



May 17, 2014

Ms. Pamela Moran
Mr. Charles Pou
Mr. Craig Bagemihl
U.S. Department of Education
1990 K Street, NW, Room 8017
Washington, DC 20006

RE: Issue #4: Cash Management

Dear Ms. Moran, Mr. Pou and Mr. Bagemihl:

Please find attached selected provisions of the Department's latest Cash Management proposal with my proposed revisions. The only paragraphs with revisions are paragraphs (d)(4) and (e). As we hone in on final days of the rulemaking process, it is encouraging to me that many of the key problems sighted in the numerous reports and investigations are addressed in the final proposal. At the same time, I still have several concerns that are discussed below and I have offered specific language **in** my separate attachment.

General Comments: (d) (4) Student choice

The initial goal was to make "direct deposit the first choice and the easy choice" for students and parents to use their own existing bank account for receiving Title IV disbursements. There is no doubt this is the best choice for the students, institutions and taxpayers alike. I believe the Department and a majority of the committee members feel the same way. In the latest ED proposal, however, direct deposit has been put on equal footing with the ability of the institution/servicers to offer a sponsored account to students and parents. This "equal choice" positioning, though less than ideal, is acceptable, provided the following are clear and concise:

- If a sponsored account is offered to students/parents, then EFT to a non-sponsored account (bank account without the assistance of the institution) must also be offered on at least equal or preferential terms. In the latest draft proposal it appears to me that an institution/servicer could be able to offer only a sponsored account and not be required to offer access to students/parents for using a non-sponsored account (their existing account). If, in fact, this is true it would create a significant loophole for sponsored account providers to circumvent the intent of the new rules.

- The option for using a non-sponsored account should be the *recommended option* by the institution. In other words, institutions (and servicers) would inform students/parents that the best option is for them to have and use their own bank account for receiving financial aid disbursements. The current draft language does not address this, but it should.
- In addition, it should be clear that institutions may offer EFT to a non-sponsored financial account as the only EFT option, if so desired. In this case the requirement for check or cash disbursements would apply only if the student/parent has not provided the required direct deposit information in a timely matter. This would match current rules permitting an institution to “mandate” direct deposit, but still require a paper check if the student or parent has not provided their bank account information.

General Comments: (e) Requirements for sponsored accounts

A significant part of the problem with debit cards and financial accounts offered to students has been the aggressive and deceptive marketing by certain providers. This is a common theme in the various investigations, reports and complaints filed by students, regulators and authorities. To prevent further abuses in this area, please consider the following additions to section (e):

- The number one problem has been the mailing of debit cards to students using the campus logo or mascot and, therefore, the implied endorsement of the institution. I believe this is largely solved with inclusion of language in section (e) (1) (I), which prevents sponsored account providers from mailing cards before the student or parents have affirmatively opted in. However, the Department has allowed servicers to continue to use the institution’s logo and mascot and this may continue to cause issues unless further defined. Therefore, I have addressed two potentially abusive situations. First, I have proposed new language in Section (e)(1)(ii)(A) restricting the use of rewards or other incentives to entice students to open and use a sponsored account. Second, I have proposed in a new Section (e)(1)(ii)(B) that when a servicer uses the institution’s logo or mascot in any sponsored account marketing effort, the marketing must provide information about the servicer’s sponsored account in a fact- based, clear and neutral manner and provide information about the option of using a non-sponsored account.
- Another big problem today is third party servicers using student personally identifiable information (PII), or FERPA information, in the marketing of debit cards and bank accounts without the student’s permission. Section (e)(3) provides new restrictions on such practices, but it should be made clear when the student’s or parent’s name, address and email address is used, then all the rules and regulations of 34 CFR Part 668, Subpart K apply to the use of that PII. In other words, the providers of the sponsored accounts must also inform the student/parents of the option to use a non-sponsored account and must comply with all other requirements of offering a sponsored account, including marketing and fee disclosures.

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In summary, the current draft goes a long way to resolving several key issues that are causing problems today, but could benefit from additional language to make clear how sponsored accounts are marketed and presented in the future. Again, please refer to my attachment for specific language recommendations. I appreciate the Department's efforts and diligence in addressing these issues and look forward to working with all interested parties in providing solutions that meet the needs of institutions, students and servicers.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Toughey', written in a cursive style.

Dan Toughey
President | TouchNet

Attachment

Issue Paper 4

Program Integrity and Improvement Issues

Issue: Cash Management

Statutory Cites: §§484, 487, and 498 of the HEA

Regulatory Cites: 34 CFR Part 668, Subpart K

Summary of Change: The current regulations in 34 CFR Part 668, Subpart K, govern the ways that an institution requests, maintains, disburses, and otherwise manages title IV, HEA program funds. The proposed changes would revise existing regulations to address the allowable methods and procedures for institutions to pay students their title IV student aid credit balances; would prohibit practices that expose title IV funds to financial risk; would provide additional consumer protections governing the use of prepaid cards and similar financial instruments; would include provisions designed to provide students free access to their full title IV credit balances; would require neutrality in presenting options for students to secure their credit balances; and would clarify permissible disbursement practices and agreements between institutions and other entities that assist the institution in making title IV payments to students. The proposed changes also include a number of technical changes, the most significant of which eliminates language that governed the disbursement of FFEL program funds.

ANALYSIS AND COMPARISON

DAN TOUGHEY

The following pages relate only to paragraphs (d)(4) and (e).

As a matter of convenience, the following pages will include track changes that show proposed revisions from the Department's last draft (the Department's revisions having been "accepted" for this purpose). Following the track change provisions, the identical provisions appear in "clean" form. Some brief explanatory materials are also included to assist in understanding some of the reasoning behind the proposed changes.

Paragraph (d)(4) Student choice.

Reasons for Changes:

Paragraph (d)(4) is divided into subparagraphs (i) and (ii) to reflect two fundamentally different situations: the situation where an institution chooses to use EFT and a sponsored account (covered by (i)) and the situation where EFT is used, but there is no sponsored account i.e. direct deposit only.

Subparagraph (i) only applies when an institution elects to use a sponsored account. If it does, the non-sponsored account choice needs to be the first choice (covered in paragraph (A)). A sponsored account is specifically defined. A non-sponsored account is any other financial account or access device. A non-sponsored account is whatever the parent or student has chosen outside the realm of higher education. There is no need to determine the precise moment of a student's enrollment or whether or not the institution or another entity has influenced the decision. It is enough that it is not a sponsored account. The other changes are more a changing of the order of the paragraphs.

In subparagraph (ii), the primary issue is one of handling the situation where a school has provided for direct payment by EFT, but the parent or student has failed to make a timely election, and this applies whether or not the institution has chosen to use a sponsored account.

Subparagraph (iii) just clarifies that an institution may elect direct payment through EFT (direct deposit) without having the option to sign up for a sponsored account.

Clean version (d)(4) Student choice (with proposed changes included):

(4) Student choice. An institution that elects to make direct payments to a student or parent by EFT, must comply with the requirements of this paragraph (d)(4) of this section.

(i) If any title IV, HEA program funds may be deposited into or otherwise credited to a sponsored account (regardless of the means), then the institution must also offer a means by which a parent or student may have title IV, HEA program funds deposited into or otherwise credited to a non-sponsored account (any financial account or access device other than a sponsored account); must establish a selection process under which the student or parent chooses one of at least two EFT options for receiving direct payments; and in implementing or describing its selection process, the institution—

(A) Must present prominently as the first option, the financial account or access device associated with a non-sponsored account and must indicate that this first choice is the choice recommended by the institution;

(B) Must ensure that the process for making direct payments electronically to a non-sponsored account must be as timely as, and no more onerous than, making direct payments to a sponsored account;

(C) Must ensure that all options for receiving direct payments via EFT are described and presented (regardless of the form or media used) in a clear, fact-based, and, except as provided in paragraph (d)(4)(i)(F) of this section, neutral manner;

(D) May not require the student or parent to open or obtain either a sponsored account or any other financial account or access device offered by or through a specific

financial institution or other entity and may not recommend, encourage the use of, or show any preference for any sponsored account or any other financial account or access device offered by or through a specific financial institution or other entity over any other financial account or access device, e.g., a non-sponsored account;

(E) Must identify the major features and commonly assessed fees associated with all of its sponsored accounts, as well as a Universal Resource Locator (URL) for the terms and conditions of those accounts; and

(F) May provide information about available non-sponsored financial accounts that are insured by the FDIC or NCUA or that have pass-through insurance coverage, and may compare the sponsored accounts to those available financial accounts.

(ii) If an institution elects to make direct payments to a student or parent by EFT, it must issue a check or dispense cash (at the option of the institution) to a parent or student who fails timely to elect to receive direct payments by any EFT means (whether to a sponsored account or otherwise).

(iii) For the avoidance of doubt, nothing in this paragraph (d)(4) of this section prohibits an institution from offering direct payments by EFT to a non-sponsored account alone, e.g., without also offering a sponsored account option.

Track Changes (d)(4) Student choice:

(4) Student choice. An institution that elects to make direct payments to a student or parent by EFT ~~may establish a selection process under which, must comply with the student or parent chooses onerequirements of several options for receiving direct payments.this paragraph (d)(4) of this section.~~

(i) ~~In implementing its selection process, the institution—~~

~~(A) May not require the student If any title IV, HEA program funds may be deposited into or parent to open or obtain aotherwise credited to a sponsored account (regardless of the means), then the institution must also offer a means by which a parent or student may have title IV, HEA program funds deposited into or otherwise credited to a non-sponsored account (any financial account or access device offered by or through a specific financial institution or entity; (B) Must ensure that theother than a sponsored account); must establish a selection process under which the student or parent chooses one of at least two EFT options for receiving direct payments—are described; and presented in a clear, fact-based, and, except as provided in paragraph (d)(4)(ii)(A) of this section, neutral manner; and~~

~~(C) Must ensure that the process for making direct payments electronically to a financial account Implementing or access device associated with a financial account that was opened or obtained by the student or parent prior to the student's enrollment at the institution must be as timely as, and no more onerous than, making direct payments to a sponsored account.~~

~~(ii) In describing the options under its selection process, the institution—~~

(A) Must present prominently as the first option, the financial account or access device associated with a financial non-sponsored account and must indicate that ~~was opened or obtained by this first choice is~~ the ~~student or parent prior to the student's enrollment at~~ choice recommended by the institution;

~~(B)~~

(B) Must ensure that the process for making direct payments electronically to a non-sponsored account must be as timely as, and no more onerous than, making direct payments to a sponsored account;

(C) Must ensure that all options for receiving direct payments via EFT are described and presented (regardless of the form or media used) in a clear, fact-based, and, except as provided in paragraph (d)(4)(i)(F) of this section, neutral manner;

(D) May not require the student or parent to open or obtain either a sponsored account or any other financial account or access device offered by or through a specific financial institution or other entity and may not recommend, encourage the use of, or show any preference for any sponsored account or any other financial account or access device offered by or through a specific financial institution or other entity over any other financial account or access device, e.g., a non-sponsored account;

(E) Must identify the major features and commonly assessed fees associated with all of its sponsored accounts, as well as a Universal Resource Locator (URL) for the terms and conditions of those accounts; and

~~(F)~~ May provide information about available non-sponsored financial accounts that are insured by the FDIC or NCUA or that have pass-through insurance coverage, and may compare the sponsored accounts to those available financial accounts; ~~and~~.

~~(D) Must include as an option issuing a check or dispensing cash.~~

(ii) If an institution elects to make direct payments to a student or parent by EFT, it must issue a check or dispense cash (at the option of the institution) to a parent or student who fails timely to elect to receive direct payments by any EFT means (whether to a sponsored account or otherwise).

(iii) For the avoidance of doubt, nothing in this paragraph (d)(4) of this section prohibits an institution from offering direct payments by EFT to a non-sponsored account alone, e.g., without also offering a sponsored account option.

Paragraph (e) Requirements for sponsored accounts.

Reasons for Changes:

The prior draft was triggered by a parent's or student's choice of a sponsored account; however many of the provisions of paragraph (e), such as those pertaining to marketing, are effective long before any choice is even presented. Accordingly, if an institution plans to make one or more sponsored accounts available for receipt of Title IV program funds, paragraph (e) needs to be observed.

Subparagraph (ii), which deals primarily with marketing issues, was moved up ahead of the technical financial regulations. Its purpose is to ensure, first, that students are not lured into sponsored accounts by gimmicks. Second, to deal with the situation, now commonplace, where students may believe the sponsored account is offered by the institution itself or is the "official" financial vehicle of the institution, clarifying statements would be required. In addition, if a third party servicer uses an institution logo/mascot (mark) on its marketing communications, it should be held to the same standard of clear, fact-based, and neutral language.

Track changes Paragraph (e) Requirements for sponsored account.

(e) Requirements for sponsored accounts. (1) If an institution elects to make direct payments to a student or parent chooses by EFT where any title IV, HEA program funds may be deposited into or otherwise credited to a sponsored account ~~under~~, the institution's selection process institution and any financial institution or other entity which has a contract or other arrangement with such institution, as described in paragraph ~~(d)(4a)(2)(x)(A)~~ of this ~~section, the institution~~ Section, must ~~ensure that~~—

(i) ~~The~~ Ensure the student or parent is informed about the terms and conditions of the ~~financialsponsored~~ account and the student's or parent's written affirmative consent to open or use the account is obtained before—

(A) A debit card, prepaid card, access device, or virtual representation of the card or device associated with the ~~financialsponsored~~ account is sent or provided to the student or parent; or

(B) A card or tool that was previously provided to the student or parent for institutional purposes, such as a student ID card, is associated in any way with the ~~financialsponsored~~ account;

~~(ii) The~~ (ii) In any marketing materials of any kind and in any communications of any kind to or with (directly or indirectly) any student or parent –

(A) Refrain from marketing or promoting, in any way, products and refrain from the use of (directly or indirectly) a rewards program or other incentives to entice students to open or use a sponsored account.

(B) If it uses or displays, in any way, any trademark, service mark, logo, mascot, or other source identifier of the institution (an “institution mark”), include in such materials and communications, a statement that the sponsored account is not offered by, is separate from and not administered by, and is not endorsed by the institution and that the institution mark has been licensed under contract with the institution and include in such materials and communications, using clear, fact-based, and neutral language, a description of all of the options made available by the institution for direct payment of title IV, HEA program funds, as provided for in paragraph (d)(4)(i) of this section; and

(iii) Ensure that the student or parent does not incur any cost initiated by either the institution or any entity with whom the institution contracted or arranged to offer the sponsored account for--

(A) Opening the financialsponsored account or initially receiving the debit card, prepaid card, or access device associated with ~~the~~such account;

(B) Maintaining the sponsored account, such as a monthly maintenance fee, inactivity fee, or account termination fee;

(C) Using the debit card, prepaid card, or access device to complete two withdrawal transactions per month or monthly billing cycle at any out-of-network automated teller machine (ATM) in any State as defined in 34 CFR 600.2;

(D) Using the debit card, prepaid card, or access device to conduct any in-network ATM transactions;

(E) Using the debit card, prepaid card, or access device to conduct point-of-sale purchases or to receive cash back from point-of-sale purchases; and

(F) Conducting an ATM transaction or one-time debit card transaction when the financial account has insufficient or unavailable funds, or when a transaction is declined;

(iii) ~~The~~Ensure that the debit card, prepaid card, or access device associated with the account belongs to a surcharge-free national or regional ATM network that has ATMs on or near each campus;

(iv) ~~The~~Ensure that the financial account, debit card, prepaid card, or access device is not marketed as a credit card or credit instrument or subsequently converted to a credit card or credit instrument;

(v) Where the financial account is a subaccount, with respect to any debit card, prepaid card, or access device—

(A) ~~The~~Ensure that the provider of the card or device provides the student or parent with pass-through deposit or share insurance;

(B) ~~The~~Ensure that the card or device does not have an attached line of credit or loan feature under which repayment from the account is triggered upon, or associated with, the delivery of a Federal payment, including a deposit or transfer of title IV, HEA program funds into the account; and

- (C) ~~The~~Ensure that the account provides the student or parent with all of the consumer protections that apply to a payroll card account under the Electronic Fund Transfer Act, as amended;
 - (vi) ~~The~~Ensure that the financial account is—
 - (A) In the student's or parent's name; or
 - (B) A subaccount of a custodial account that is titled in the name of the third party servicer, and is set up to ensure any title IV, HEA program funds deposited in the custodial account are credited immediately to the student's or parent's subaccount (or card or device);
 - (vii) ~~The~~Ensure that the circumstances and terms of the financial account afford the student or parent a reasonable opportunity to withdraw or expend the total amount of title IV, HEA program funds deposited or transferred to the financial account without incurring any cost, fees or charges and provide the student or parent with clear and timely instructions as to how that may be done; and
 - (viii) When considered individually or in combination with other fees and charges, ensure that any fee or charge assessed to the student or parent is reasonable. Fees and charges are considered to be reasonable if they are comparable to, or less than, fees and charges commonly assessed in the financial services industry.
- (2) The institution must base its decision to enter into or continue the contract or arrangement on the best interests of the account holders, including financial terms, account features, and customer service. The institution must also—
- (i) Review any information that is provided to the student or parent in connection with opening or activating the account, and the debit card, prepaid card, or access device associated with the account, to ensure that the information is presented to the student in a clear, fact-based, and neutral manner;
 - (ii) Disclose conspicuously on its website and any webpage describing the sponsored account a URL for that contract or arrangement in its entirety (except for any portions that, if disclosed, would compromise personal privacy, proprietary information technology, or the security of information technology or of physical facilities) with an accompanying summary of the terms and conditions of the contract or arrangement and other related information. The summary and related information must be updated as needed to provide information about—
 - (A) The name of the financial institution offering the sponsored account, and the third-party servicer or other parties involved in opening or enabling the sponsored account;
 - (B) Whether the contract or arrangement provides for revenue sharing or royalty payments, and if so, the nature and amount of that compensation;
 - (C) Whether the sponsored account is a checking account, prepaid debit card, or other type of account;
 - (D) Any fees or charges associated with the account;

- (E) The number of allowable out-of-network surcharge-free ATM transactions;
- (F) The network of surcharge free ATMs available, indicating all the names associated with the network, the approximate number of available ATMs in that network both nationally and locally; and the number and location of surcharge free ATMs on campus, if any, and their hours of accessibility; and a publicly accessible online ATM locator to search for in-network ATMs; and
- (G) The total number of students and parents with a sponsored account and the average amount of fees paid by students and parents who had the sponsored account during the most recently completed award year or twelve-month period.

(3) The institution may not share with an entity associated with the contract or arrangement under which sponsored accounts are provided any information about the student or parent other than the student's or parent's name, address, and email address until the student or parent selects an option for receiving ~~direct payments under paragraph (d)(4) of this section by EFT direct payments under paragraph (d)(4) of this section.~~ Where an entity (e.g., a third-party servicer, financial institution or other person described in paragraph (a)(2)(x)(A) of this Section) receives any of the information described in the preceding sentence, then such entity, in receiving information, in describing any account, and in implementing or enabling any financial account that may receive or have credited to it any title IV, HEA program funds is subject to all of the student and parent choice and other rules applicable to institutions under paragraphs (d) and (e) of this section just as though such entity were the institution itself.

(4) The institution and any entity with whom the institution entered into a contract or arrangement under which a sponsored account was provided to a student or parent are not required to comply with the requirements under this paragraph after the student is no longer enrolled at the institution, as determined by the institution.

Clean version Paragraph (e) Requirements for sponsored accounts:

(e) Requirements for sponsored accounts. (1) If an institution elects to make direct payments to a student or parent by EFT where any title IV, HEA program funds may be deposited into or otherwise credited to a sponsored account, the institution and any financial institution or other entity which has a contract or other arrangement with such institution, as described in paragraph (a)(2)(x)(A) of this Section, must —

(i) Ensure the student or parent is informed about the terms and conditions of the sponsored account and the student's or parent's written affirmative consent to open or use the account is obtained before—

(A) A debit card, prepaid card, access device, or virtual representation of the card or device associated with the sponsored account is sent or provided to the student or parent; or

(B) A card or tool that was previously provided to the student or parent for institutional purposes, such as a student ID card, is associated in any way with the sponsored account;

(ii) In any marketing materials of any kind and in any communications of any kind to or with (directly or indirectly) any student or parent –

- (A) Refrain from marketing or promoting, in any way, products and refrain from the use of (directly or indirectly) a rewards program or other incentives to entice students to open or use a sponsored account.
 - (B) If it uses or displays, in any way, any trademark, service mark, logo, mascot, or other source identifier of the institution (an “institution mark”), include in such materials and communications, a statement that the sponsored account is not offered by, is separate from and not administered by, and is not endorsed by the institution and that the institution mark has been licensed under contract with the institution and include in such materials and communications, using clear, fact-based, and neutral language, a description of all of the options made available by the institution for direct payment of title IV, HEA program funds, as provided for in paragraph (d)(4)(i) of this section; and
- (iii) Ensure that the student or parent does not incur any cost initiated by either the institution or any entity with whom the institution contracted or arranged to offer the sponsored account for--
- (A) Opening the sponsored account or initially receiving the debit card, prepaid card, or access device associated with such account;
 - (B) Maintaining the sponsored account, such as a monthly maintenance fee, inactivity fee, or account termination fee;
 - (C) Using the debit card, prepaid card, or access device to complete two withdrawal transactions per month or monthly billing cycle at any out-of-network automated teller machine (ATM) in any State as defined in 34 CFR 600.2;
 - (D) Using the debit card, prepaid card, or access device to conduct any in-network ATM transactions;
 - (E) Using the debit card, prepaid card, or access device to conduct point-of-sale purchases or to receive cash back from point-of-sale purchases; and
 - (F) Conducting an ATM transaction or one-time debit card transaction when the financial account has insufficient or unavailable funds, or when a transaction is declined;
- (iv) Ensure that the debit card, prepaid card, or access device associated with the account belongs to a surcharge-free national or regional ATM network that has ATMs on or near each campus;
- (v) Ensure that the financial account, debit card, prepaid card, or access device is not marketed as a credit card or credit instrument or subsequently converted to a credit card or credit instrument;
- (vi) Where the financial account is a subaccount, with respect to any debit card, prepaid card, or access device—
- (A) Ensure that the provider of the card or device provides the student or parent with pass-through deposit or share insurance;

- (B) Ensure that the card or device does not have an attached line of credit or loan feature under which repayment from the account is triggered upon, or associated with, the delivery of a Federal payment, including a deposit or transfer of title IV, HEA program funds into the account; and
 - (C) Ensure that the account provides the student or parent with all of the consumer protections that apply to a payroll card account under the Electronic Fund Transfer Act, as amended;
 - (vii) Ensure that the financial account is—
 - (A) In the student's or parent's name; or
 - (B) A subaccount of a custodial account that is titled in the name of the third party servicer, and is set up to ensure any title IV, HEA program funds deposited in the custodial account are credited immediately to the student's or parent's subaccount (or card or device);
 - (viii) Ensure that the circumstances and terms of the financial account afford the student or parent a reasonable opportunity to withdraw or expend the total amount of title IV, HEA program funds deposited or transferred to the financial account without incurring any cost, fees or charges and provide the student or parent with clear and timely instructions as to how that may be done; and
 - (ix) When considered individually or in combination with other fees and charges, ensure that any fee or charge assessed to the student or parent is reasonable. Fees and charges are considered to be reasonable if they are comparable to, or less than, fees and charges commonly assessed in the financial services industry.
- (2) The institution must base its decision to enter into or continue the contract or arrangement on the best interests of the account holders, including financial terms, account features, and customer service. The institution must also—
- (i) Review any information that is provided to the student or parent in connection with opening or activating the account, and the debit card, prepaid card, or access device associated with the account, to ensure that the information is presented to the student in a clear, fact-based, and neutral manner;
 - (ii) Disclose conspicuously on its website and any webpage describing the sponsored account a URL for that contract or arrangement in its entirety (except for any portions that, if disclosed, would compromise personal privacy, proprietary information technology, or the security of information technology or of physical facilities) with an accompanying summary of the terms and conditions of the contract or arrangement and other related information. The summary and related information must be updated as needed to provide information about—
 - (A) The name of the financial institution offering the sponsored account, and the third-party servicer or other parties involved in opening or enabling the sponsored account;
 - (B) Whether the contract or arrangement provides for revenue sharing or royalty payments, and if so, the nature and amount of that compensation;

(C) Whether the sponsored account is a checking account, prepaid debit card, or other type of account;

(D) Any fees or charges associated with the account;

(E) The number of allowable out-of-network surcharge-free ATM transactions;

(F) The network of surcharge free ATMs available, indicating all the names associated with the network, the approximate number of available ATMs in that network both nationally and locally; and the number and location of surcharge free ATMs on campus, if any, and their hours of accessibility; and a publicly accessible online ATM locator to search for in-network ATMs; and

(G) The total number of students and parents with a sponsored account and the average amount of fees paid by students and parents who had the sponsored account during the most recently completed award year or twelve-month period.

(3) The institution may not share with an entity associated with the contract or arrangement under which sponsored accounts are provided any information about the student or parent other than the student's or parent's name, address, and email address until the student or parent selects an option for receiving by EFT direct payments under paragraph (d)(4) of this section. Where an entity (e.g., a third-party servicer, financial institution or other person described in paragraph (a)(2)(x)(A) of this Section) receives any of the information described in the preceding sentence, then such entity, in receiving information, in describing any account, and in implementing or enabling any financial account that may receive or have credited to it any title IV, HEA program funds is subject to all of the student and parent choice and other rules applicable to institutions under paragraphs (d) and (e) of this section just as though such entity were the institution itself.

(4) The institution and any entity with whom the institution entered into a contract or arrangement under which a sponsored account was provided to a student or parent are not required to comply with the requirements under this paragraph after the student is no longer enrolled at the institution, as determined by the institution.