

## Chapter 1

# General Eligibility and Participation Requirements

This chapter describes the general requirements a foreign institution must meet to be eligible to participate in the Direct Loan Program.

## Application And Certification

Institutions must apply to, and receive approval from, the U.S. Department of Education to be eligible to participate in the Federal Student Aid (FSA) programs before they can be certified for participation. A foreign institution is eligible to apply to participate in the William D. Ford Federal Direct Loan (Direct Loan) Program, the only FSA program in which a foreign institution may participate, if it is comparable to an eligible institution of higher education located in the United States.

### Foreign schools regulations

The U.S. federal regulations specific to foreign institutions were last changed with the publication of the final regulations on Nov. 1, 2010 (75 FR 67170).

### Applying for eligibility to participate

34 CFR 600.51, 600.53

The criteria for demonstrating comparability, as well as other criteria required for eligibility, are found in 34 CFR 600, subpart E. A foreign institution must comply with all other FSA program regulations for eligible and participating institutions except as noted.

To be approved as a “Participant” or “Eligibility Only” institution, a foreign school must satisfy the basic eligibility criteria stated in the Code of Federal Regulations under Title 34, Parts 600, 668, and 685, which includes, but is not limited to providing:

- Appropriate legal authorization and degree recognition from the country in which the school is located;
- Proof of public or non-profit status (for-profit status permitted only for freestanding foreign medical, veterinary, and nursing schools);
- Financial responsibility and administrative capability to administer the Direct Loan program; and
- Appropriate accreditation and additional requirements, if either a medical, veterinary, or nursing school.

### Criteria for demonstrating comparability

34 CFR 600, Subpart E

## Compliance exceptions

### 34 CFR 600.51(c)(1)

A foreign institution must comply with all other FSA program regulations for eligible and participating institutions except when made inapplicable by law or when the Department, through publication in the Federal Register, identifies specific provisions as inapplicable to foreign institutions.

Institutions must apply to be eligible to participate using the Application for Approval to Participate in the Federal Student Financial Aid Programs (E-App). Prior to submitting an E-App, schools must apply for an Office of Postsecondary Education identification number (OPEID) at: <https://eligcert.ed.gov/ows-doc/initialApp.html>. The E-App, as well as information on the application process, can be found at <https://eligcert.ed.gov>. Additional information for foreign institutions that are applying to participate in the Direct Loan Programs for the first time, is available on the [Foreign School Information website](#) under the Application Process link in the Eligibility section, and in the Department's New School Guide.

## Designation as an eligible nonparticipating institution

Some institutions apply only for designation as an eligible institution—they do not seek to actually participate in the Direct Loan Program—so that their students may receive deferments for the Direct Loan Program. The same application is used to apply for both eligibility and certification for participation. See Volume 2, Chapter 1, of the *FSA Handbook*.

When the Department determines that an institution has met all the requirements for participation in the Direct Loan Program, it will certify the institution to participate through the signing of a Program Participation Agreement (PPA). The PPA is signed by the school's president, chief executive officer, or chancellor and an authorized representative of the Secretary of Education. (See Volume 2, Chapter 1, of the *FSA Handbook*.)

## Certification Period

34 CFR 600.58(e); and  
34 CFR 668.13(b)(1)

## Periods of certification

The Department will certify a foreign institution to participate for a period of not longer than six years. In the case of a for-profit foreign graduate medical school, for-profit foreign veterinary school, or for-profit foreign nursing school, the Department will certify the school for a period of not longer than three years. Based on the application and circumstances of the institution's prior participation, the certification period granted may be significantly less.

When an institution's certification expires, the institution must apply to be recertified. An institution's PPA expires on the date that:

- the institution changes ownership that results in a change in control (see Volume 2, Chapter 5 of the *FSA Handbook*);

- the institution closes or stops offering educational programs for a reason other than a normal vacation period or natural disaster that directly affects it or its students (see closure procedures in Volume 2, Chapter 8 of the *FSA Handbook*);
- the institution ceases to meet the institutional eligibility requirements (see Volume 2, Chapters 1 and 4 of the *FSA Handbook*);
- the institution's period of participation expires;
- the institution's provisional certification is revoked (see Volume 1, Chapters 4, 5, and 8 of the *FSA Handbook*);
- the institution loses eligibility based on excessive cohort default rates under 34 CFR Part 668, Subpart N (see Volume 2, Chapter 4 of the *FSA Handbook*); or
- the Department terminates the institution's participation in proceedings under 34 CFR Part 668, Subpart G.

If a foreign institution loses its eligibility, an otherwise eligible student continuously enrolled at the institution before the loss of eligibility may receive a loan under the Direct Loan Program for attendance at that institution through the end of the academic year succeeding the academic year in which that institution lost its eligibility, if the student actually received a Direct Loan for attendance at the institution for a period during which the institution was eligible.

## Information

An institution is required to report changes to certain information on its approved application outside of the recertification process. Some of these changes require the Department's written approval before the school may disburse the FSA program funds; others do not. Volume 2, Chapter 5 of the *FSA Handbook* covers these requirements in detail, including reporting on the application that is unique to foreign institutions.

## Definition Of A Foreign Institution

### Definition of a foreign institution

34 CFR 600.52

For title IV purposes, a foreign institution is one that:

- is not located in the United States;
- Except as provided with respect to clinical training offered as part of a medical, veterinary, or nursing program -
  - A. has no U.S. location;
  - B. has no written arrangements, within the meaning of 34 CFR 668.5, with institutions or organizations located in the United States for those institutions or organizations to provide a portion of an eligible program, as defined under 34 CFR 668.8, except for written arrangements for no more than 25 percent of the courses required by the program to be provided by eligible institutions in the United States;
  - C. does not permit students to complete an eligible program by enrolling in courses offered in the United States, except that it may permit students to complete up to 25 percent of the program by enrolling in the coursework, research, work or special studies offered by an eligible institution in the United States or participating in an internship or externship provided by an ineligible organization as described in 34 CFR 668.5(h)(2)
- is legally authorized by the education ministry, council, or equivalent agency of the country in which the institution is located to provide an educational program beyond the secondary education level; and
- awards degrees, certificates, or other recognized educational credentials, in accordance with the requirement for an eligible program, that are officially recognized by the country in which the institution is located (see *Eligible*

programs).

## Foreign School additional locations

### 34 CFR 600.54(d)

An additional location of a foreign institution must separately meet the definition of a foreign institution in § 600.52 if the additional location is -

(1) Located outside of the country in which the main campus is located, except as provided in § 600.55(h)(1), § 600.56(b), § 600.57(a)(2), § 600.55(h)(3), and the definition of foreign institution found in § 600.52; or

(2) Located within the same country as the main campus, but is not covered by the legal authorization of the main campus.

## Definition of a State

### 34 CFR 600.2

For purposes of the FSA programs, a State is a State of the Union, American Samoa, the Commonwealth of Puerto Rico, the District of Columbia, Guam, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. The latter three are also known as the Freely Associated States.

If an educational enterprise enrolls students both within the United States and outside the United States, and the number of students who would be eligible to receive title IV, HEA program funds attending locations outside the United States is at least twice the number of students enrolled within the United States, the locations outside the United States must apply to participate as one or more foreign institutions and must meet all requirements of the definition of a foreign institution, and the other requirements applicable to foreign institutions. For purposes of this requirement, an educational enterprise consists of two or more locations offering all or part of an educational program that are directly or indirectly under common ownership.

## Educational enterprise definition

### 34 CFR 600.31

An educational enterprise consists of two or more locations that are directly or indirectly under common ownership and offer all or part of an educational program. Locations are considered to be "indirectly" under common ownership if, at any level, the locations are owned and controlled by the same parties, or family members (i.e., an individual's or an individual's spouse's parent, stepparent, sibling, step-sibling, spouse, child, step-child, grandchild, or step-grandchild, the individual's child's spouse, or the individual's sibling's spouse).

Proof that a foreign institution has the appropriate legal authorization may be provided to the Department by a legal

authorization from the appropriate education ministry, council, or equivalent agency:

- for all eligible foreign institutions in the country;
- for all eligible foreign institutions in a jurisdiction within the country; or
- for each separate eligible foreign institution in the country.

## Foreign branches of U.S. institutions

Requirements for foreign institutions do not apply to foreign branch campuses or foreign additional locations of U.S. institutions (i.e., institutions that are located in a State). Branch campuses and additional locations of a U.S. institution are considered part of the U.S. institution, regardless of their location.

## Nonprofit foreign institution

34 CFR 600.2

## Definition of a nonprofit foreign institution

A foreign institution is considered to be a nonprofit institution if 1) the institution is owned and operated by only one or more nonprofit corporations or associations, and 2) if the Department or a recognized tax authority in the foreign institution's home country, which is recognized by the Department for this purpose, determines that the foreign institution is a non-profit educational institution.

If a recognized tax authority of a foreign institution's home country is recognized by the Department to determine an institution's nonprofit status for FSA program purposes, the Department accepts that tax authority's determination of nonprofit educational status for any institution located in that country. In making this determination, the Department uses criteria that are similar to those used by the U.S. IRS.

If the tax authority is not recognized by the Department to determine an institution's nonprofit status, the foreign institution must demonstrate to the satisfaction of the Department that it is a nonprofit educational institution.

### Information

A nonprofit foreign institution may not be owned by a for-profit entity, directly or indirectly. A foreign institution that does not meet this definition of a nonprofit foreign institution is not eligible to participate in the Direct Loan Program unless it is an otherwise eligible medical, veterinary, or nursing school.

## Recognition of foreign tax authority determinations

The Department's recognition of a foreign tax authority's determinations of nonprofit status will not extend to determinations analogous to those made by the U.S. Internal Revenue Service that the Department has

determined do not apply for FSA program purposes.

## Eligibility criteria

34 CFR 600.54

## Proof of legal authorization

34 CFR 600.54(g)

## Institutional Eligibility Criteria

A foreign institution is considered to be comparable to an eligible institution of higher education in the United States and eligible to apply to participate in the Direct Loan Program if the foreign institution:

- is a public or private nonprofit institution, except for freestanding foreign graduate medical schools, foreign veterinary schools, and foreign nursing schools, which may be a for-profit institution;
- for a public or private nonprofit institution, meets the requirements for an institution of higher education in 34 CFR 600.4, except those that the Department has determined are inapplicable (see *Inapplicable institutional eligibility requirements*);
- for a for-profit graduate medical school, veterinary school, or nursing school, meets the requirements for a proprietary institution of higher education in 34 CFR 600.5, except those that the Department has determined are inapplicable (see *Inapplicable institutional eligibility requirements*);
- provides an eligible program (see *Eligible Programs*);
- admits as regular students only persons who have a secondary school completion credential or have the recognized equivalent of a secondary school completion credential;
- does not enter into a written arrangement with an institution or organization that is ineligible to participate in the FSA programs for that ineligible institution or organization to provide more than 25 percent of the eligible foreign institution's programs. Written arrangements do not include affiliation agreements for the provision of clinical training for foreign graduate medical, veterinary, and nursing schools (see *Eligible Programs* for more information); and
- the additional locations of the institution separately meet the definition of a foreign institution in 34 CFR 600.52 if 1) the additional location is located outside of the country in which the main campus is located, except as provided for the clinical training portion of a program of a foreign graduate medical school, veterinary school, or nursing school; or 2) is located within the same country as the main campus, but is not covered by the legal authorization of the main campus.

## Provides an eligible program

34 CFR 600.54(e)

A foreign institution provides an eligible education program –

- For which the institution is legally authorized to award a degree that is equivalent to an associate, baccalaureate, graduate, or professional degree awarded in the United States;
- That is at least a two-academic-year program acceptable for full credit toward the equivalent of a baccalaureate degree awarded in the United States; or
- That is equivalent to at least a one-academic-year training program in the United States that leads to a certificate, degree, or other recognized credential and prepares students for gainful employment in a recognized occupation within the meaning of the gainful employment provisions. An institution must demonstrate to the satisfaction of the Secretary that the amount of academic work required by a program is equivalent to at least the definition of an academic year in 34 CFR 668.3

Not every program at an institution must be FSA-program-eligible for the institution to participate in the FSA programs. Of course, students who attend ineligible programs cannot receive FSA program funds.

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## Secondary school definition

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34 CFR 600.52

A secondary school is a school that provides secondary education as determined under the laws of the country in which the school is located.

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## Regular student definition

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34 CFR 600.2

A regular student is a person who is enrolled or accepted for enrollment at an institution for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that institution.

34 CFR 600.54(b)

A foreign institution admits as regular students only persons who –

- Have a secondary school completion credential; or
- Have the recognized equivalent of a secondary school completion credential

## Inapplicable institutional eligibility requirements

The regulations designate the following provisions for an institution of higher education or a proprietary institution of higher education as inapplicable to foreign institutions:

1. The requirement that an institution be in a State (34 CFR 600.4(a) (1), and 600.5(a)(2)) and the conditions under which an institution is considered to be located in a State (34 CFR 600.4(b), and § 600.5(c)) because, by definition, a foreign institution is an institution that is not located in a State;
2. The requirement that an institution be legally authorized by the State in which it is located (34 CFR 600.4 (a)(3), and 600.5(a)(4)) again, because, by definition, a foreign institution is an institution that is not located in a State and the definition of foreign institution instead requires a foreign institution to be legally authorized by the education ministry, council or equivalent agency of the country in which the institution is located;

3. The requirement that an institution admit as regular students only persons who have a high school diploma, have the recognized equivalent of a high school diploma, or are beyond the age of compulsory school attendance in the State in which the institution is physically located (34 CFR 600.4(a) (2) and 600.5(a)(3)) because the foreign school eligibility regulations instead require students to have a secondary school completion credential or its equivalent, rather than a high school diploma. Because foreign institutions are not located in a State, the provision allowing the admission of students without a high school diploma or its equivalent if the student is beyond the age of compulsory school attendance in the State in which the institution is physically located is inapplicable;
4. The regulatory provision that an institution may provide a comprehensive transition and postsecondary program for students with intellectual disabilities, as described in 34 CFR part 668, subpart O (34 CFR 600.4(a) (4)(ii) and 600.5(a)(5)(ii)), because under the law these programs are not available to Direct Loan borrowers, and foreign institutions are not eligible for programs other than Direct Loans;
5. The accreditation requirements (34 CFR 600.4(a)(5), and 600.5(a) (6)) and the conditions under which the Department recognizes an institution's accreditation (34 CFR 600.4(c), and 600.5(d)) because the Department does not recognize accrediting agencies for the purpose of accrediting foreign institutions; and
6. For a for-profit foreign institution, 34 CFR 600.5(a)(5)(i)(B) and (e), which allow an institution to meet the definition of a for-profit institution by providing a program leading to a baccalaureate degree in liberal arts, are not applicable because the Department does not recognize accrediting agencies for the purpose of accrediting foreign institutions and, in order to meet this provision, an institution must be accredited by a recognized regional accrediting agency or association, and have continuously held such accreditation since October 1, 2007, or earlier.

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## Accreditation

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While some foreign institutions are accredited by U.S. accrediting agencies, foreign schools do not need to be accredited to participate in the FSA programs, with the exception of foreign medical schools, foreign veterinary schools, and foreign nursing schools (see Chapters 3 and 4).

## Eligible Programs

To be comparable to an eligible institution of higher education in the United States and eligible to apply to participate in the Direct Loan Program, a foreign institution must provide an eligible education program:

- for which the institution is legally authorized to award a degree that is equivalent to an associate, baccalaureate, graduate, or professional degree awarded in the United States;
- that is at least a two-academic-year program acceptable for full credit toward the equivalent of a baccalaureate degree awarded in the United States; or
- that is equivalent to at least a one-academic-year training program in the United States that leads to a certificate, degree, or other recognized educational credential and prepares students for gainful employment in a recognized occupation within the meaning of the gainful employment provisions.

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## Eligible program definition

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34 CFR 600.54(e)

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## Definition of an academic year



### 34 CFR 668.3

Generally, an academic year is—

- for a program offered in credit hours, a minimum of 30 weeks of instructional time and, for an undergraduate program, an amount of instructional time whereby a full-time student is expected to complete at least 24 semester or trimester credit hours or 36 quarter credit hours; or
- for a program offered in clock hours, a minimum of 26 weeks of instructional time and, for an undergraduate program, an amount of instructional time whereby a full-time student is expected to complete at least 900 clock hours. For complete information, see the FSA Handbook, Volume 3, Chapter 1.

An institution must demonstrate to the satisfaction of the Department that the amount of academic work required by a program that it believes meets the requirements for at least a one-academic year training program is equivalent to at least the FSA program definition of an academic year. For more information on gainful employment programs, see *Programs leading to gainful employment*.

The Department makes a comparison to determine whether postsecondary programs offered by a foreign school are properly considered undergraduate or graduate for purposes of the Direct Loan Program. This determination affects the amount of Direct Loan funds a student attending an eligible program may borrow.

### Information

For complete information, see the *FSA Handbook*, Volume 3, Chapter 1. Note that additional requirements apply to programs offered by foreign graduate medical schools (see Chapter 3), foreign veterinary schools, and foreign nursing schools (see Chapter 4).

## Distance education

### 34 CFR 600.2

Distance education means education that uses one or more of the technologies listed below to deliver instruction to students who are separated from the instructor or instructors and to support regular and substantive interaction between the students and the instructor or instructors, either synchronously or asynchronously. The technologies that may be used to offer distance education include:

- the internet;
- one-way and two-way transmissions through open broadcast, closed circuit, cable, microwave, broadband lines, fiber optics, satellite, or wireless communications devices;
- audio conferencing; or
- other media used in a course in conjunction with any of the technologies listed above.

As noted below, a program offered in whole or in part through distance education by a foreign institution is not eligible for Direct Loans.

## Programs leading to gainful employment

Programs that lead to gainful employment in a recognized occupation are subject to the Department's regulations. All programs at for-profit foreign medical schools, veterinary schools, and nursing schools are considered gainful employment programs. Some programs at public and nonprofit institutions are gainful employment programs (see Volume 2, Chapter 2, of the *FSA Handbook* for more information).

## Ineligible programs

There are some programs that are never eligible for Direct Loan Program participation when offered by a foreign institution:

- A program offered in whole or in part through telecommunications, otherwise known as distance education (See discussion in the Introduction section that pertains to COVID-19 exemptions for distance education at foreign schools),
- A program offered in whole or in part through correspondence,
- A program offered in whole or in part through direct assessment,
- A program for which more than 25 percent of the program is provided by an entity that is not eligible to participate in the FSA Programs as long as the ineligible entity meets the definition of "foreign institution" (Note: the 25 percent limit does not apply for affiliation agreements for the provision of clinical training for foreign graduate medical, veterinary, and nursing schools),
- With limited exception, a program offered in whole or in part in the United States (see *Programs offered in the United States*).

## Ineligible programs

DCL GEN-14-20  
34 CFR 600.51 (d),  
34 CFR 600.52, definition of a foreign institution,  
34 CFR 600.54(c), 34 CFR 668.10(b)(2)(vii)

In recognition that distance education technologies are frequently used in conjunction with classroom instruction, foreign institutions may use distance education technologies to supplement and support instruction offered in a classroom located in the foreign country where the students and instructor are physically present.

## Distance education prohibition is statutory

**Clarification** The prohibition on offering a program in whole or in part through distance education is U.S. law and cannot be changed through regulation. See 20 U.S.C. 1088(b)(3).

A program that permits Direct Loan borrowers to take an ineligible course for credit, regardless of whether the course is optional or required, is considered ineligible for Direct Loan funds. However, it is permissible for a foreign institution to offer two separate versions of a program, one of which does not permit students who are Direct Loan recipients to enroll in the ineligible courses for credit toward completion of the program (i.e., the ineligible course yields credit toward completion of the program or otherwise fulfills a requirement for graduation from that program). In that case, the version of the program that does not permit Direct Loan recipients to enroll in ineligible courses would not contain any ineligible

courses, and would, therefore, be an eligible program if the program otherwise met the FSA eligible program requirements.

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## Definition of a direct assessment program

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34 CFR 668.10(a)(1)

A direct assessment program is an instructional program that, in lieu of credit hours or clock hours as a measure of student learning, utilizes direct assessment of student learning, or recognizes the direct assessment of student learning by others. The assessment must be consistent with the accreditation of the institution or the program utilizing the results of the assessment.

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## Separate version of a program

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A Direct-Loan-eligible version of a program must be administratively distinct from any version of the program offered by the institution that contains Direct-Loan-ineligible courses. This means that the program must be identified separately wherever the institution lists its programs online or in publications, and student enrollment and progress in the program must be tracked separately (e.g., through a unique program number or other identifier).

An institution does not need to create duplicate courses for the Direct-Loan-eligible program and the ineligible program. Students from both versions of a program may attend the same Direct-Loan-eligible courses.

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## Definition of a correspondence course

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34 CFR 600.2

A correspondence course is a course for which the school provides instructional materials, including examinations on the materials, by mail or electronic transmission, to students who are separated from the instructors. Interaction between the instructors and students is limited, not regular and substantive, and primarily initiated by the student. If a course is part correspondence and part residential training, the course is considered to be a correspondence course. A correspondence course is not distance education.

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## Information for students

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34 CFR 668.43(a)(5) and 668.42(b)

A foreign institution is ultimately responsible for ensuring that Direct Loan funds are not disbursed to students who enroll in any Direct Loan ineligible courses as a part of their program and should ensure that any students who may be applying

for Direct Loan funds are aware of the restrictions on enrollment.

An institution must provide to students information on the academic program of the institution. If a foreign institution chooses to offer a Direct Loan-eligible version of a program for Direct Loan recipients, this information must make clear that a student will not be eligible for Direct Loan funds if the student enrolls in the ineligible version. The institution is required to make this information readily available to enrolled and prospective students through appropriate publications, mailings or electronic media. In addition, a brief description of this information must be included in the notice that an institution must provide to enrolled students listing the categories of information required to be made available to them, together with an explanation of how to obtain the information.

The Department does not restrict an institution's discretion to award credit for courses completed at other institutions, but Direct Loan funds may not be provided for the transferred credits. If a student independently completes a Direct Loan-ineligible course at an unaffiliated institution, those credits may be transferred into the student's program at the eligible foreign institution provided that the student does not receive Direct Loan funds for those credits. However, this guidance does not apply if there is an arrangement between the institutions for transfer of credits. In that circumstance, the limitations of the requirements for written arrangements in 34 CFR 668.5 apply, no matter how informal the arrangement may be.

## Programs offered in the United States

Besides the exception discussed below, programs offered in whole or in part in the United States by a foreign institution—either at a U.S. location of the foreign institution, through an arrangement with a U.S. institution, or otherwise— are not eligible for participation in the Direct Loan Program. Specifically, for the purposes of students who receive Direct Loan Program funds, a foreign institution is an institution that, except with respect to clinical training that is part of a medical, veterinary, or nursing program offered by the institution:

- has no U.S. location;
- has no written arrangements, within the meaning of 34 CFR 668.5, with institutions or organizations located in the United States for those institutions or organizations to provide a portion of an eligible program, as defined under 34 CFR 668.8, except for written arrangements for no more than 25 percent of the courses required by the program to be provided by eligible institutions in the United States; and
- does not permit students to complete an eligible program by enrolling in courses offered in the United States, except that it may permit students to complete up to 25 percent of the program by enrolling in the coursework, research, work or special studies offered by an eligible institution in the United States or participating in an internship or externship provided by an ineligible organization as described in 34 CFR 668.5(h)(2). Note: As described in 34 CFR 600.52, independent research done by an individual student in the United States for not more than one academic year is permitted, if it is conducted during the dissertation phase of a doctoral program under the guidance of faculty, and the research is performed only in a facility in the United States.

## Offering programs in the United States

34 CFR 600.52, definition of a foreign institution  
DCL GEN-11-18

## Written arrangements to provide educational programs

34 CFR 668.5  
See Volume 2, Chapter 2 of the *FSA Handbook* for more information.

## Written arrangements not required upon student request

**Clarification** No institution is required to execute a written arrangement with another institution because a student desires to study elsewhere. It is always up to the institution to determine whether it wants to enter into a written arrangement with another institution.

### Written arrangements to provide educational programs (between two Direct Loan-eligible foreign institutions)

Written arrangements between *two Direct Loan-eligible foreign institutions* are subject to the regulations under 34 CFR 668.5. There is no limitation on the amount of the program that may be offered by the other eligible foreign institution except that the home institution must provide the degree or recognized credential and offer at least some portion of the program.

As mentioned later in this section, if the host institution meets the requirements of the definition of a foreign institution under 34 CFR 600.52, but is *not* Direct Loan-eligible, the host institution may offer *no more than 25%* of the home institution's eligible program under [34 CFR 600.54\(c\)](#).

### Written arrangements to provide educational programs (Foreign institutions with U.S. institutions)

There are two different sets of requirements for written arrangements between a foreign institution and a U.S. institution depending upon where the student enrolls. If a student enrolls in an eligible program offered by a foreign institution and the foreign institution enters into a written arrangement for a portion of the program to be completed at a U.S. institution, the amount of coursework that can be completed at the U.S. institution is capped at 25 percent. On the other hand, if a student enrolls in an eligible program offered by a U.S. institution, and the U.S. institution enters into a written arrangement for a portion of the program to be completed at a foreign institution, the amount of coursework that can be completed at the foreign institution is capped at either 25 percent or less than 50 percent (see [34 CFR 668.5\(c\)\(3\)](#)).

Foreign institutions may enter into written arrangements with eligible educational institutions, or in the case of internships or externships ineligible organizations, located in the United States for those institutions or organizations to provide no more than 25 percent of the program's courses. A foreign institution that enters into a written arrangement with a U.S. institution is the one in which the student is enrolled and would be considered the home institution. Students attending are limited to Direct Loan funds and do not qualify for other types of Title IV aid.

However, if any such program offered by the foreign institution exceeds the 25 percent threshold it **is not recognized** for Direct Loan Program purposes. As a result, students attending that program may **not** receive Direct Loan Program funds for any part of the program.

### U.S. institutions entering into written arrangements with foreign institutions

A U.S. institution that is eligible to participate in the FSA programs may have written arrangements with a foreign institution or organization acting on behalf of a foreign institution whereby the foreign institution provides part of an educational program so that the students enrolled in that program may receive FSA program funds.

However, in this case the arrangement between a U.S. institution and a foreign institution or organization acting on behalf of a foreign institution is always considered to be one between an eligible U.S. institution where the student enrolls, and an ineligible foreign institution, even if the foreign institution is otherwise eligible to participate in the Direct Loan Program. As a result, the provisions of 34 CFR 668.5 regarding written arrangements between an eligible institution and

an ineligible institution or organization are applicable. The following paragraphs summarize the requirements when a U.S. institution enters into a written arrangement with a foreign institution.

For a program offered through a written arrangement between an eligible institution and an ineligible institution or organization (commonly referred to as a contractual agreement), the eligible institution is always the “home” institution for FSA program purposes. This means that a student must be continuously enrolled at the eligible institution, in this case, the U.S. institution, as a regular student--i.e., enrolled for purposes of obtaining a degree, certificate, or other recognized educational credential offered by the eligible U.S. institution, and the U.S. institution must perform all the functions related to the delivery of FSA program funds. For example, the U.S. institution must determine the student’s eligibility for FSA program funds and must calculate and disburse the funds to the student, taking into account all the hours in which the student enrolls at each institution or organization that apply to the student’s degree or certificate when determining the student’s enrollment status and cost of attendance. The U.S. institution is also responsible for maintaining all records necessary to document student eligibility and receipt of FSA program funds.

Upon completion of the program, the student must receive a degree from the eligible U.S. institution, although he or she may receive a credential from the foreign institution as well.

In addition, there is a limit on the portion of the program that can be offered by the ineligible institution or organization through a contractual agreement. If both the eligible U.S. institution and the ineligible institution are owned or controlled by the same individual, partnership, or corporation, the ineligible institution or organization may provide no more than 25 percent of the program. If there is no common ownership or control, the ineligible institution or organization must provide less than 50 percent of the program.

However, in the case of separately owned or controlled institutions, if the ineligible institution or organization provides more than 25 percent of the program, the eligible institution’s accrediting agency or state agency (in the case of a public postsecondary vocational institution) must specifically determine that the institution’s arrangement meets the agency’s standards for the contracting out of educational services. Of course, the program must otherwise satisfy the FSA program requirements for an eligible program.

## **Written arrangement between an eligible foreign institution and an ineligible entity ([34 CFR 600.54\(c\)](#))**

Notwithstanding the information contained in 34 CFR 668.5, written arrangements between an eligible foreign institution and an ineligible entity are limited to those under which the ineligible entity is an institution that meets the definition of “foreign institution” in 34 CFR 600.52. In addition, the ineligible foreign institution can only provide 25 percent or less of the educational program. Written arrangements do not include affiliation agreements for the provision of clinical training for foreign medical, veterinary, and nursing schools.

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### Eligible program requirements

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34 CFR 668.8, FSA Handbook Volume 2, Chapter 2

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### Information on written arrangements for students

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34 CFR 668.5(e), 34 668.43(a)(12)

An eligible institution must provide to enrolled and prospective students a description of the written arrangements the institution has entered into, including, but not limited to, information on:

- the portion of the educational program that the institution that grants the degree or certificate is not providing,
- the name and location of the other institutions or organizations that are providing the portion of the educational program that the institution that grants the degree or certificate is not providing,
- the method of delivery of the portion of the educational program that the institution that grants the degree or certificate is not providing, and
- estimated additional costs students may incur as the result of enrolling in an educational program that is provided, in part, under the written arrangement.

Other factors may also prevent an ineligible institution from providing a portion of a program under a written arrangement with an eligible institution. A program offered through a contractual agreement is not eligible to participate in the FSA programs if the ineligible institution or organization:

1. has had its eligibility to participate in the FSA programs terminated by the Department, or
2. has voluntarily withdrawn from participation in the FSA programs under a termination, show-cause, suspension, or similar proceeding initiated by the institution’s State licensing agency, accrediting agency, guarantor, or by the Department.

In addition, a program offered through a contractual agreement is not eligible for FSA program participation if the ineligible institution or organization has had its certification to participate in the FSA programs revoked by the Department, or had its application for certification or recertification to participate in the FSA programs denied by the Department.

## Programs including internships and externships ([34 CFR 600.52\(1\)\(ii\)\(C\)\(2\)](#))

### Information

Internships and externships that are part of a program (i.e., a student is required to participate in, or is given the option to participate in, the internship or externship) and are provided by organizations other than the institution are subject to the written arrangement requirements in 34 CFR 668.5.

Internships and externships are usually provided by organizations that are not eligible for participation in the FSA Programs. A foreign institution may permit students to complete up to 25 percent of a program by participating in an internship or externship provided by an ineligible organization.

However, the internship or externship portion of the program must be governed by the standards of an outside oversight entity, such as an accrediting agency or government entity, that require the oversight and supervision of the institution, where the institution is responsible for the internship or externship and students are monitored by qualified institutional personnel (and the institution must comply with these standards).

The following chart provides information to assist foreign schools with understanding the requirements for written arrangements:

<b>With what type of entity has the home foreign institution entered into a written arrangement?</b>	<b>What are the limitations on the amount of the program that the host institution (or entity) may offer?</b>
An ineligible organization or an ineligible foreign postsecondary institution that does not meet the definition of a foreign institution in <a href="#">34 CFR 600.52</a>	The host organization may not offer any part of the home institution’s

	program.
An ineligible foreign postsecondary institution that meets the definition of a foreign institution in <a href="#">34 CFR 600.52</a>	The host institution may offer no more than 25% of the home institution's program.
An eligible foreign institution <a href="#">34 CFR 668.5(a)</a>	There is no limitation on the amount of the program that may be offered by the host institution. However, the home institution must provide the degree or recognized credential and offer at least some portion of the program.
An eligible institution in the United States where the student is enrolling in the coursework, research, work, or special studies offered by that institution, but the student is not conducting dissertation research as part of a doctoral program <sup>1</sup> (34 CFR 600.52 see definition of a Foreign institution - section (1)(ii)(B))	The host institution in the United States may offer up to 25% of the home institution's program.
An ineligible organization that is offering an internship or externship that is governed by the standards of an outside oversight entity, such as an accrediting agency or government entity, that require the oversight and supervision of the home institution, where the home institution is responsible for the internship or externship and students are monitored by qualified institutional personnel (34 CFR 600.52 see definition of a Foreign institution - section 1(ii)(C)(2))	The host organization may offer up to 25% of the home institution's program.

<sup>1</sup>Note that, notwithstanding this restriction, an individual student is permitted to perform independent research in the United States for not more than one academic year if that research is conducted during the dissertation phase of a doctoral program under the guidance of faculty, and the research is performed only in a facility in the United States. The home institution is not required to establish a written arrangement with the host institution in this circumstance.

## Exemption From Verification of a Student's Financial Aid Application Information

U.S. institutions that participate in the FSA programs are required to verify the information provided by at least some of their students on the application for FSA program assistance, the FAFSA. Foreign institutions are exempt from performing verification.

### Verification exemption

34 CFR 668.51(c)

#### Information

While verification is not required, foreign schools must resolve unusual enrollment history (UEH) flags that appear on a student's SAR/ISIR. The UEH flags address possible abuse in the FSA programs. UEH flags are discussed in



Dear Colleague Letter GEN-15-05 and the *FSA Handbook*, in *Volume 1, Chapter 3*, under “Unusual Enrollment History.”

Foreign schools are reminded that, although they are exempt from verification, all schools have a responsibility to resolve conflicting or suspicious information. See *Volume 2, Chapter 3*, of the *FSA Handbook*, under “Consistency of information” and “Conflicting information.”

## Student Visa Application Documentation

Students from the U.S. who attend foreign institutions must provide documentation of the estimated direct loans they will receive when they submit their student visa applications. While dependent on each country’s requirements, a student may need documentation of his or her estimated Direct Loan funding before a foreign institution begins processing Direct Loans via the Department’s systems.

The Department has developed a sample letter that institutions may use and adapt per their country’s student visa requirements. In addition, the Department has developed a version of the sample letter that has been approved by the United Kingdom Border Agency for use with U.S. students who will attend school in the United Kingdom. Both sample letters are included at the end of this chapter and can also be found on the Foreign School Information website.

If an institution is unsure how to handle a visa documentation request, it should contact its Direct Loan enrollment team specialist (Point of Contact) or the team at [foreignschoolenrollment\\_fsa@ed.gov](mailto:foreignschoolenrollment_fsa@ed.gov) for assistance.

[🔗 Sample Estimated Direct Loan Information Letter For Student Visa Applications](#) 📄

## Cost of Attendance (COA) And Fluctuating Currency Rates

Unless a foreign institution has entered into an enrollment agreement with a student to provide a program or a portion of a program for a set amount expressed in U.S. dollars, the foreign institution may adjust the cost of attendance to reflect changes in exchange rates. Say, for example, that in June, an institution’s yearly cost of attendance of 30,000 British pounds is the equivalent of 45,000 U.S. dollars based on an exchange rate of 1.5 U.S. dollars to 1 British pound. However, when the student arrives in September, the exchange rate is 2 U.S. dollars to 1 British pound for a cost of attendance of 60,000 U.S. dollars. Provided the institution did not enter into an enrollment agreement with the student for \$45,000 U.S. dollars, the institution may use \$60,000 U.S. dollars for the student’s cost of attendance.

### Cost of attendance and fluctuating currency rates

[DCL GEN-10-18, December 2, 2010](#)

## Foreign Institutions and SAIG

Foreign School Update [FS-2020-03](#)

The Student Aid Internet Gateway (SAIG), allows authorized entities, including foreign schools, to exchange FSA program data electronically with the Department. Previously, foreign institutions had to contact the Department directly to receive SAIG enrollment information. Foreign institutions can find SAIG overview and contact information as well as SAIG Enrollment Forms and instructions on the Foreign School Information Web page. The SAIG information is located under the SAIG Overview and Contact Information link in the Direct Loan Setup and

SAIG Overview section of the Foreign School Information website. Here is the link: [Student Aid Internet Gateway – Overview](#)

If recalculations of costs of attendance on this basis are to be performed, the institution should have a policy it applies consistently, resulting in both upward and downward adjustments, with respect to all Direct Loan borrowers.

The recalculation should not include costs incurred in a different payment period. In the recalculation, the general rules as to costs of attendance continue to apply (e.g., costs of attendance for tuition and fees should include only those normally assessed a student carrying the same academic workload as determined by the institution and can include costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study). These recalculations are not an exercise of professional judgment but instead reflect changes in costs as expressed in U.S. dollars resulting from fluctuations in currency exchange rates.

## Direct Loan Disbursements and Returns

Direct Loan Program funds are provided to students by the foreign institution they attend. Volume 4 of the FSA Handbook provides guidance on how an institution requests, disburses, manages, and reports on the use of FSA Program funds, generally referred to as the “cash management requirements.” For information on the process for a foreign institution to originate, draw down, disburse, and return Direct Loan funds, see the Direct Loan Processing section of the [Foreign School Information website](#).

## COD School Relations Center

When contacting the Common Origination and Disbursement (COD) School Relations Center, foreign institutions should access the following website: [COD Online \(ed.gov\)](#).

## Currency used for credit balances

Dear Colleague Letter GEN-10-18, December 2, 2010

## Cash management requirements

With a few differences, foreign schools are subject to the same cash management requirements as domestic schools.

## Maintaining and Accounting for Funds

All foreign schools must maintain a depository account into which the Department transfers, or the school deposits, FSA program funds. The depository account must be insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) or by an equivalent agency of the government of the country in which the institution is located. If there is no equivalent agency, the Department may approve a depository account designated by the foreign school. Unlike domestic institutions, the depository account that a foreign school maintains need not be an interest-bearing account. In addition, the foreign school’s depository account does not need to be identified with the phrase “Federal Funds,” nor is the school required to file a UCC-1 Statement associated with the depository account.

## Borrower's request for cancellation

34 CFR 668.165(a)

An institution must comply with a borrower's request to cancel all or a portion of a loan that was credited to a student's account if the institution receives the cancellation request within certain time frames. For additional information on Title IV loan cancellation requirements, see the *FSA Handbook, Volume 4, Chapter 2*.

### Student Choice Menu

Foreign schools are not subject to the student choice menu that would require schools to provide students a choice of the way they receive FSA program credit balances.

### Tier 1 and Tier 2 Arrangements

The cash management regulations identify two types of agreements between schools and financial service providers—Tier 1 (T1) and Tier 2 (T2) Arrangements. T1 and T2 arrangements do not apply to foreign schools.

### Currency used for credit balances

Whenever an institution disburses Direct Loan Program funds by crediting a student's account and the total amount of all Direct Loan Program 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 for a Parent PLUS Loan, as soon as possible, but no later than:

1. 14 calendar days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or
2. 14 calendar 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.

In most cases, foreign institutions pay Direct Loan Program credit balances to students or parents in the local currency. However, a foreign institution may pay a Direct Loan Program credit balance in U.S. dollars if it chooses to do so, either to accommodate a request from a U.S. student or otherwise. For more information on Title IV credit balances, see Volume 4, Chapter 2, of the *FSA Handbook*.

### Returning loan funds

There are times when a foreign institution will be required to return Direct Loan Program funds to the Department, for example, when a return of unearned funds is due under the Return of Title IV Funds requirements, or when a student, or parent, for a Parent PLUS Loan, cancels all or a portion of their loan. When Direct Loan funds are returned to the Department, the institution must return the original U.S. dollar amount of the loan funds, even if the institution incurs additional costs due to fluctuating exchange rates and/or exchange fees.

### Returning loan funds

Dear Colleague Letter GEN-10-18, December 2, 2010.

## Return of Title IV Funds requirements

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34 CFR 668.22, FSA Handbook, Volume 5

The way a foreign institution will refund Direct Loan funds will differ depending on whether the institution has a foreign bank account or a U.S. bank account. With a foreign bank account, an institution will begin the process of a refund in G5, and complete a wire form that is generated containing the Department's bank information so that non-US banks can wire the funds to the Department. With a U.S. bank account, an institution can return funds electronically via the Department's G5 website.

See instructions for foreign schools to send refunds via international electronic funds transfers posted under [Section 7 - Funding Direct Loans: Refunding Unused Funds](#) located on the [Foreign School Information page](#).

## Consumer Information

Institutions that participate in the FSA programs must provide information about topics such as financial aid, their campus and facilities, student athletes, and gainful employment programs, as well as information to promote campus safety and prevent drug and alcohol abuse.

### Information

Foreign institutions are required to comply with these requirements, except that a foreign institution is not required to comply with certain consumer information requirements and certain campus safety requirements, including the requirements of the Violence against Women Act (VAWA), and its associated implementing regulations. See The Handbook for Campus Safety and Security Reporting for more information: <https://www2.ed.gov/admins/lead/safety/campus.html>.

There are also consumer information requirements that apply only to foreign graduate medical schools. For more information on these requirements, see the *Collection and submission of data* section in Chapter 3.

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## Consumer information requirements

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34 CFR 668 subpart D, FSA Handbook, Volume 2, Chapter 6

Federal Register /Vol. 83, No. 229 /Wednesday, November 28, 2018, "Waiver of Certain Consumer Information Requirements for Foreign Institutions of Higher Education"

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## Exemption from campus crime reporting

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20 USC 1092(f)(1), (f)(3), (f)(4), (f)(5), (f)(8)(A)

## Title IV Eligible foreign schools and the American Opportunity Tax Credit

### Title IV Eligible foreign Schools and the American Opportunity Tax Credit

U.S. federal tax laws require each postsecondary educational institution that is an eligible educational institution to file Form 1098-T reporting payments of qualified tuition and related expenses received from, or on behalf of, the student and furnish a copy to the student. In addition, each postsecondary educational institution must include its EIN on Form 1098-T. 26 U.S.C. § 6050S.

While foreign educational institutions are not required as a matter of Title IV eligibility to obtain an EIN and complete Form 1098-T for U.S. students they enroll, it is a financial benefit to the student for the institution to do so and may provide the student with additional funds to pay for continued enrollment. Please review the [August 6, 2018 Electronic Announcement](#) for more information