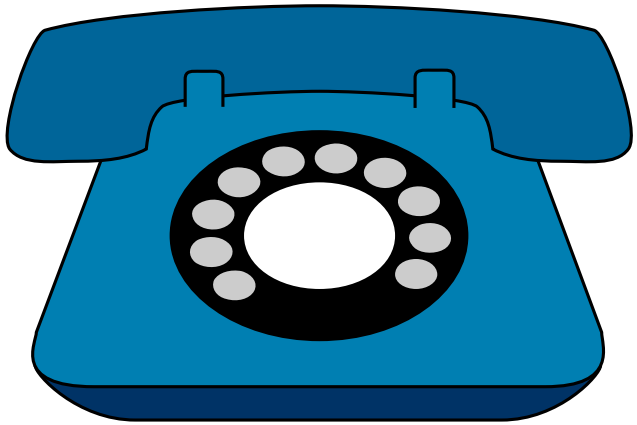
Direct Loan Participation

- School may participate under:
  - Standard Origination
  - Origination Option 1
  - Origination Option 2

The 1997-98 Direct Loan Training Guide

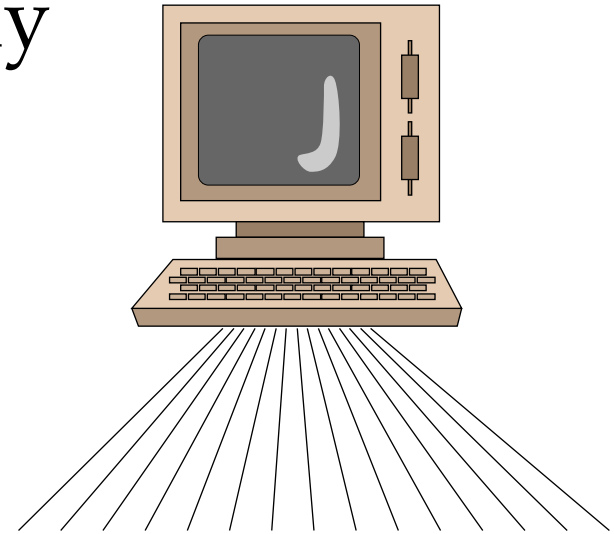
To order, call:

1-800-848-0978



Direct Loan Origination Record

- School creates electronically
- Includes information from student's FAFSA and Title IV history
- Direct Loan Origination Center checks for errors



Requesting Funds

- Some schools can request funds:
  - at the same time they submit loan origination records to meet "immediate need," which is 3 business days

Requesting Funds (cont'd)

- For other schools:
  - the Servicing Center requests for the school 4 calendar days before anticipated disbursement

Before Disbursement

- Prior to disbursing funds, the school reviews the student's:
  - enrollment status
  - previous Title IV debts
  - satisfactory academic progress

Disbursement Restrictions—Cash or Check

- The earliest a student may be paid is:
  - 10 calendar days before the period of enrollment for most students
  - 30 calendar days after the student's classes begin for first-time, first-year borrowers

The Common FFEL Application

- The school must:
  - review Borrower Section
  - complete School Section
  - certify the application
  - forward application to lender

FFEL Aid Request

- To receive both a subsidized and an unsubsidized loan, the student must **request** both types
- Student indicates preference to pay interest monthly while in school or capitalize
  - If left blank, student will have to pay while in school

FFEL School Section

- FAA completes by:
  - determining COA
  - determining EFA
  - confirming student's dependency status and Social Security number

School Control of FFEL Program Loan Certification

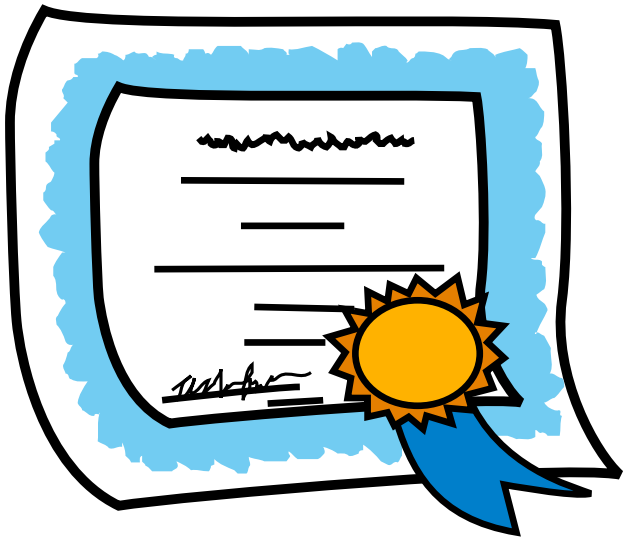
- School has the authority to refuse to certify an FFEL application, or to certify it for a lesser amount
- Reason for refusal must be documented and provided in writing to the student

Item 27—Certified Loan Amounts

- You must enter an amount for both subsidized and unsubsidized
- Enter "$0" if student is not eligible for or not interested in one of the loan types
- DO NOT LEAVE EITHER **27(a)** OR 27**(b)** BLANK!

Before Certifying the FFEL Application

- Determine Pell Grant eligibility
- Determine enrollment status
- Check for satisfactory academic progress



Requesting an FFEL Disbursement from the Lender

- School may not request FFEL funds from lender more than:
  - 13 calendar days before period of enrollment for most students
  - 24th calendar day of enrollment period for first-time, first-year borrowers

Audit Trail—Reporting on FFEL

- Date check received, amount of loan check, and name of student
- Date student endorsed check
- Amount/date funds credited to student's account

Audit Trail—Reporting on FFEL (cont'd)

- Amount/date funds paid directly to student
- Amount/date any funds returned to lender

Session 25

From Source to Student: Direct Loan and FFEL Funds