	\$2775 10/18/2010	8/31/2010	DL \$1750 10/18/2010	9/30/2010	DL \$3000 10/18/2010	9/30/2010
19			DL \$1750 7/12/2010	6/22/2010	DL \$3000 7/12/2010	6/22/2010
21	\$2775 10/18/2010	8/31/2010	DL \$1750 10/18/2010	9/30/2010	DL \$3000 10/18/2010	9/30/2010
22			DL \$1750 7/21/2010	6/22/2010	DL \$3000 7/21/2010	6/22/2010
23			DL \$1750 7/21/2010	6/22/2010	DL \$3000 7/21/2010	6/22/2010
24			DL \$1750 7/21/2010	6/22/2010	DL \$3000 7/21/2010	6/22/2010
26	\$2675 not on ledger	1/22/2010	DL \$1750 7/12/2010	6/22/2010	DL \$3000 7/12/2010	6/22/2010
27	\$2775 10/18/2010	8/31/2010	DL \$1750 10/18/2010	9/30/2010	DL \$3000 10/18/2010	9/30/2010
28			DL \$1125 8/25/2010	8/12/2010	DL \$1500 10/18/2010	8/12/2010
29	\$2775	8/31/2010	DL \$1750 10/18/2010	9/30/2010	DL \$3000	9/30/2010

	10/18/2010				10/18/2010	
30			DL \$1750 7/12/2010	6/22/2010	DL \$3000 7/12/2010	6/22/2010

Student loans begin accruing interest from the date of disbursement reflected in Common Origination and Disbursement (COD). The disbursement date reported in COD must match the date of disbursement reflected on the student ledger. This will ensure that the student is charged interest from the point at which the student actually received the loan funds.

The disbursement dates must be updated for all Title IV program funds disbursed during the 2010-2011 award year, to reflect when the funds were actually disbursed to the student (as reflected on the student ledger).

HOTC should have updated/ corrected the disbursement dates reported in COD for the students identified in this finding. However, because HOTC no longer participates in the Title IV programs they are unable to effectuate the corrections, at this time.

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is as follows.

Established Liabilities:

Finding No.	FSEOG	FSEOG Cost of Funds	Pell	Pell Cost of Funds	EAL	Totals
2	\$11,056	\$1,159	\$1,133,775	\$30,565	\$20,698	\$1,197,253
Totals	\$11,056	\$1,159	\$1,133,775	\$30,565	\$20,698	\$1,197,253

Estimated Actual Loss (EAL):

In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on the most recent sector default rate available for institutions such as HOTC.

The total amount of FFEL and Direct Loan that HOTC disbursed during the 2009-2010 and 2010-2011 award years for finding 2 is \$1,591,444. The total unduplicated loan disbursements, by award year, used to calculate the EAL for Finding 2 is reflected in the table below.

Award Year	DL Subsidized Loan	DL Unsubsidized Loan	DL PLUS Loan	FFEL Sub Loan	FFEL Unsub Loan	FFEL PLUS
Finding 2 2009-2010 Disbursements	\$182,719	\$304,775	\$2,000	\$360,350	\$436,100	\$33,100
Finding 2 2009-2010 EAL	\$7,905	\$0	\$0	\$0	\$0	\$0
Finding 2 2010-2011 Disbursements	\$104,625	\$165,775	\$2,000	\$0	\$0	\$0
Finding 2 2010-2011 EAL	\$12,793	\$0	\$0	\$0	\$0	\$0
Total EAL for Finding 2	\$20,698					

The total estimated actual loss that HOTC must pay to the Department for the ineligible loans is \$20,698. Copies of the results of those calculations are included in Appendix E.

E. Payment Instructions

HOTC owes to the Department \$1,197,253. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. HOTC must make this transfer within **45 days of the date of this letter**. This repayment through FEDWIRE is made via the Federal Reserve Bank in New York. If HOTC's bank does not maintain an account at the Federal Reserve Bank, it must use the services of a correspondent bank when making the payments through FEDWIRE.

Any liability of \$100,000 or more identified through a program review must be repaid to the Department via FEDWIRE. The Department is unable to accept any other method of payment in satisfaction of these liabilities.

Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in COD as required by the applicable findings and Section II – Instructions by Title IV, HEA Program (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award (if applicable).

Instructions for completing the electronic fund transfer message format are included on the attached FEDWIRE form. The repayment must be accomplished within 45 days of the date of this letter. If payment is not received through FEDWIRE within that period, interest will accrue in monthly increment, starting with the day after the date of this letter until the date of receipt at FEDWIRE.

If you have any questions regarding interest accruals or payment credits, you may telephone 202-245-8080 and ask to speak to your institution's account representative.

If full payment cannot be made within 45 days of the date of this letter, contact the Debt Management Group at (202) 245-8080 to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education
Office of the Chief Financial Officer
Accounts Receivable Group
550 12th Street, SW, Room 6114
Washington, DC 20202-4461

If within forty-five days of the date of this letter, your institution has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the U.S. Department of Education, the Department intends to collect the amount due and payable by administrative offset against payments due to your organization from the Federal Government. Your institution may object to the collections by offset only by challenging the existence or amount of the debt.

Your institution makes this challenge by timely appealing this determination under the procedures described in the "Appeal Procedures" section of this letter. The Department will use those procedures to consider any objection to offset. No separate appeal opportunity will be provided. If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided in 34 C. F. R. § 30.28. This debt may also be referred to the Department of Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

The following identification data applies to this repayment and must be written on the attached FEDWIRE form and any other documents submitted related to this liability:

Amount: \$1,197,253.00
TIN: 582634964
PRCN: 201120427405
DUNS: 101697139

Direct Loan Estimated Actual Loss

Finding 2
 Appendix: Appendix F

DL Estimated Actual Loss		
Finding	Amount	Award Year
Finding 2	\$7,905.00	2009-2010
	\$12,793.00	2010-2011
	Total	
	\$20,698.00	

HOTC must pay the amount reflected above in Direct Loan estimated loss liabilities for the award years reflected above. The liabilities will be applied to the general Direct Loan fund. This amount is also reflected in the total amount owed to the Department in Section 1 above.

Pell – Closed Award Year

Finding 2
 Appendices: C and D

HOTC must repay:

Pell Closed Award Year				
Finding Number	Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
Finding 2	\$855,080	\$24,273.00	Pell Grant	2009-2010
	\$278,695	\$6,292.00	Pell Grant	2010-2011
	Total Principal	Total Interest		
	\$1,133,775	\$30,565.00		

The disbursement record for each student identified in Appendix C and D to the applicable findings must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in Appendix H.

Adjustments in COD must be completed prior to remitting payment to the Department. Payment cannot be accepted via G5. Once the Department receives payment via FEDWIRE, the Department will apply the principal payment to the applicable G5 award. The interest will be applied to the general program account.

A copy of the adjustment to each student's COD record must be sent to Melody Parker-Venable within 45 days of the date of this letter.