



August 22, 2014

Mr. Francis X. Mulgrew
President
Mount Washington College
3 Sundial Avenue
Manchester, NH 03103-7245

UPS Tracking #:
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RE: **Expedited Final Program Review Determination Letter**
OPE ID: 00472901
PRCN: 201440128707

Dear President Mulgrew:

From July 21, 2014 through July 25, 2014, Shari Mecca and Frank Reyes conducted a review of Mount Washington College – Nashua's (MWC-Nashua) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The purpose of this Final Program Review Determination Letter is to close the program review.

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

Due to the recent announcement that the MWC-Nashua campus will be closing, the review of the student files occurred at the main location in Manchester, New Hampshire. A site visit was made to the Nashua location on July 22, 2014. The MWC-Nashua location is set to close on August 24, 2014.

A sample of 15 files was identified for review from the 2013/2014 award year. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year.

Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

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

New York/Boston School Participation Division
5 Post Office Square, 9th Floor, Suite 950-A, Boston, MA 02109-3921
StudentAid.gov

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. Appendix A was encrypted and sent separately to the institution via e-mail.

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning MWC-Nashua'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 MWC-Nashua of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

The School Participation Division – New York/Boston has made a Final Program Review Determination concerning the findings that were identified during the program review. Following is a discussion of the findings identified and the resolution of those findings.

Program Findings and Final Program Review Determinations:

Finding 1: Incorrect Awarding of Need-Based Aid

Citation: A student is eligible to receive a Subsidized Loan, an Unsubsidized Loan, or a combination of these loans, if the student is enrolled, or accepted for enrollment, on at least a half-time basis in a school that participates in the Title IV Loan Programs. The student must also meet the requirements for an eligible student under 34 C.F.R. part 668. In the case of an undergraduate student who seeks a Subsidized Loan or an Unsubsidized Loan at a school that participates in the Federal Pell Grant Program, the student has received a determination of Federal Pell Grant eligibility for the period of enrollment for which the loan is sought. 34 C.F.R. §685.200

The maximum annual loan limits for the Stafford loan program are found in 34 C.F.R. §685.203.

The school agrees to estimate the need of each eligible student as required by Part F of the Act for an academic year. In addition, the school agrees to certify that the amount of the loan for any student under Part D of the Act is not in excess of the annual limit applicable for that loan program and that the amount of the loan, in combination with previous loans received by the borrower, is not in excess of the aggregate limit for the loan program. To qualify for benefits on a Stafford loan, a borrower must demonstrate financial need in accordance with Part F of the Act. 34 C.F.R. §685.300(b)

A school shall certify that the information it provides in connection with a loan application about the borrower and, in the case of a parent borrower, the student for whom the loan is intended, is complete and accurate. The school shall provide borrower information that includes, but is not limited to:

1. The borrower's eligibility for a loan, as determined in accordance with 34 C.F.R. §685.200 and 34 C.F.R. §685.203;
2. The student's loan amount; and
3. The anticipated and actual disbursement date or dates and disbursement amounts of the loan proceeds. 34 C.F.R. §685.301(a)

Noncompliance: Student 4 was initially awarded \$3,853.00 in Direct Subsidized Loan funds for grade level 3. The student was then awarded additional Direct Subsidized Loan funds of \$1,320.00 on March 3, 2014. When the March 3, 2014 award was entered into the financial aid system, it was incorrectly coded as Direct Unsubsidized Loans. Upon the student's withdrawal in April 2014, the entire Direct Unsubsidized Loan was cancelled on May 20, 2014. The student remained eligible for the initial Direct Subsidized Loan.

Institutional Action Taken to Resolve Noncompliance: MWC-Nashua agrees that this was an isolated instance in which the loan was incorrectly inputted into the system as a Direct Unsubsidized Loan when it should have been inputted as a Direct Subsidized Loan.

Final Program Review Determination: Since this was an isolated instance and the loan is fully cancelled, there was no further action required of MWC-Nashua. Therefore, MWC-Nashua may consider this finding closed.

Finding 2: Failure to Document Exit Counseling for Direct Loan Borrower

Citation: A school must ensure that exit counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan borrower shortly before the student borrower ceases at least half-time study at the school and that exit counseling must be in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must ensure that an individual with expertise in the Title IV programs is reasonably available shortly after the counseling to answer the student borrower's questions. If a student borrower withdraws from school without the school's prior knowledge or fails to complete the exit counseling as required, exit counseling must be provided either through interactive electronic means or by mailing written counseling materials to the student borrower at the student borrower's last known address within 30 days after the school learns that the student borrower has withdrawn from school or failed to complete the exit counseling as required.

The school must ensure that the demographic information is provided to the Secretary within 60 days after the student borrower provides the information. If exit counseling is conducted through interactive, electronic means, the institution must take reasonable steps to ensure that each student borrower receives the counseling materials, and participates in and completes the exit counseling. The institution must maintain documentation substantiating the institution's compliance with this section for each borrower. *34 C.F.R. §685.304(b)*

Noncompliance: Student 4 withdrew from MWC-Nashua in June 2013. Exit counseling was completed for this student in July 2013. The student subsequently re-enrolled in MWC-Nashua in September 2013 and received additional Direct Loans. Upon the student's withdrawal again in April 2014, MWC-Nashua was required to complete additional exit counseling with the student. This subsequent exit counseling was not completed. This was an isolated instance.

Institutional Action Taken to Resolve Noncompliance: MWC-Nashua agreed with the finding and sent the student the exit counseling information on July 22, 2014.

Final Program Review Determination: MWC-Nashua has taken the corrective actions necessary to resolve this finding. Therefore, MWC-Nashua may consider this finding closed.

Finding 3: Late Return of a Title IV Credit Balance

Citation: Whenever an institution disburses Title IV, HEA Program funds by crediting a student's account and the total amount of all Title IV funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but no later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or no later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period. *34 C.F.R. §668.164(e)*

If an institution obtains written authorization from a student or parent, the institution may use the student's or parent's Title IV, HEA program funds to pay for charges described in *34 C.F.R. §668.164(d)(2)* that are included in that authorization and may also hold on behalf of the student or parent, any Title IV, HEA program funds that would otherwise be paid directly to the student or parent under *34 C.F.R. §668.164(e)*. *34 C.F.R. §668.165(b)*

The 2013-2014 Federal Student Aid Handbook, Volume 4, Chapter 2, page 49 states that a school is permitted to hold credit balances if it obtains a voluntary authorization from the student (or parent in the case of a PLUS loan). If the school has the authorization to hold the credit balance, it must identify the amount of funds it holds for the student or parent in a subsidiary ledger account designated for that purpose. In addition, the school must maintain, at all times, cash in its bank account at least equal to the amount that it holds for students. Because Title IV funds are awarded to students to pay current year charges, notwithstanding any authorization from the student or parent, an institution must pay any remaining balance on loan funds by the end of the loan period, and any other Title IV funds by the end of the last payment period in the award year for which they were awarded.

Noncompliance: MWC-Nashua obtains a student's authorization to retain a credit balance and, if at the end of the loan period the student has a credit balance, the student may authorize the school to send the credit balance back to the loan provider to reduce the student's loan debt.

On April 14, 2014, **Student 3** had a Title IV credit balance of \$190.99 that occurred after the posting of his Direct Unsubsidized Loan. Prior to disbursement of the loan funds, the student authorized MWC-Nashua to return any credit balance to the loan holder. Since MWC-Nashua had the student's authorization to return the loan funds to the loan holder, these funds were required to be returned by the end of the loan period which was April 26, 2014. The funds were not returned. This was an isolated instance.

Institutional Action Taken to Resolve Noncompliance: Upon notification of the issue, MWC-Nashua returned on July 21, 2014 the credit balance of \$191.00 to the student's Direct Unsubsidized Loan per the student's authorization statement.

Final Program Review Determination: MWC-Nashua has taken the corrective action necessary to resolve this finding. Therefore, MWC-Nashua may consider this finding closed.

Finding 4: Common Origination and Disbursement (COD) System Reporting Deficiency

Citation: An institution makes a disbursement of Title IV, HEA program funds on the date that the institution credits a student's account at the institution or pays a student or parent directly with funds received from the Department. 34 C.F.R. §668.164(a)

A school must submit the initial disbursement record for the loan to the Department no later than 30 days following the initial disbursement. The school must submit subsequent disbursement records, including adjustment and cancellation records, to the Department no later than 30 days following the date the disbursement, adjustment, or cancellation is made. 34 C.F.R. §685.301(e)

The 2013-2014 COD Technical Reference, Volume II, Section 1, page 187, number 8 states that the disbursement date is always the date the cash was credited to the student's account or paid to the student directly for the specific disbursement number. The disbursement date is not the transaction date of the adjustment to the disbursement. *The 2013-2014 COD Technical Reference, Volume II, Section 1, page 187, number 9* states that schools must submit adjustments to actual disbursements within 15 days of the transaction date.

The *Federal Register* published on February 28, 2013 and the *Electronic Announcement* published on March 15, 2013 specifies for disbursements or adjustments to previously made disbursements made on or after April 1, 2013, an institution must submit the disbursement record to COD no later than 15 days after making the disbursement or becoming aware of the need to adjust a student's previously reported disbursement.

Noncompliance: The Department found that MWC-Nashua did not update COD for **Student 15** with the actual disbursement date for the second disbursement of the student's Direct Subsidized Loan. COD reflected a disbursement date of November 12, 2013 when the disbursement was actually posted to the student's ledger card on November 22, 2013. This was an isolated instance in the sample.

Institutional Action Taken to Resolve Noncompliance: MWC-Nashua corrected the disbursement date in COD on July 23, 2014. MWC-Nashua stated that during the period of time when this error occurred, student disbursement date reconciling items were updated manually. For this student the Direct Unsubsidized Loan was updated with the correct disbursement date, however, the Direct Subsidized Loan was not updated. This process changed in 2014. Whenever a disbursement is delayed because the institution is awaiting funds from G5, MWC-Nashua updates the sequence number and date in an electronic file for the student's affected, and the file is submitted electronically.

Final Program Review Determination: MWC-Nashua has taken the corrective actions necessary to resolve this finding. Therefore, MWC-Nashua may consider this finding closed.

Finding 5: National Student Loan Data System (NSLDS) Reporting Deficiency

Citation: A school shall, upon receipt of a student status confirmation report from the Secretary, complete and return that report to the Secretary within 30 days of receipt and, unless it expects to submit its next student status confirmation report to the Secretary within the next 60

days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who: (1) enrolled at that school but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address. 34 C.F.R. §685.309(b)

The 2013-2014 Federal Student Aid Handbook, Volume 2, Chapter 3, pages 47-48, states that all schools participating in the Title IV programs must have some arrangement to report student enrollment data to NSLDS through a roster file. Not less than semiannually, NSLDS sends a roster file to the school that must certify the information and return the roster file within 30 days of receiving it. Schools are required to report changes in the student's enrollment status, the effective date of the status, and an anticipated completion date. Changes in enrollment to less than half-time, graduated, or withdrawn must be reported within 30 days. However, if a roster file is expected within 60 days, the school may provide the data on that roster file. In addition, if the NSLDS reporting file contains records that do not pass the NSLDS Enrollment Reporting edits, the school must, within 10 days of receipt of the errors, make the necessary corrections to the records and resubmit them for processing. If the institution is using a servicer, the institution may need to assist the servicer in correcting these errors. The institution is ultimately responsible for notifying NSLDS of all student enrollment changes.

Noncompliance: MWC-Nashua uses the National Student Clearinghouse (Clearinghouse) as a third party servicer to report student status changes to NSLDS. The withdrawal information for **Student 1** was not reported to NSLDS in a timely manner. The student's last date of attendance was October 3, 2013 and the date of determination of withdrawal was October 18, 2013. In the November 2013 submission to the Clearinghouse, MWC-Nashua certified the student as half-time instead of withdrawn. The error was corrected with the December 12, 2013 submission to the Clearinghouse.

Institutional Action Taken to Resolve Noncompliance: MWC-Nashua researched this student's account and it believes that the incorrect status was reported in the November 12, 2013 submission because an incorrect start date was entered into the enrollment status change record. MWC-Nashua's normal process is to review these file updates for errors and to correct the errors. The error for this student was identified in the next reporting cycle and updated.

Final Program Review Determination: MWC-Nashua has taken the corrective actions necessary to resolve this finding. Therefore, MWC-Nashua may consider this finding closed.

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).

We would like to express our appreciation for the courtesy and cooperation extended during the review. If you have any questions concerning this report, please call Shari Mecca at (646) 428-3757.

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Sincerely,

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Betty Coughlin
Division Director

cc: Elizabeth Nilsson, Executive Director of Financial Aid
James Blackburn, Vice President of Financial Aid
NH Postsecondary Education Commission
New England Association of Schools and Colleges - CHE (Higher Educ)

Enclosures:
Appendix A: Student Sample