EDFSADLDB-1 Webinar Recording Transcript

Topic:

Calculating Award Amounts

Moderator: David Bartlett

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Coordinator: Welcome and thank you for standing by. At this time all participants are in a listen-only mode until the question and answer session of today's call.

I'd like to inform all parties the call is being recorded. If you have any objections you may disconnect at this time.

I'd now like turn the call over to David Bartlett. Thank you. You may begin.

David Bartlett: Thank you. I’m David Bartlett with the US Department of Education. I'll be moderating today's session. I want to welcome everyone to the Foreign School Direct Loan Webinar on calculating award amounts.

We did have an issue with the telephone number today and starting this conference call. We do have a slide up on the screen now on the Microsoft Live Meeting screen that you will be able to see that shows the dial-in number in case you're trying to dial in with the number that came from the confirmation email. Please take a moment and use this number to dial into our call today.

I want to remind everyone of a couple of things as we get started. First is the handout. In the upper-right corner of the screen you'll see an icon that has - looks like three little pages of paper.

And those pages of paper contain the handouts. If you want to download the handouts please feel free to do so.

There are two different handouts that are one handout is the slides that you'll be seeing. The other hand out is the worksheets that our presenters will be going through today.

So we are in a listen-only mode. Therefore if you have questions during the webinar please ask your questions. We do entertain all questions you may have regarding today's topic.

And in the - on the top of your screen you will see a link that says Q&A. Click on the Q&A button and then a new window is going to open for you.

Click on the top blank field of that window, type your question, and then click the ask button. Questions are going to be answered in the order in which they’re received by our question managers who are standing by ready for your questions.

If we have time at the end of today's presentation we’re going to share any answers to questions that may be of particular interest that the question managers believe would be wise to share with everyone.

Lastly, to enlarge the slides on your screen so they fill the entire screen press the F5 key. To return to the regular screen press the F5 key again.

Our presenters today are Greg Martin and Jamie Malone. They’re our training officer team that will be presenting this today. Now I'm going to turn it over to Jamie to begin our webinar today.

Jamie Malone: Thank you David and good morning or good afternoon depending on where you are in the time zone.

Today we’re going to talk about calculating award amounts. How do you determine how much Direct Loan a particular student is eligible to receive?

Let's start by talking about the types of direct loans. We have subsidized and un-subsidized. Depending on the financial need of the individual student, the loan amount may be all subsidized, a combination of subsidized and unsubsidized or all unsubsidized.

We also have the two PLUS programs. For the undergraduate dependent student the Parent PLUS Program is available and for the graduate or professional student the Grad PLUS Program is available.

Let's talk about subsidized loans first. Subsidized loans are need-based. That means that the Expected Family Contribution, the EFC that comes from the processing of the student’s FAFSA is used to help determine eligibility for the loan.

The cost of attendance for your institution minus the EFC and minus any estimated financial aid that you know the student will be receiving gives you the student’s financial need, the amount of subsidized eligibility that the student has not to exceed the annual subsidized limit.

The cost of attendance is determined for the number of weeks or months in your loan period. And the EFC that you use is taken from the EFCs on the ISIR for the appropriate number of months in your loan period.

Remember that you should always determine subsidized eligibility before you determine a student's unsubsidized eligibility. And that of course is because the subsidized loan is subsidized. The US government pays the interest during the time that the student is in school and in grace. So it is less expensive for the student to borrow subsidized.

The unsubsidized loan then because it is not subsidized is not need based. That means that the EFC or the Expected Family Contribution is not used in determining the student's eligibility.

The cost of attendance minus all estimated financial assistance including the subsidized loan gives you the student's unsubsidized eligibility.

I do notice a typo on that slide. I apologize for that. It should say not to exceed the annual unsubsidized limit.

PLUS Loans, as I said, are for either the parents of the dependent undergraduate student or for the graduate professional student.

Because PLUS Loans are also not need based the EFC is also not part of the determination of eligibility. So you're taking the cost of attendance minus the estimated financial assistance which would include any subsidized and unsubsidized loan money that the student received.

In the PLUS Program there are no annual or aggregate loan limits. The cost of attendance is the ceiling or the maximum that can be borrowed.

Remember that in the PLUS Program there is a credit check done by our COD system and the parent or student borrower must not have any adverse credit as defined in our regulations.

Remember also that the parent borrower - for the parent borrower the student is not required to file a FAFSA if the student does not choose to borrow subsidized and unsubsidized money.

The graduate PLUS student of course is required to file a FAFSA because we would determine subsidized and unsubsidized prior to Grad PLUS. So you would offer subsidized and unsubsidized prior to the PLUS Loan.

A recent change in our law adds a little bit of flexibility to you to be able to award unsubsidized Stafford money to a student who is dependent. We call this professional judgment where if you have a parent of a dependent student who refuses to complete the FAFSA and also will certify that they do not provide any financial support for the student and will not do so during the award year you may award the student unsubsidized loan money only.

The annual loan limit for that is the dependent student loan limit. The entire amount would be unsubsidized aid and the student would not be eligible for any other aid other than unsubsidized aid.

Remember that this is the parents certifying for you that they refuse to complete the FAFSA and that they have ended and will not support their student at all during the period of enrollment.

I inserted a couple slides here from the loan limit chart. And the annual loan limit chart is in your second handout. But I wanted to be able to explain it and have it be something that we can all look at together.

So this is the top section of the loan limit chart for dependent students. Notice that we have a base amount and an unsubsidized loan.

The base amount is the maximum amount of subsidized loan money that a student may borrow. But depending on the student’s financial need that base amount could be all subsidized, part subsidized, part unsubsidized, or all unsubsidized.

And then the unsubsidized loan which we call the additional amount is over and above that. And you see it's broken down by first year undergraduate, second year undergraduate, third year and beyond.

On the next slide I pasted the independent student limits, again broken down by first year, second year, third year, and beyond.

And again the base amount is the maximum amount of subsidized loan that a student could borrow. And then the additional unsubsidized amount is greater for the independent student than it is for the dependent student.

This particular slide gives you the annual loan limits for the graduate and professional student. I did not include the aggregate loan limits on the slide but they are on Page 6-3 of your handout.

Remember that you are responsible to make sure that a student never borrows in excess of the annual or aggregate loan amounts.

When you're going to originate a Direct Loan for a student it has to have a period of enrollment. We call that the loan period. And this COD system will ask you for the student’s loan period.

Loan periods may cross award years and depending on the loan period determines how many payments or disbursements you make. Loans must be equally dispersed by payment period.

The maximum loan period that you may originate a loan for is the school's academic year.

The minimum loan period for a standard term program such as a school that is on semesters or quarters is one academic term; one semester or one quarter.

For all other programs the lesser loan period is either the remaining portion of the program, the academic year, the student’s program, or the remaining portion of the academic year.

I think a good many of you are term-based institutions so you're going to be originating a loan for either one or two semesters or one, two or three quarters. And that will be your loan period.

Your cost of attendance is something that you determine. It is your estimate of the student's educational expenses for the period of enrollment.

Remember that the cost of attendance includes both the charges that your institution is assessing to the student and also indirect charges or indirect costs that are related to education. And this next slide lists them for you.

The tuition and fees of course are direct charges assessed by your institution. Books and supplies may also be charges assessed by your institution.

Transportation however is not. And that would be the cost for the student to commute daily to school and possibly the cost for the student to actually arrive at your school at the beginning of the school year and go back home at the end of the school year.

Personal expenses include personal hygiene and personal recreation. And then we also include in that the cost of a personal computer.

There is also an allowance for room and board. Whether or not the student lives on your campus or in private housing they do have expenses incurred for room and board.

If it is on-campus housing that you are providing you would know the cost of that because the institution is assessing that to the student.

Otherwise you would have an estimate of what you believe the student would spend for a reasonable period of time for room and board.

We also have dependent care costs if the student must incur dependent care expenses while he or she is attending school, study abroad expenses if the student is going to be studying in a country other than your country and a country other than the United States.

Costs associated with a disability: Maybe the student is blind and needs to purchase additional software for their computer so that they can research online. If that is not provided by some agency or by your institution then the cost of that can be included in the student’s cost of attendance.

Also cooperative education expenses if your institution has cooperative education programs. And lastly loan fees.

In the current year there will be a 1/2% net loan fee deducted from the gross amount that each student borrows. So that should be included in the student's cost of attendance.

And also in your second handout on Page 6-1 there is a cost of attendance worksheet that I would encourage you to use to complete your student's records.

Okay if we move through the handout to Page 6-4 you do have a worksheet entitled Determining Subsidized and Unsubsidized Loan Amounts. And that is a blank one that we would encourage you to use to do individual awarding for students if you find it helpful.

We've also included two more on Pages 6-5 and 6-6. One has to do with our example student Tom and another has to do with our example student Patrick.

I did put the correct numbers on the slides but I did not put them on the worksheet in case you wanted to work through them yourself. So let's just walk through both of these examples.

Tom is a dependent third year student. His cost of attendance is $20,000. His EFC is $3,644. Total estimated financial aid that you are aware of for Tom is an Honors scholarship of $8,500.

So now we want to calculate Tom's eligibility for a subsidized and an unsubsidized loan.

So on this slide we have the top half of the worksheet. We take the cost of attendance of $20,000. We subtract from that Tom's EFC $3,644 and his estimated financial aid or his Honors scholarship of $8,500. And that leaves us with Line D which is $7,856. That is Tom's remaining financial need.

If we look at the loan limit chart we would see that as a third year student the maximum amount of subsidized money or base loan amount that the student can borrow is $5,500. And those amounts are included in Box E for you.

In Box F we are comparing the maximum amount of subsidized loan that Tom may borrow with the amount of his remaining financial need. And the subsidized loan that he can borrow is the lesser of the two.

So in this example Tom can receive up to $5,500 in subsidized loan funds.

Then we move on to the bottom half of the worksheet. We start again with (Tom)'s cost of attendance of $20,000 and we take the estimated financial assistance which is the subsidized loan that we just awarded and the Honors scholarship and subtract both of them from the cost of attendance.

Remember the EFC is not part of this because we are determining unsubsidized eligibility and unsubsidized eligibility is not need-based.

The difference between G and H is $6,000. That is the remaining cost of attendance that is not yet funded. Box J gives you the total annual loan limit for students.

And in this case for Tom he is a dependent third year student. The maximum loan that he can borrow for the year is $7,500.

From that we subtract the $5,500 subsidized loan in Box K and that leaves us with $2,000 of loan eligibility.

We compare that to the amount of cost of attendance that is not yet funded. And the lesser amount is the maximum unsubsidized loan that Tom may borrow. So that is $2,000.

Okay I hope everyone's followed along well on that. And we’re going to try one more.

And this one is Patrick,). And Patrick is a dependent student but he is only a first year student. His numbers are a little different. He has a cost of attendance of $16,000, an EFC of $2,408.

And at this point in time we know that Patrick has received $4,000 in scholarships from various sources. They may have come from your institution. They may have come from outside sources that you are aware of.

So let's begin with Patrick's subsidized eligibility. Cost of attendance of $16,000 minus his expected family contribution of $2,408 and minus the scholarships of $4,000 leaves financial need of $9,592.

As a dependent first year student the maximum subsidized loan that Patrick may borrow is $3,500.

We compare that to his financial need and he is eligible to borrow the lesser of those numbers. So Patrick is eligible to borrow the annual $3,500 subsidized loan maximum.

Move on to the bottom half of the worksheet and we’re looking at unsubsidized eligibility. Cost of attendance of $16,000 minus his estimated financial assistance which are his scholarships and his subsidized loan gives us $7,500.

Again the EFC is not included because unsubsidized loan is not need based. Sixteen thousand minus $7,500 gives us cost of attendance of $8,500 that is not yet funded.

Looking at the loan limit chart and in Box J we see that the total annual loan limit sub and unsub combined for a dependent first year student is $5,500.

Subtract from that that $3,500 subsidized loan and that leaves $2,000. Compare that to the cost that it is not yet funded and the student may borrow the lesser amount of unsubsidized loan money. So (Patrick) may borrow $2000 of unsubsidized loan money.

At this point I'm going to turn it over to Greg Martin and he is going to continue with the package for you. Greg?

Gregory Martin: Thanks Jamie and I want to welcome all of you. It's a pleasure to be here. What we’re going to do at this point is pick up where Jamie has left off and look at Patrick's package so far.

And if we look at the slide we can see that Patrick has a scholarship amount of $4,000, loans in the amount of $5,500 for a total EFA or estimated financial assistance of $9,500.

So we’re going to take a look at Patrick's Parent PLUS Loan at this point. And you see the cost of attendance of $16,000 as Jamie mentioned earlier and we have our EFA of $9,500. And you can see where that came from up above.

And if we subtract the $9500 from the cost of attendance of $16,000 we’re left with the amount of eligibility for a PLUS Loan that parents - Patrick's parents have rather. And that amount is $6,500.

We do note there that the PLUS eligibility may never exceed the cost of attendance minus the estimated financial assistance.

So while need is not a factor in determining the amount of a PLUS Loan, the PLUS Loan may never exceed that cost of attendance after you’ve take into consideration other EFA.

Let's talk about increased unsubsidized loan eligibility. If you remember back on the chart Jamie referenced and in your handouts that's on Page 6-2 you'll note that there is a - there’s a base amount of eligibility students may receive and there's also an unsubsidized loan amount above the base.

So we’re going to look at that in the case of Patrick here and we’re going to ask the hypothetical question what if Patrick's parents were denied a PLUS Loan or Patrick were independent?

And you'll note that that puts Patrick into a whole new category. Again if I may refer you back to the chart on 6-2 with the handouts you'll note at the top that you have the annual limits for dependent students excluding students whose parents cannot borrow a PLUS Loan. And below that you've got independent students and dependent students whose parents cannot borrow a PLUS. And you'll note that there are differing amounts for each category.

Now in this case we know Patrick is a dependent student but we’re being told here that Patrick’s parents have been denied a PLUS Loan.

So in that case we go into the second category that you see on the chart on 6-2 of the handouts. So we’re going to calculate the unsubsidized amount for Patrick's award assuming that his parents have indeed been denied a PLUS Loan.

Now we start with the cost of attendance being $16,000. Patrick's EFC or expected family contribution is $2,408.

His estimated financial assistance is $4,000 in scholarships and a subsidized Stafford loan amount of $3,500. So we know then that it’s $7,500 in total.

And now let's look at the worksheet again as displayed on your slide and we'll start with the cost of attendance.

And you'll note that it was the same as above. It has not changed. We still have a $16,000 cost of attendance.

We've got the estimated financial assistance and that was inclusive of the subsidized loan and also the grant amount that we talked about earlier, so $3,500 and $4,000 which in aggregate is $7,500.

So we need to subtract that EFA from the cost of attendance. You'll note that EFC is not included here because this is not need based. The unsubsidized amount is not need based so we’re not including that here.

So we have a $16,000 cost of attendance minus the EFA and we come up with a total of $8,500 and that would be Patrick's remaining needs for a loan. Now we don't know at this point how much we can give him just what his remaining need is.

So now we're going to take a look at the total annual loan limit for Patrick given his first year status and we're going to look at the chart again, we'll go back to the chart that Jamie mentioned previously and we can see that if we look at the first year undergraduate student, and remember this is a student who is a dependent student but whose parents have been denied a PLUS.

So we're not looking at that top category anymore under dependent students we're going down below that dark black line and looking at independent students and we see there that the base amount for first year undergraduate is $3,500 and then the unsub loan or unsubsidized loan amount above the base amount is $6,000.

So the total amount of loan that Patrick would be eligible to borrow would be $9,500. Don't make the mistake of going to the top part of the chart where it is, which contains the amounts for dependent students and adding in the additional $2,000 available to those students, we're in a whole new category now.

Moderator Transcript Note: There is a long pause while we experienced technical difficulties in the recording.

David Bartlett: I believe that perhaps we're having a technical difficulty. Are any of my other presenters on the line?

Jamie Malone: Yes David I'm here. This is Jamie.

David Bartlett: If you would be so kind as to continue.

Jamie Malone: Okay. So we're looking at Slide 22, cost of attendance is $16,000 minus the estimated financial assistance of $7,500 gives us a remaining cost not yet funded of $8,500.

The total annual loan limit, because the parents were denied a PLUS or because (Patrick) is independent now goes to $9,500. Compare that, or I'm sorry, look then at the subsidized loan amount he received which was $3,500, the difference is $6,000. Compare that to the cost of attendance not yet funded and he is eligible to borrow the lesser which is $6,000.

Greg have you returned? No. Okay.

We'll move right along to master promissory note. Remember that this is a legal obligation that the student must repay to the U.S. government. We do have an electronic master promissory note on our Web site and that is the master promissory note that all of your students must sign.

It's probably also worth mentioning that because you are switching from the FFEL Program to the direct lending program your students do have to sign a brand new promissory note for direct lending.

The promissory note that they signed in the FFEL program, even if they signed it for this upcoming year is no longer any good.

Of course the borrower must sign a master promissory note before you can disburse any money. There is not dollar amount printed on the master promissory note, so you do need to confirm with the student the amount of money the student chooses to borrow and then that same promissory note will apply to both any subsidized and any unsubsidized loan amounts that the student borrows.

PLUS of course does have a separate promissory note and the PLUS master promissory note essentially serves as the student's application or the parent's application for the loan and includes information for the credit check.

Hopefully you are aware of our new web site StudentLoans.gov where both parent borrowers and graduate and professional students can go and essentially make their own application for the PLUS loan online through the COD system, have the credit check done and then you will receive the results of that electronically.

The law does require that students or borrowers have an option for a paper promissory note. If you have a borrower who does not want to sign an electronic promissory note you must refer them to the COD or Common Origination and Disbursement Center and COD will mail the student or the parent borrower a paper promissory note, they would sign it and return it by mail to COD.

You do not need to get involved in that process. COD would then let you know once the promissory note has been received so that you can continue with the loan processing.

Okay. Let's talk about pro-rating annual loan limits. As we said, there is an annual loan amount set in U.S. law that a student may borrow. When an undergraduate student is going to be completing school in a final period of study that is less than an academic year the law says that the student cannot borrow that full annual loan limit. We say that that loan must be pro-rated.

So for the undergraduate student you would take the number of hours or the number of credits for which the student is enrolled in that particular period or term, divided by the number of hours or credits in your school's academic year definition for direct loan purposes and multiply that by the student's annual loan limit.

You need to make sure that you do this calculation separately for the maximum or the base subsidized eligibility and then again for the unsubsidized eligibility. And we do have an example on the next slide.

Charlene is enrolled in a two-year degree program that operates on a semester calendar. She takes four semesters, which is two academic years and still has not completed her program. She still needs to earn 18 credits, so what Charlene has chosen to do is just enroll in the fall semester and graduate in December.

Because the academic year is two semesters Charlene's choice to graduate at the end of the first semester of the year means that she is in a final period of study which is less than a year so any loan that Charlene receives from subsidized or unsubsidized must be pro-rated.

We take the 18 hours or 18 credits for which she has enrolled divided by the school's academic year definition of 24 and we multiply that first by the second year loan limit for subsidized of $4,500 and we get $3,375.

And then we do the same calculation again for the $2,000 unsubsidized, so we're assuming here that Charlene is a dependent student, and we get $1,500. That tells us that for that final fall semester Charlene can borrow a maximum of $3,375 in subsidized money and $1,500 in unsubsidized money.

So that is loan pro-ration. Is Greg back with us? No we lost Greg. Okay. I'll continue on.

Monitoring annual loan limits: You do have a chart in your second handout, pages 6-9 and 6-10, which does explain in some detail how you make sure that a student does not exceed his or her annual loan limit. And we have two ways by which you can measure that.

The first one is called the Scheduled Academic Year or the SAY. For those of you that have term based credit hour programs this is what you would use. This Scheduled Academic Year is typically a fixed period of time. If you are a semester school, fall semester typically starts August or September, typically ends spring semester May or June.

So that is your Scheduled Academic Year, which is a fixed period of time each year that corresponds to your school calendar. And you say then that a student may borrow one annual loan limit for each Scheduled Academic Year.

Let's look at the first example, this is a semester or trimester program, two-year program, the academic year definition for Direct Loans is 24 credits and 30 weeks of instructional time. The student begins in the fall and borrows one loan for fall/spring, first year student total annual is $5,500 and then returns the following fall and borrows another loan for the second Scheduled Academic Year and because the student has now become a sophomore they are eligible to borrow up to $6,500 for that particular academic year.

Gregory Martin: I'm back Jamie just in case you wanted to turn it back over.

Jamie Malone: Okay you can take it we're on Slide 28.

Gregory Martin: I apologize to everybody for what happened. My phone just simply went dead. Okay. We’re going to now look at continuing with the Scheduled Academic Year, only this time we’re looking at it for a quarter-based institution and here you have a two-year credit hour program with an academic year of 36 credits and 30 weeks.

So unlike the previous example that we just had two semesters we now have three quarters comprising the academic year and if you recall from what Jamie said the Scheduled Academic Year consists of a number of terms that are in the institution’s definition of an academic year, which in the case of a semester was fall/spring.

Now we have quarters so you can see here the first Scheduled Academic Year with a $5,500 annual loan limit would consist of the quarters fall, winter and spring. And then you can see below that the next Scheduled Academic Year beginning the following fall and again you have fall, winter and spring comprising the Scheduled Academic Year for that particular quarter-based institution.

We’re now going to move on to a discussion of Borrower-Based Academic Year. When we talked about the Scheduled Academic Year we were talking about the fact that it has to mirror the institution’s academic year and it is set. So in the case of a semester based program it would be fall-spring and that’s what the Scheduled Academic Year would be regardless of when the student began.

So even if the student came in for the spring semester and didn’t attend in the fall semester the Scheduled Academic Year would still consist of fall and spring.

Now I’m moving to a different concept with the Borrower-Based Academic Year, and it must be used for any clock hour or non-term program. So if you have a program, which is measured in clock hours or credit hours and non-terms, without terms rather, you would have to use the Borrower-Based Academic Year.

For those of you, and I assume it is the majority of you, that have a term-based credit hour program or programs you may use the Borrower-Based Academic Year but you don’t have to. We’ll take a look at it in a minute and you can see the difference between the two and decide which might be more beneficial to you and/or your students.

But the Borrower-Based Academic Year, unlike the Scheduled Academic Year does move with the student’s attendance and progression in the program. And we’ll take a look at how that works right now.

Here’s a Borrower-Based Academic Year for a semester or trimester based program. We have a two-year credit hour program with an academic year of 24 credits and 30 weeks. So you see the first Borrower-Based Academic Year starting with the fall, and that’s because that’s when the student began enrollment, so the Borrower-Based Academic Year begins with the student’s enrollment.

So we have a fall-spring Borrower-Based Academic Year and you could do a loan for the fall-spring and then you see the next Borrower-Based Academic Year beginning with summer or the next term. So the next Borrower-Based Academic Year would begin summer and then continue through fall and if we had another Borrower-Based Academic Year beginning that Borrower-Based Academic Year would begin the next spring and so on and so forth.

And you can see here that with Borrower-Based Academic Years it’s sometimes beneficial to use them. It does allow the student to perhaps borrow a little more frequently, so it may be an effective tool you want to use even if in the majority of cases you go with the Scheduled Academic Year.

Now we’re going to look at a borrower-based academic year for a quarter-based program. This time we have a two-year credit hour program with an academic year of 36 credits, remember this is a quarter-based program and 30 weeks.

So now instead of having two terms in our academic year we’re going to have three, but we are dealing with a Borrower-Based Academic Year as opposed to a Scheduled Academic Year so it does begin with the students enrollment and that occurs in this case with spring, so that’s when the Borrower-Based Academic Year is going to begin.

And if you recall with our Scheduled Academic Year and our quarter-based program that began with fall, but our student didn’t come until spring so the Borrower-Based Academic Year does not begin until that point in time.

We have a first-year student, we have a $5,500 annual loan limit and you can see the Borrower-Based Academic Year consisting of spring, summer and fall. The next Borrower-Based Academic Year picks up the following winter and is comprised of winter, spring and summer and you see there that you have a $6,500 or second year annual loan limit for that student.

Okay that concludes our comments for the day and I’ll turn it back over to David Bartlett.

David Bartlett: Thank you very much Greg. And Greg and Jamie were there any other items to add regarding today's session other than to remind everyone to download the handouts and to...

Jamie Malone: I did notice a couple questions related to estimated financial assistance and I just wanted to provide a clarification on that.

The student, of course, is responsible to tell you at the school about any scholarships or other aid that they are bringing with them have to rely on the student to do that.

We don't know that they always will do that, but at the point that your school or you become aware of aid that the student is receiving or if your institution is providing the student some sort of a scholarship, even if you don't know about it at the time that the loan is originated you do need to go back and make sure that it does not affect the student's eligibility for the loans that you have awarded them.

And sometimes it may mean that some of that subsidized loan money becomes unsubsidized loan money because that scholarship takes up some of the financial need that was previously given to the subsidized.

So remind your students that if they are bringing any other aid with them they need to let you know about that and you need to make sure that within your institution you are notified if there's any scholarships or anything granted to the student.

That's the only thing that I thought.

Gregory Martin: We have some new questions that came in here David so if I could read one of them I'll just answer it over the air here.

David Bartlett: Wonderful.

Gregory Martin: This one says if a student's parents are turned down for a Parent PLUS the student can then reapply as an independent student? Is this correct? Thank you.

No. We apologize if we through our comments confused people or intimated that. It a student's, let's go back to the situation where a student's parents are turned down for a PLUS loan. In that case we still have a dependent student, because remember if it were an independent student that we were dealing with the PLUS loan wouldn't be an issue for an undergraduate student anyway, there is a graduate PLUS loan but not an undergraduate PLUS loan for a student.

So we are dealing with a dependent student and the fact that the parents were turned down for a PLUS loan does not make that student independent, it simply allows that student, if we go back to the chart Jamie you referenced on 6-2, to go into a new category of eligibility.

So instead of in the case of a first year undergraduate student being eligible for $3,500 base and $2,000 additional unsubsidized that student is now eligible for $3,500 base and a $6,000 unsubsidized loan, but that student does remain an undergraduate student.

David Bartlett: Thank you Greg.

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David Bartlett: I would like to ask if there are questions, managers had any other questions they would like to share with the group?

Jamie Malone: I see another one that I think is worth sharing. She is asking if we can explain when a student moves from being a dependent student to an independent student.

And for that one I'd have to refer you to our FAFSA application. Steps three of the FAFSA application has a list of I believe 13 questions that each student must answer having to do with birth date, veteran status, marital status, homelessness, foster child, etc., and the student who answers no to all of those questions is a dependent student.

The student who can answer yes to any one of those questions is an independent student. So typically in the average college age population the student is probably going to be dependent but you may have a student who marries while they're enrolled at your institution, you may have a student who is in a graduate professional program who then automatically becomes independent.

We did say that the dependent student whose parent is denied a PLUS then is eligible to borrow unsubsidized loan at independent loan limits but the student is still a dependent student. I hope that helps. That's all I have David.

David Bartlett: Thank you. I would, also I was looking through question log and I do have one that I would like to ask our resident question manager that was asked by one of our colleagues.

The EFC and COD is always a nine-month amount, however our school's length of program is eight months. How do we change the EFC in the COD system? Our question manager Michele Say answered that to the requester. Michele if you would be so kind as to answer that for the group?

Michele Say: Sure. Actually there is not a way to change the EFC in the COD origination tool currently but they are working on making that change for later enhancements. So what we're recommending that the schools do now is to make that, make the loan award amount determinations outside of the tool and use the "I search" to retrieve the eight months amounts for their EFC and do those calculations outside of the tool.

But when you go through the steps in the tool, when you get to the area where you assign the awards the amounts will be calculated for you based on a nine-month, you can go in and actually change those award amounts based on your calculations that you have derived outside of the tool and then you would want to keep that documentation for the file for auditing purposes and for justification as to why you changed those supports.

David Bartlett: Thank you.

Michele Say: You're welcome.

David Bartlett: All right. Well thank you everyone. I don't see any more questions that have come in while we have been talking. I'm going to leave the question and answer classroom up for a little bit longer until approximately 2:00 Eastern Time and you may continue to ask your questions.

I have placed a training survey available on the live meeting console where you can click on the start survey button. Do actually please take a few moments and tell us what you thought about today's webinar.

And tomorrow's webinar for the foreign school theme is regarding the DirectLoan process and the program itself and it will start at 1:00 Eastern Time and we will be, if you have not signed up for that please do so.

You have the opportunity to sign up for that and also the handouts are available, please take a moment to download those for your own use. As you know there were a few worksheets that were provided so you may want to use those in your campus offices.

Question managers; were there any further questions while I've been talking about the survey?

Woman: No David, there has not been any other questions.

David Bartlett: All right. Thank you very much everyone. Have a wonderful afternoon.

Coordinator: That concludes today's call. Thank you for participating. You may disconnect at this time.

END