

**Direct Loan Primer
November 15, 2011
Federal Student Aid
U.S. Department of Education**

Coordinator: Welcome and thank you for standing by. At this time, all participants are in a listen only mode.

We will conduct a question and answer session during the conference. To request to ask a question, please press Star 1.

Today's conference is being recorded. If you have any objections you may disconnect at this time.

I would now like to turn today's meeting over to your host, Ms. Virginia Hagins. You may begin.

(Virginia Hagins): Thank you. Hello. I'd like to welcome you to the Direct Loan Primer.

Today we will cover the basic concepts on how the Direct Loan Program works, as well as, the computer systems associated with the program.

The session serves as the foundation of the Direct Loan Training Suite, which is a series of training modules intended to introduce members of the community to Direct Loan Program, whether they are new to Program participation, or because they have recently taken on Direct Loan responsibilities at their school.

The Direct Loan Training Suite also serves as a resource for staff, to use to refamiliarize or refresh their Direct Loan knowledge base.

Our session today, the Direct Loan Primer, will provide you with the basics of Program participation and processing with other training suite modules delving into more specific areas of Direct Loan in greater detail.

Your instructors for today are myself, (Virginia Hagins), and I'm a Training Officer in the San Francisco Regional Office and with me is, (Craig Rorie), Training Officer in the Philadelphia Regional Office.

Now because of the large audience today, it is not possible to allow you to ask questions out loud. However, you may submit your questions electronically and one of our Question Managers will respond to your question personally.

Our Question Managers for today are (Michelle Saigh), (Matt Staples), (Chuck Hirman), (Wood Mason), and (Pat Kennedy).

If time permits, we will share some of the questions and answers that may be of general interest to you all.

In order to submit a question, you'll need to look at the top of your screen, where you will see the "Q&A". You want to click on that, type your question, and then click "Ask".

And we have flipped back somehow. Hang on just one moment. So before we begin, let's talk about the name of the program and the various ways you will hear it referred to throughout this presentation and in your program participation.

The formal name of the Program is the William D. Ford Federal Direct Loan Program. However, you will hear it more frequently referred to, as the Direct Loan Program or just Direct Loan. Throughout the session we'll be using both of the most commonly used terms.

When we talk about Direct Loan from a programmatic prospective, we are talking about a multitude of concepts, procedures, regulations, policies and guidelines associated with the program.

We will provide you some Direct Loan basic information, such as the roles and responsibilities associated with the schools and Federal Student Aid, or as we more commonly known, FSA.

We'll also cover Direct Loan origination, disbursement, MPM usage, counseling, monthly reconciliation, as well as, program year close out and servicing.

As we discuss all of this, we will also refer to the Direct Loan Processing Cycle, as well as, mention some of the systems that are part of the process.

We also have included a resources section which we will not have time to cover today, but is part of the handout for you to take away and use later, as needed.

Under the Direct Loan Program, Federal Student Aid supports schools in a number of ways, as indicated here. Federal Student Aid within the Department of Education manages the Direct Loan Program and the department determines school eligibility for the program, assists schools with processing, funding, and reconciliation.

We also provide most of the written guidance to schools on the administration of the Direct Loan Program.

FSA provides program support to schools. This includes operational, system and service support.

As the lender for the Direct Loan Program, FSA provides a variety of services and support to borrowers. We are responsible for credit checks, credit appeals, and endorser processing, maintaining student accounts, processing payments, deferments, forbearances, as well as, assisting schools with their default prevention practices.

FSA also provides such things as online repayment calculators, online servicing, and an electronic payment set for the borrower's convenience.

Should students have questions pertaining to their loans and want to speak to a person, they can also call us at our Customer's Line provided in their Quarterly Statement.

Now this slide lists some of the school responsibilities of participating Direct Loan Institutions. Schools must originate or create a loan and send that information into the Common Origination Disbursement System, also known as, COD.

Schools are responsible for the receiving and delivering of loan funds, in accordance with Cash Management Requirements, as set forth in 34 CFR 668.

Schools obtain their funds from the G5 System, based on the school's immediate cash needs. Schools must account for funds received from G5 by submitting actual disbursement records to COD.

We will be going into all of this a bit further later on in the session. All Direct Loan participants must reconcile monthly and close out the award years after they have completed processing for that year.

Also, schools are responsible for insuring that student borrowers complete both entrance and exit counseling.

As part of their participation in the program, schools are required to interact with the systems listed here under FSA. FSA maintains these systems and uses them to process Direct Loans and other information vital to the program and the administration of Title 4A.

A school must have a system in place that allows them to send and receive Direct Loan data to and from Federal Student Aid. That system can be vendor purchased software, homegrown software, or the school can process Direct Loan data directly on the COD Website.

Throughout today's Webinar, we will be talking about the Direct Loan Processing Cycle, shown here. As we mentioned, schools originate loans and disbursement.

After a loan is created and disbursed, it is passed on to Servicing. As you can see, there are other parts or elements that must occur in order to complete the process and those are the Master Promissory Note, MPN, as well as, the counseling piece of the process. We will discuss these all in detail, as we go through the session.

There are many systems associated with Direct Loan Program and Direct Loan Processing.

Schools interact with some of these systems. Others provide data essential to Direct Loans or are of assistance to schools in their administration of the program.

Now, this slide shows the processing flow and the systems associated with Direct Loans. As we go through the Direct Loan Process and explain the Direct Loan Program in more detail, we will be discussing each of these systems in more detail.

First and foremost, schools need some sort of method or system to create loans and report disbursements. As part of their participation in the program, schools are required to interact with these systems. FSA maintains these systems and uses them to process Direct Loans, as well as, other information vital to the program and the administration of Title IV Aid.

Now COD is the Department of Education System that processes awards and disbursements for Direct Loans, as well as, the other grant programs, PELL, and TEACH.

So as we begin our detailed discussion, we're going to begin with origination. Origination occurs when a school creates an Electronic Loan Record. As part of the origination process, schools have several tasks that they will be responsible for.

Direct Loan schools originate loans, which is creating the loan, but before doing that, several things must happen. The FAFSA is used as the application

for Direct subsidized and unsubsidized loans and schools use information received in the ICER.

The school is responsible for gathering the PLUS data for origination. Schools may use data from the PLUS Request on Student Loan.gov, or may use a process of their own to collect information needed to originate a PLUS Loan.

We will be discussing PLUS Loan origination in more detail in this presentation.

Person data, Direct Loan Award and disbursement data in the Common Record combine to create the Direct Loan Origination Record, or LOR.

The Loan Origination Record contains the loan amount approved, as well as, disbursements totaling that loan amount. Most software packages utilize disbursement profiles for groups of students to support this functionality.

The disbursements themselves may be any combination of actual or anticipated disbursements. Anticipated disbursements are sent before the loan is actually disbursed and reflect the dates that your school expects to disburse a loan.

Actual disbursements are used to report the dates and the amount that was paid to the borrower.

It's important to note that when a school initially submits Direct Loan Award and Disbursement Data for a person to COD, the school is sending a Loan Origination Record, LOR.

The school can submit the Loan Origination Record with anticipated disbursements only, well in advance of the actual disbursement date.

Whether the Loan Origination is transmitted via the Common Record Batch Submission or online, COD sends responses to each record's submission. The response provides schools with Edit Codes for rejected elements, telling them what was incorrect.

It's important to correct the records and resubmit them on a regular basis to insure you school records and our COD records are in sync, doing so, will save time for you later.

In its response back to the Loan Origination Record or LOR, COD will also tell you, whether or not, there is a valid MPN, or Master Promissory Note on file for the loan submitted. And, in the case of Plus Loans, the status of the credit decision.

Now before we go and talk more about origination, let's discuss the Common Origination Disbursement System, COD and the Common Record, as they are vital to origination, as well as, the entire Direct Loan Process.

Here we see the Process Flow with the systems used to process Direct Loan. COD is the Department's Education - Department of Education System that processes awards and disbursements for Direct Loan and the Grant Programs, PELL and TEACH.

Schools create loan records and send them to COD via a Common Record. Schools communicate with COD and vice versa and they use the Student Internet Gateway, or SAIG, to do that.

More on SAIG later. Let's move on and talk about COD. COD is person centric. In other words, a person exists once in the system and many awards, grants and loans with many disbursements may be associated with that person.

A person can be a student or a parent. Schools supply student specific award and disbursement data. We often refer to this as Origination and Disbursement Processing.

COD will return a response, also known as, an Acknowledgement to the school, indicating whether the data was accepted or rejected.

If rejected, the response tells you why it was rejected using specific reject codes. It is very important that schools resolve these rejected records regularly.

The COD Technical Reference, available on fsadownload.ed.gov provides information on how to do this. We've mentioned the Common Record quite a bit up to this point, so I'm going to now explain the specifics of the Common Record.

Sometimes you'll hear us refer to a Common Record, a document, and a Batch interchangeably. That's, because a Common Record, a document, and a Batch are all different names for the same thing.

What is a document Common Record Batch you're probably thinking? Think of a document as an envelop into which you put one item or many. This document can hold one student record or multiple records or files.

The student files may be of any award type. Several award types all mixed or one award type. The files may not only be of different award types, but also may come from different award years.

Now this graphic represents the components of a Common Record. This Common Record may contain Direct Loan, PELL or TEACH data and may contain all of these or just some of these.

Your school will create the Common Record using your software solution. Each block in this picture represents a specific set of data and is capable of carrying data for more than one student's school award or disbursement.

Data fields or Tags within the blocks build on similarities across programs. Blocks contain a response that reflects whether data was accepted or rejected.

Occasionally a formatting issue can cause the document to be unreadable. In those cases, School Relations - COD School Relations will send an email to the school stating that, "We have received a malformed record that needs to be corrected and resubmitted."

Briefly, the Common Record is made up of entity information. This identifies the relationship among the entities involved with the Common Record transmission, including the physical sender of the data, the receiver, and the school or schools involved.

Person data obviously identifies the student or parent borrower for Direct Loan PLUS using the person's current social security number, current data of birth and current last name.

Person data containing identify - contains identifying and eligibility information. The person identifier is composed of the person's current SSN and the other identifying information just mentioned.

The identifier is submitted and the Student Identifier Tag or the Borrower Identifier Tag based upon the person's role and relationship to the incoming award, whether it's subsidized, unsubsidized or a PLUS Loan.

Person data is maintained across programs and across award years during the academic career of an awardee. Person data also contains eligibility information which is more fluid data and may change from year to year, as reflected on ICR data, which is pulled using the CPS Transaction Number.

Award and disbursement data identify types and amounts of awards and dates and amounts of disbursement.

As I've mentioned before, a school must have a system in place that allows them to send and receive Direct Loan data to and from the Federal Student Aid.

Schools may code or write software internally or purchase it from a software vender or download EDD Express. EDD Express Software and its support is provided by the U.S. Department of Education free of charge.

Many schools use the same or similar applications to process all their Title IV aid programs.

If your school custom -develops its own software, your technical staff will need to use COD's Technical Reference available at fsadownload.ed.gov as a guide for determining what changes will be needed to your school software.

Schools that develop their own software must test their software with COD annually.

Information about testing is available in the COD Technical Reference. If your school uses a commercially available software product, your technical people will still need to talk with your software vendor concerning how to set up your system to process this Direct Loan data.

How you acquire and structure your school solution is your choice and dependent upon your requirements. The advantages and disadvantages of each vary according to the school employing the application.

Another vital system in this process is the Student Aid Internet Gateway or SAIG, which is a Web based system over which schools exchange information electronically with the Department of Education.

This exchange is done using the Internet. Each school participating in Title IV programs must have an Internet Service Provider and at least one electronic mailbox, called a destination point on the SAIG.

A TG number, which is five digit number, preceded by the letters TG identifies each destination point.

Your school, the destination point, sends formatted data to your SAIG mailbox where it's retrieved and processed by COD.

After processing, COD places a response in your SAIG mailbox. You retrieve and import the data into your school software to determine what was accepted or rejected.

Now that we've talked about the systems that are part of the Origination Process, as well as, the Common Record, we're going to move onto Loan Origination again, this time concentrating on the Loan Origination Record, which is what is sent to COD in the Common Record.

The Loan Origination Record contains award data, which contains the CPS Transaction Number from the ICR, the student's grade level, and their dependency status.

The award data also contains the Loan ID, the award number, the loan amount, and the academic year and start and end date. This is information that the school will create and by creating the Loan Origination Record or LOR and which it submits to COD.

The LOR also contains disbursement information, including the disbursement amounts and dates and whether they are actual disbursements or anticipated disbursements, which are disbursements scheduled for the future which haven't been made yet.

Disbursements must equal the loan amount. The LOR also contains a Disbursement Release Indicator, known as the DRI. The DRI signifies if the loan has actually been disbursed or not and we will be discussing this in more depth later when we get to the disbursement section.

The DRI will be set to "True" for an actual disbursement, signifying a disbursement has been made or it will be set to "False" for an anticipated disbursement that the school has not made yet.

Also, the Loan Origination Fee is part of this as well. One percent for Stafford and 4% for PLUS. Because this is part of the LOR provided to COD, this is all information that is provided by the school as well.

As part of the LOR, a Loan ID is created with all Loan ID's being a specific format. The Loan Award ID is a 21 digit number that consists of the student's social security number, the loan type, either S for subsidized, U for unsubsidized, or P for PLUS.

A two digit year indicator displaying the ending year of the award year. So in our example, you can see 12, which indicates that this loan is for the 2011, 2012 year.

The Direct Loan School Code, G or E code, and a three digit sequence number. The Loan Sequence Number increases if you make another loan of the same type for the same academic year.

Now a PLUS Loan Origination will contain the same information as does a Stafford Loan Origination with an extra requirement in the process. PLUS Loans require that applicants go through a credit check.

A Direct Loan Credit Check looks to see if the applicant has adverse credit, not whether they are credit worthy. If there is no adverse credit, then the applicant likely will pass the credit check.

Adverse credit is defined in the Federal Regulation. Direct Loan does not look at FICA Score, Income to Debt Ratio, or Loan Amount.

Accounts that are in Collection are considered adverse credit and will result in a credit denial.

If a borrower does not pass the credit check, they can seek an endorser, appeal the credit decision, or decline to proceed further, thus declining to pursue the loan.

If the borrower chooses to obtain an endorser or appeal the decision, the school may originate the loan. Please note that when it comes to endorsers, you need to endorse a specific loan amount, which may differ from the loan amount on the PLUS request.

Schools cannot disburse more than the endorser amount. COD Edits will prevent schools from disbursing funds that exceed that endorsed amount.

The department is responsible for the credit check and the costs associated with it, so there is no cost to the school or the applicant for running the credit check.

There are three different ways that may be used in Direct Loan to run the credit check. Submitting a Loan Origination Record initiates a credit check, if one has not been run within the last 90 days.

Schools can go online to COD and initiate a credit check online themselves and see the results instantaneously on COD.

The third way is an applicant can go to StudentLoans.gov, FSA's loan site, and complete a PLUS request online and as part of the process, the applicant's credit is checked.

We will talk about StudentLoans.gov PLUS requests next, but let's finish up the credit check discussion first.

In order for a credit check to occur, the applicant or prospective borrower must give their authorization for a credit check to be run. Now this can be done in a variety of ways.

If there's a valid MPN, Master Promissory Note, on file at COD or at your school for that borrower, then you have the borrower's authorization to run the credit check, providing that authorization is part of the MPN completion process.

Now if there's not a valid MPN on file, before submitting a PLUS Origination Record to COD or requesting a credit check manually via the COD Website, your school must obtain another written authorization.

The COD Website has a credit check authorization form available for your use in cases where your school needs to request the credit check before the borrower signs an MPN.

Also, as mentioned during the PLUS Application Process on StudentLoans.gov, borrowers consent to and initiate their own credit checks.

Now, these credit decisions are good for 90 days and are associated with the origination record that initiated the credit check or any Origination Record received within the 90 day timeframe, or an online credit check.

Once an Origination Record is tied to an approved credit decision and there is an MPN, the loan may be disbursed.

It is important to remember, that if credit - a credit is initiated online and approved, you must submit the Origination Record within 90 days or a new

credit check will be done upon receipt of the Origination Record and that may or may not be approved.

Prospective PLUS borrowers may go to StudentLoans.gov, FSA's comprehensive borrower Web site and request a PLUS Loan online. As part of this process, applicants provide information needed to create the Origination Record and they also initiate a credit check.

The use of StudentLoans.gov is a school option and can be used to confirm that a borrower wants to receive a Direct PLUS award and the amount they would like to receive.

Once a borrower completes the online request, the COD System will send a system generated Direct PLUS Loan Request Acknowledgment, or a PLUS Acknowledgement.

A school can use the PLUS Acknowledgement information to populate its system and create awards to send to the COD system. You may allow your borrowers to go to StudentLoans.gov to request a PLUS, but it is not mandatory. Schools can set up their options for StudentLoans.gov in COD by going to the COD School Option Screen.

Among the many options schools may set, include whether they want to participate in the StudentLoans.gov PLUS Request for both or either parent and grad PLUS, and the beginning and ending dates they'll accept applications for that particular award year.

The last step of the four step Direct PLUS Application or request is the consent to a credit check with the results of that credit check being returned immediately.

If approved, the credit check is good for 90 days and the school selected by the borrower is notified.

The application response contains some of the data needed to create a Loan Origination Record. If an Origination Record isn't received within 90 days of the credit check, a new credit check will be run upon receipt of the Origination.

If an adverse credit determination is returned, the borrower is presented with four options, I want to obtain an endorser, I want to provide documentation of extenuating circumstances, I do not want to pursue a PLUS Loan at this time, or undecided.

StudentLoans.gov also enables endorsers to complete an Electronic Endorser Addendum online. Endorsers who choose to use StudentLoans.gov to complete the Endorser Addendum online, will need a PIN to sign on the site.

Endorsers also need, either a Loan Reference Number provided to the borrower via email when a credit check reveals an adverse credit history, or the Loan ID, which is created when a school originates the loan.

Now this slide is a screen capture from StudentLoans.gov to show you what the site looks like and the options that are available to PLUS applicants.

Before we move onto our next topic, which is promissory note, I want to give you a little more information on COD. I want to reiterate that COD edits and stores all award data sent by schools for Direct Loans and PELL and TEACH.

COD matches or edits incoming Loan Origination data against the abbreviated applicant file taken from CPS. Now CPS is the system that processes FAFSAs and creates ICRs and SARs.

COD also assigns book loans to one of the FAFSA servicers. A loan books when there is an accepted Loan Origination Record and MPN is linked to the loan and the first actual disbursement is accepted.

Once a loan books, it means that there is a binding legal obligation between the borrower and the department. Once booked, the liability for the funds disbursed for the loan, becomes the responsibility of the borrower and not the school.

COD reports grant and loan data directly to NSLDS on a daily basis. COD also has customer service representative or CSRs that assist schools with their electronic processing, as well as, with reconciliation and program year close out processes.

We'll get to those two later. Each school is also assigned an individual's CSR to assist them.

The Master Promissory Note, or MPN, is the borrower's promise to repay the loan. We talked about and showed here, that origination is the first step in the Direct Loan Processing Cycle.

However, at some schools, the student completion of the MPN may precede school origination activity. The sequence, origination first or MPN first, is a school choice.

Direct Loan Promissory Note, Master Promissory Notes are valid for ten years. The notes remain in an active status to use in making additional loans for ten years from the date of receipt at COD, provided there is actual disbursement activity on a loan associated with that MPN within the first 12 months of receipt by the department.

Schools have the choice to either require completion of a new MPN each year or use the multiyear feature of the MPN. The multiyear feature is usually the most expeditious process for schools and borrowers, as it allows borrowers to use an MPN for multiple loans for multiple years.

It is a school choice as to which method they employ. The MPN also provides borrowers mobility, as it may allow a borrower to use a single note at two different schools.

For example, if Borrower A completes the MPN, but then transfer to a school using the multiyear process, Borrower A will not need to complete a new MPN at their new school.

This mobility exists regardless of whether the schools choose the single year option or the multiyear option. A note signed while in attendance at a single year school, may be used at a multiyear school and vice versa.

An MPN may also be a single loan MPN. For example, if a PLUS Borrower obtains an endorser in order to acquire a loan, the MPN for that loan would become a single loan MPN and the note only good for the loan that was endorsed.

A borrower can request that an MPN be closed, which means that it cannot be used for any more loans other than the ones it's already been used for.

If an MPN has been closed by the borrower and the borrower obtains another loan, then a new note would be needed.

Schools set up the MPN options in COD. The COD School Options Screen, allows schools to set their preferences for single or multiyear functionality, as well as, for electronic or paper notes.

Now Direct Loan requires the use of the Confirmation Process. Confirmation for subsidized and unsubsidized loans is required in a subsequent academic year and can be either affirmative or not.

With affirmative confirmation, the school does not disburse until the borrower has taken action to actively request the loan amount or to respond to a loan offer, by accepting or altering the offered amount.

Affirmative confirmation is required for PLUS Loans. By completing the PLUS Application Process on StudentLoans.gov, a PLUS borrower is completing affirmative confirmation.

Now if a school does not use Affirmative Confirmation, the school does not disburse until the student is notified of an award and is given time to reject or reduce the offered amount.

The borrower needs to take action only if desiring to decline or adjust the offer. Many schools use the Award Letter to initiate this process at their school.

It's also important for you to know, that when you obtain or execute a Promissory Note, MPNs are needed for a student or parent borrowing for the first time.

Also, if all MPNs on file at COD are expired or have been closed by the borrower, in the case of a PLUS Loan where the most recent PLUS MPN was completed with an Endorser Addendum, if there's no valid Direct Loan MPN on file in COD, then a note is, of course, needed.

Schools also have an additional option of utilizing an electronic or paper MPN. Currently, most schools use the electronic MPN, known as the eMPN, because of the efficiency and convenience of this note and process.

The eMPN use is highly encouraged. Also utilizing the eMPN Process aids schools in becoming more of a paperless environment.

For some schools, however, paper notes are preferable, regardless of the type of note used, paper or electronic, both are legally binding and constitute the borrower's promise to repay the loan.

We'll be discussing both type of notes, as it a school's choice as which to use.

Now let's take another look at StudentLoans.gov, as both student and parent borrowers complete their Electronic or eMPN on the StudentLoans.gov Web site.

Like much in Direct Loans, the MPN process is designed to give schools the flexibility they need in managing and administering their Direct Loan operations, to best suit their individual needs.

At the COD Web site Options Page, you will find School eMPN Options. Setting up school options is pretty straightforward.

You can use whether or not to participate in the eMPN Process. The LOR or Loan Origination Record required option determines when the eMPN can be completed in relation to loan origination.

Now if the school sets this to “Y”, the school must originate the loan before the borrower can complete the eMPN.

Some things to consider if you do set this to “Y”. Your school receives the MPN responses only for students you wish to receive them from, but borrowers lose convenience.

For PLUS, a separate credit authorization must be obtained, unless this is completed by the borrower through the PLUS Application Process on StudentLoans.gov.

The borrower doesn’t have to wait for the school to originate the loan to complete an MPN if it’s set to “N”. Things that you need to consider if you do set it to “N”.

You get an MPN response to know an MPN is on file, but it won’t be linked to the Origination Record yet. We will be talking about linking next.

The final option is adding a “Message”. The school can create a specific message that will be sent to the borrower, if the borrower provides their email address during the eMPN Process.

The message will be sent once the eMPN is completed.

Schools can also update the way their name is displayed in the eMPN dropdown box on StudentLoans.gov by modifying it on the COD Options Page.

Keep in mind borrowers may choose to sign a paper MPN, even if most borrowers at a school use the eMPN Process, therefore you must always have a Paper Option available.

As I mentioned, schools may choose to use paper for some or all of their borrowers. Your MPN Print Options are to using an MPN Form available from fsapubs.org or using school software to print a complete MPN, including borrower data and all legal language.

If your school chooses this option, they must contact COD School Relations and have their MPNs approved prior to use.

All paper MPNs must be submitted to the MPN Processor. Schools can choose to have their borrowers return the notes directly to the processor or may choose to have the borrowers submit the note to the school.

Schools that print and collect the MPNs for their students submit those MPNs to the processor batched in groups of not more than 100 with a hard copy or paper manifest listing borrower name, MPN ID numbers for each MPN in the batch.

And as this slide notes, sub unsent notes are batched separately from PLUS MPNs.

The MPN's Processor reviews all paper MPNs, whether submitted directly from borrowers or batched from schools, to insure they are properly completed and signed to create legally binding documents.

For properly completed MPNs, each MPN is imaged and the MPN data is submitted to the COD system.

The Processor will return paper MPNs which are missing items or contain mistakes to whoever sent the MPNs, the borrower or the school.

Typically, corrections can be made on the MPNs, but sometimes the school may need to reprint the MPN.

All MPNs, either electronic or paper are identified by an MPN ID. This ID is a 21 digit number that is similar to the Loan or Award ID. However, the 10th position uses an MPN indicator, rather than a Loan Type Indicator.

You can do the MPN ID in COD. The format is the first nine characters are the student's SSN. The 10th position uses an MPN Indicator, rather than a Loan Type Indicator.

M is for sub and unsub and N is for PLUS. Then there's the Year Indicator. After the year indicator, is the Direct Loan School Code. It begins with either a G or an E.

The last three positions are the Sequence Number. The ID does not change for subsequent loans associated with the MPN ID, although each loan will have its own unique Loan or Award ID.

Through the MPN Multiyear Feature, new loan awards are linked in COD to active MPNs. Active MPNs are identified by the word, “Active” on the display in COD.

If more than one MPN is active, COD links to the one with the greatest expiration date. The linking is done via Person Identifier information in COD, based on the SSN, date of birth and the first two characters of the first name, if present, or the first two characters of the last name, if there is no first name.

And now, I am going to pass the last section onto (Craig). (Craig)?

(Craig Rorie): Thank you (Virginia). Moving on. Next we’re going to talk about disbursement. Before we move on to disbursement let’s talk about, revisit our topic and talk a little bit about loan origination anticipated and anticipated disbursements.

Anticipated disbursements are generally sent before the loan is actually disbursed and reflect the dates that your school expects to disburse the loan.

The school can submit the Loan Origination Record with anticipated disbursements only well in advance of actual disbursement dates.

Anticipated disbursements have no impact on funding. Since they are anticipated no disbursement is attributed to the loan, merely COD reflects that the date is the projected date that the loan will be disbursed.

The Disbursement Release Indicator also known as DRI will equal false and that tells COD whether it’s an anticipated or actual disbursement that set the false and it’s anticipated meaning no disbursement has been made.

Upon making an actual disbursement you send a common record to COD and it will signify a change in the DRI that will equal true and that indicates that is now an actual disbursement.

Actual disbursements are used to report the date and amount of the funds that were paid to the borrower. Once you credit Title IV funds for a loan to the student's account you have disbursed the loan and you have disbursed the loan on that date and that's the day you use to credit the account is the date of the actual disbursement and the date you report the COD.

It's important to find that the date of disbursement correctly because several regulatory requirements are based on that date including interest calculations and the borrowers right to cancel. We'll talk about that in a few, the borrower's right to cancel, in a minute or so.

A disbursement occurs when your school again credits a student's account or pays a student or parent directly with FSA funds received from the department or schools funds labeled as FA funds in an FSA funds in advance of receiving actual FSA funds. For more information on disbursing Title IV funds refer to the FSA Handbook, Volume 4, Chapter 1, Disbursing FSA funds.

Every time you make a disbursement on a loan out will send a record into COD indicating the date of disbursement and the amount disbursed. For an actual disbursement the disbursement release indicator is going to be set to true, again meaning that the record sent is an actual disbursement.

Schools are required to submit actual disbursement records to COD in order to substantiate their drawdowns of funds. Actual disbursement records verify the funds you have drawn down were in fact used to disburse loans. All schools are required to have an accepted and linked Promissory Note on the COD system before an actual disbursement will be accepted by COD.

If you send in an actual disbursement and there isn't a linked active MPN to that loan COD will reject that disbursement. Loans and disbursements will not book until there's an accepted origination record and an accepted and linked Promissory Note. All three of these elements, origination, Master Promissory Note and disbursement are requirement, and accepted disbursement are required for a loan to book.

When a loan or disbursement books, the liability for the disbursement transfers from the school to the borrower. Because the liability of the funds transfers from the school to the borrower it's very important for you to book those loans in disbursement.

Just to reiterate, upon the receipt of an accepted origination record and an accepted and linked MPN and an actual disbursement the loan and its disbursement books and the liability for the funds is no longer the schools. It now becomes the borrowers and it's a legal and binding agreement between the borrower and the U.S. Department of Education.

Disbursements must be reported to COD within 30 days of the disbursement date. This is not only a program requirement it is also a practice that is beneficial to you in managing your school's loan program particularly when it comes to monthly reconciliation.

Schools also receive a 30 days warning report which contains a listing of unbooked loans for which COD has not received the elements required for booking. This report is called a warning but is actually another tool that enables schools to track possible unbooked loans.

The report also lists MPN's received by COD that do not have an accepted origination record. Schools should monitor this report and investigate loans it identifies to ensure that the loans are booked, that they book in a timely manner. All booking items must be received within 30 days of the initial actual disbursement date or the 30 day reporting requirement may not be met.

The report is sent to your schools SAIG mailbox on a monthly basis if there's data for the given month. This report can also be viewed on the COD Web site. For more information on the 30 day warning report and other Direct Loan reports which can help you manage your program.

If you want to access the Direct Loan Reports Webinar that's available via download from IFAP. To access that Webinar and our other Direct Loan Webinars click on training on the right side of the IFAP home page then select training on specific functions and then select Direct Loan training.

Let's now talk about a borrower's right to cancel a loan. Schools are required to notify borrowers of anticipated date and amount of disbursement. Also you need to notify your borrowers of their right to cancel all or a portion of their loan including individual disbursements and have those loan proceeds returned.

The procedures and times by which the borrower must notify the school that they want to cancel a disbursement must also be made known to your borrowers. Notification must be done no more than 30 days before and not later than 30 days after disbursement if the school uses affirmative confirmation and no later than 30 days before and not later than seven days after disbursement if you do not use affirmative confirmation.

Schools must honor a request of a borrower to cancel all or a portion of disbursement if the request is received within the following timeframes. If you use affirmative confirmation the latter of the first day of the payment period or 14 days after the date the school notifies the borrower of their right to cancel.

If the school doesn't use affirmative confirmation if the funds are returned within 30 days of the date the school notifies the borrower of their right to cancel then the borrower can cancel.

Remember that affirmative confirmation is a process under which the school obtains written confirmations of the types and amounts of FFA program loans that a student wants for an award year before the school credits the account with those funds.

To cancel all of a loan you would reduce the entire amount to zero. You may also cancel a portion of the loan by submitting a reduced loan and disbursement amount. In addition any funds that need to be returned to the department due to this or other regulatory requirement must be returned to G5, through G5.

All schools participating in the Direct Loan program are given an initial current funding level or CFL. The CFL's amount calculated by ED that determines the amount of funds that the school is authorized to draw down.

The initial CFL is calculated at the beginning of an award year and is based on a percentage of the school's actual disbursements reported for the prior year. The amount will be increased throughout the award year based on the schools reporting of actual disbursements to COD. The CFL can be viewed in COD and G5. G5 is a system that the school will use to request Title IV funds. We'll talk about G5 in a little more depth in just a few minutes.

Schools can also have a funding method, schools also do have a funding method rather that designates how the school will receive funds whereas the CFL or the current funding level talks about how much funds the school may receive during the year.

All schools in Direct Loans are advance funded meaning the schools initiate their own draw downs or funds are requesting them through G5. A school may not request more funds than it needs immediately for disbursements that the school has made or will make to eligible students and parents.

Therefore, a school must make the disbursements as soon as administratively feasible but no later than three business days following the date the school received those funds. Schools should time their submission for Direct Loan funds in order to ensure that once they are received the funds will be disbursed within three business days as allowed under cash management regulations.

Bear in mind that you will be requesting funds to cover the net disbursement amounts that your students will be receiving after the origination fee has been deducted.

Direct Loan funds are not student specific. This gives you flexibility that would help you avoid being in excess cash situations since any funds drawn down may be used to disburse loans fully or in part as applicable for any eligible student.

For example if a school believes that Sarah's loan will be ready for disbursement on Friday but Sarah's loan is not ready for disbursement however Sam's loan is, the school may disburse the money originally intended for Sarah to Sam.

You do need to make sure that you report disbursements accurately and make sure that these funds received are reported for the loans they were disbursed to in COD.

Want to talk a little bit about the G5 system. G5 is where funds are drawn down and returned. It's a government-wide payment system used to request Direct Loan funds. Drawn down funds expended are anticipated to be extended, expended, excuse me, make adjustments to draw downs, return funds that were drawn down but not disbursed and access current grant and payment information. G5 provides a location for the funding of Pell, Teach and Direct Loan.

When you need to request funds for Direct Loan you draw down the coordinates with the cash management rules that we just spoke about. The maximum amount a school can request is equal to its available balance in G5.

You request FSA funds by grant award number in G5. The number is a unique 11 character number that identifies each grant award issued by a specific office to a specific grantee.

When looking at the Direct Loan grant award number such as P268K11 as shown here and then followed by four X's in this instance the PK, the P268K identifies the Direct Loan program. In this instance the 11 would represent the award year and the last, it's the last two digits of the funding year so here it would be for 10-11 and the X's represent the last four numbers that will be a unique school identifier for your institution.

Under Direct Loan awards are adjusted in COD and any funds that weren't disbursed to a student or to a borrower should be returned by making adjustments in G5.

One of the more common aid problems is that funds are drawn down from the wrong award year or funds are drawn down and returned to the wrong award year. Remember to check the two digits after the K in the account number to ensure that you have chose the correct year.

For instance here the eleven corresponds to 2010- 2011 award year. If you need to return funds you want to make sure you return to the 10-11 year and not to a different award year.

The business office will normally make adjustments to the amount it draws down to reflect actual disbursement activity as reported to COD. G5 also has reports to assist you in managing and monitoring your funds.

To help ensure you have the correct award schools can use the recipient reference to create an easily identifiable name for the award. After a school has requested funds from G5 they will receive those funds when G5 forwards the payment request to the Federal Reserve System.

The Federal Reserve System will then wire the funds to the bank account that the school has designated for receipt of those funds. You will be enrolled in either ACH or Fed Wire and those are actually, you request through G5 and the funds will be delivered to you via ACH the Automatic Clearinghouse or Fed Wire.

ACH payment request made before 3:00 pm eastern time are deposited into your account the next business day. Requests made after 3:00 pm eastern time

are deposited within two business days. Fed Wire payments requested before 2:00 pm eastern time are deposited on the same day, requests made after 2:00 pm eastern are deposited the next business day.

Direct Loan fund status can be tracked on the COD Web site as well as the G5 Web site. Individual notification of funding requests will vary depending on the policy of the school's chosen bank.

There are situations where you may need to return funds to G5. All Direct Loan funds that are not disbursed to the student or parent borrowers within three business days after they are received from the department or within an additional seven calendar days in certain circumstances must be returned to the department in accordance with cash management regulations.

Funds must also be returned if you have an overpayment of Direct Loan funds in accordance with the FSA regulations, cash management regulations as well. If a borrower wishes to cancel all or a portion of a loan within the allowable timeframe not to exceed 120 days from the date of disbursement as we discussed earlier and there are no other borrowers to whom the funds can be disbursed, the funds must be returned.

When returning funds within 120 days of disbursement date on behalf of the borrower or returning funds at any time to comply with regulations you must follow a two step process.

First you return the funds either electronically through G5 or via a paper check to COD and we do not recommend that you use a paper check, G5 is much quicker, much more efficient and more easy to track for you.

Next after you return the funds you must submit a downward adjustment in COD. As I said you can return funds either electronically via the G5 Web site or by mail. G5 is preferred, it's the most efficient method to return funds. Funds returned to G5 immediately receive a confirmation number that the COD reconciliation specialist can track and you're covered as a school.

If you return by check it's not easily as tracked and there is a risk that it may take weeks before the funds are properly credited. Refunds of cash greater than \$100,000 must be electronically returned via G5. If returning funds via paper check a completed Direct Loan refund of cash form must be included and also note your school code, loan numbers.

A school can use one form and one check for each award and include multiple refunds for multiple loans. You just need to indicate the amount for each award and the award year on the check itself. If you're returning funds for more than one school, say perhaps you're a third party servicer or you have several schools you'll need to send a separate form and separate check for each school.

More information on returning funds you can refer to electronic announcement dated July 23, 2010 entitled Updated Guidance on Making Direct Loan Refunds of Cash.

G5 also has a training site. It can be accessed from the G5 home page. It will assist schools in learning how to use the G5 site. You do not have to log in or have a G5 access to take the online training.

Here we just are looking back at our Direct Loan processing system flow and we can see graphically what we just talked about as far as disbursements. The school sends disbursement records to COD, it requests funds from G5, G5

exchanges data with the school and COD and COD will exchange data with the school as well as with G5.

Now we're going to move on to reconciliation and program closeout. All Direct Loan schools are required to reconcile monthly and are required to close out an awards year when they have completed their processing for that year.

Let's start off by defining what reconciliation is. A general definition it's the process by which records from one system are compared to records from another and any discrepancies are identified and resolved. For example balancing your checkbook against your bank statement is an example of that.

Direct Loan reconciliation is the process by which Direct Loan cash balance recorded on the Department of Education system which is COD is reviewed and compared with the school's internal records on a monthly basis. You must identify and resolve discrepancies and document reasons for your ending cash balance.

Now that we have some basic information on the definition of reconciliation let's look at little more closely at the process itself. In reconciling your Direct Loan activity you will be using records from three different sources , your financial aid office, your business office and COD.

As you can also see on this slide G5 is involved in the process since it communicates directly with your business office for funding and COD for reporting the funds. The information on G5 can be received through COD reports to reconcile with your business office. Also there are G5 reports that you can look at to help you in this.

Briefly mention the ending cash balance or ECB. Now, you know, you may be wondering what exactly is this ECB? A school reconciles its Direct Loan accounts by comparing the ending cash balance on the school account statement with its internal records. Ensuring that any discrepancies are resolved and documents any reason for positive or negative balance.

The ending cash balance or ECB is when you compare net cash receipts to net book disbursements for the award year. Keep in mind that all funds and all disbursements are year specific.

Ultimately you will need to resolve all discrepancies and reach an ending cash balance of zero dollars when you complete reconciliation at the end of the year. So your total net draw downs minus your total net book disbursements will be your ending cash balance. By the end, when you close out an awards year you are going to want to get that to zero.

There are a variety of tools and resources to assist you in the reconciliation process. First and foremost there is a school account statement. That comes to you from COD and it gives you data that you need to reconcile your Direct Loan records.

The COD Web site also can be used. There are screens, a cash summary screen and a cash detail screen which will also help you manage your Direct Loan data and also to reconcile to your system. We also have Direct Loan Tools, that's a software application it can be used by any schools.

Some think it's limited to ED Express schools but this is not the case. All schools can use Direct Loan Tools to format the school account statement and run the compare programs within it and utilize the cash management tools

G5 will provide you information on funds drawn down and returned and reported. G5 reports will assist the financial aid and business office in reconciling internally and also in helping schools reconcile with COD.

Student files are used in the process while comparing COD data to your own records. The use of internal reports from both the financial aid office and business office is a necessity in completing the reconciliation process.

COD customer service is another resources that you have for assistance not only with your daily processing but also with reconciliation and close out. A few of the resources and tools that customer service offers or COD offers. They have customer service reps assigned to each school, they're available to assist with any Direct Loan issues or questions that arise.

To ensure that schools meet regulatory reporting requirements COD school relations proactively monitors the processing and reporting of disbursements for Direct Loan. COD sends out weekly monitoring e-mails that offer specific information on a schools, let's try this again, unsubstantiated cash for both Direct Loans as well as grants.

Also as part of these for Pell participants they'll send out Pell Grant potential overpayment process or POP notices. And if you're not reporting 30 day disbursements or if any delay in 30 day disbursement reporting they will send e-mails out to alert you of that. These are to alert you of potential problems.

Also schools are assigned a COD reconciliation team representative that can assist you with your individual school reconciliation issues. These reps can reach out proactively to assist schools in fixing errors that might prevent you in reconciling timely.

As I mentioned earlier we have the school account statement that is sent to you. It's generated by COD on the first full weekend of the month. The school will reconcile it's Direct Loan account by comparing the ending cash balance to the school account statement with it's internal records ensuring that any discrepancies are resolved and documenting any reasons for a positive or negative balance.

A separate school account statement is sent for each open awards year. It's sent the first full weekend of each month with an as of date of the last date of the preceding month. The report is delivered the Monday after the weekend production.

You can change your school, your options as far as they way you receive this report or some of the, whether you receive loan detail information or year to date or monthly on the school account statement option screens with COD. And any changes you make will apply to the next regularly scheduled run.

Since you're receiving a school account statement for a different award year be sure that you're working with the appropriate years data for each school account statement comparison. For example we are currently in the 11- 12 year. If you haven't closed out the 10- 11 Direct Loan awards year you're going to be receiving school account statements for both of those years.

There are four primary components to the school account statement. There is the cash summary, it's a high level report that shows or high level detail that shows the ending cash balance and totals for loan awards received by the COD systems, COD system and funds paid out through G5. The cash summary can be used to quickly identify whether you have any discrepancies with your funding data or your COD records or both.

The disbursement summary by loan type provides intermediate level disbursement information. Many schools find this information useful in determining loan volumes disbursed by each loan type, sub, unsub, PLUS as well as totals.

Cash detail report it can be compared to the business office record of cash drawdown's and refunds of cash through G5. You can receive loan detail, compare that to the financial aid office records for loan disbursement submitted to COD.

It shows transactions including adjustments that your school reported to COD either at the loan level for each disbursement for the report of the loan or sorted by award ID.

Report format options allow schools to select the format of the school account statement report that is sent that is delivered to a SAG mailbox. The choices for the report are fixed link flat file, that is the default, common delimited with or without headings, or pipe delimited headings not available.

You can also include whether you want the name of borrows. That option allows the school to choose to have the borrowers name included in the detail portion of the school account statement. The default is no.

So you can go in and kind of tailor this to look the way you want it to look and receive the information you want to receive. And again once you go into, you'll go into COD school options. Once you make those changes the next regularly scheduled run of your school account statement you will receive it in that format and you can have it in a different format say if you're receiving for two years you could have it in a different format for 10-11 that you did for 11-12.

We talked about reconciliation and who is involved and this is our process. Once you receive your school account statement you need to initially compare the cash summary to your internal school records. Excuse me, if they match and you can explain or you can explain the reasons for any cash, ending cash balance then you're done.

If they don't match you want to compare cash detail records, compare loan detail records, resolve any issues. And once those issues are resolved then you're done. You also want to document your monthly reconciliation.

If you have any issues and you need to help, you need assistance remember to call on your COD customer service representative and your reconciliation specialist.

Next we're going to talk about program year closeout. That's the process by which schools complete final processing at the end of the Direct Loan year. It's really an extension of your monthly reconciliation process, in essence it's really your final reconciliation where you're going to try, you're going to get down to a zero ending cash balance meaning Direct Loan funds received equal Direct Loan funds disbursed.

The final deadline is the last processing day of July at the following end, of the following awards year. So if the award year 10- 11, the last day of the 10- 11 year was June 30 of 2011, so you would have to close that out by the last processing date in July of 2012.

Please note that the 30 day reporting requirement supersedes both reconciliation and closeout requirements. The closeout deadline signifies the official end of the processing year. Most schools are able to close out much

sooner since their balances should be at zero when they finish drawing down funds and disbursing for an awards year.

When you close out, everything that you do during the month if you're reconciling monthly again this is just another part of that closeout, just another extra month closing out.

Before we move onto our next topic which is counseling there is an Direct Loan reconciliation Webinar for you. If you go onto IFAP again you want to go to training and look for training on specific school functions. There is a Direct Loan origination, excuse me, Direct Loan Reconciliation Webinar.

There is a guide that you can download and this is more of an interactive Webinar where you can pause it because there are certain case studies or exercises you'll go through. And that'll give you all the information, really give you a complete picture of how to reconcile and also more information on closeout.

Schools are required to ensure that entrance and exit counseling is completed as part of their Direct Loan program participation. Entrance counseling of course comes early in the process as you can see here and exit counseling again would be much later in the process. For the sake of our discussion today we're going to discuss them both in the same section although they occur at two distinctly separate times.

Entrance Counseling is required for all first time student borrowers. Student borrowers who graduate, withdraw or leave school or are no longer attending at least half-time must receive exit counseling and there is certain information that is required to be provided to borrowers in each type of counseling.

Entrance counseling is required again for first year, first time borrowers. You do not have to use the Department of ED's counseling or our materials. You can go to student loan, have your borrowers go to StudentLoans.gov and do our online counseling but you don't have to do that.

The counseling must be appropriate to the loan type of program. The school determines if the counseling is valid or not. Again you can have your student borrower's complete entrance counseling on StudentLoans.gov if you wish.

You can have them do in person sessions, you can have charts, handouts, audio-visual materials. Whatever you do you'll determine if it's a valid counseling.

Regardless of the counseling method that you use you must ensure that the individual with expertise in FSA programs, is reasonably available shortly after the counseling to answer student questions. You also must document that the student received and understood the entrance counseling.

You have to ensure that the loan counseling both entrance and exit is appropriate to the loan type. It's up to you. Again you determine if it's valid. For any FFEL borrows who are now borrowing under Direct Loans they do not have to go under, they do not have to do entrance counseling again. The FFEL counseling requirement would meet the Direct Loan counseling requirement.

As we said this is StudentLoans.gov, it shows you kind of our one stop shopping loan site, it shows you here we just highlighted the entrance counseling link in StudentLoans.gov. If you do use entrance counseling on StudentLoans.gov the material is, of the session tailored to the borrower by the type of loan they select during step one of the process.

For example if a borrower selects he or she is a graduate student they would receive additional materials specific to graduate students during the counseling session. If they say they're undergraduate then they're going to get information that pertain to undergrads only.

The COD system will receive and store direct loan entrance counseling data when the counseling is completed from StudentLoans.gov. Once a borrower completes the counseling session COD will send an acknowledgement to all schools selected during the counseling session. A borrower may select up to three schools.

If the borrower completed entrance counseling for loans they will receive as an undergraduate the school will receive an acknowledgement indicating the counseling was completed for subsidized and unsubsidized loans.

If they do, you receive a DL acknowledgement indicating that the borrower completed counseling for subsidized, unsubsidized and PLUS loans, if it's a PLUS borrower.

Entrance counseling is available in both English and Spanish. One of the great advantages to using StudentLoans.gov is you're borrower's, once they complete entrance counseling on StudentLoans.gov then you've met all regulatory requirements and that you have to ensure met.

So if they use this you know they've got the counseling that they need to get, all the regulatory requirements have been met and you've satisfied that standard. Also you can go into COD, you're going to get an acknowledgement as well that they completed the counseling. So you'll have record of that counseling being completed.

You complete, borrowers must complete exit counseling, it's required when the borrower is no longer attending or they drop below half-time. Again just with entrance counseling you do not have to use the Department of ED Web sites or any of our materials. NSLDS is where our exit counseling resides if you want to send them there.

You must ensure that the counseling is appropriate to the loan type program and you must determine if the exit counseling is valid or not. The Department again we do offer schools, we do offer online exit counseling at national, at NSLDS which is the National Student Loan Data System. For complete information on the counseling available and NSLDS refer to NSLDS newsletter Number 26.

Just to show you and talk a little bit more about exit counseling on NSLDS. This is a screen capture of what, where students would go. The online exit counseling via NSLDS presents borrowers information based upon the types of loans they have borrowed.

A student with only Direct Loans would be presented direct loan information only. Since we have borrowers who have borrowed under both FFEL program or only FFEL and some under both FFEL and Direct Loans the student is going to be, they're going to receive information on the type of loans that they received.

If they borrowed only under FFEL then they're only going to get FFEL information. Students with both FFEL and Direct Loans are going to get information tailored to them. And those with only Direct Loans will get that type of information only.

There are calculators for various repayment types provided as well. It links to the loan holder site where available and this counseling is available in both English and Spanish.

Also with NSLDS counseling they are going to get information as it's reflected in the NSLDS. So they'll be able to see their loan totals as it's reflected in NSLDS.

Also there is a link from StudentLoans.gov to NSLDS exit counseling. So if a student goes into StudentLoans.gov, they click on exit counseling it's going to take them over, it's going to open up a window and take them to NSLDS to complete their exit counseling.

Again a student that does or a borrower that does their exit counseling from NSLDS they've then met all their statutory, all their regulatory requirements because we meet that. So if you have them do exit counseling through NSLDS then you know they've met all requirements that you've ensured that.

And also you can go into NSLDS and you can have records or you can have reports sent to you that shows you who completed exit counseling for your institution.

Next we're going to talk about servicing. Once a loan's book, once a loan books it's sent to servicing and it's sent to one other department's federal loan servicers for account management and customer care.

This lists the direct loan servicers actually this is a little out of date but it lists four, it lists five of our six current servicers - ACS Federal Loan Servicing which is through PHEAA, Great Lakes Education Loan Services, Nelnet and the Sallie Mae Corporation.

As of October of 2011 we added a new servicer, MOHELA and we are going to be adding other loan servicers between now and I believe January, I'm not sure if it's 2012 or 2013.

Anyway the new loan servicers that are joining there is an electronic announcement entitled New Servicers Join Federal Loan Servicing Team. The date of that is September 23, 2011. If you go look at that electronic announcement it will show you the servicers that are going to be joining our federal loan servicing team and when. Currently as I said we have ACS Federal Loan Servicing, Great Lakes, Nelnet, Sallie Mae Corporation and MOHELA.

All of our loan servicers are responsible for customer service, collection, delinquency and default management. These agreements are for servicing only, origination and disbursement of all Direct Loans are still processed through COD. Servicers that receive a loan will be displayed in COD on the award detail page and students can view their servicer information through NSLDS.

Schools will not be able to choose a servicer nor can borrowers choose a servicer. We will keep all the borrowers federally held loans with the same servicer. If we distribute a person's loan to multiple servicers in error we will move all those borrowers to the one, to one servicer.

All our servicers comply with legislative regulatory requirements and provide unique services. All of them educate and inform borrowers as to the tools and options available to assist them in the management of student loans.

We offer multiple repayment options tailored to the borrower's preferences such as online payments, checks, that sort of thing, automatic draft

withdrawals. We provide, all servicers provide self-service tools for borrowers and options for receiving bills and/or correspondence electronically. They also offer dedicated servicers to schools to help manage their cohort default rates as well.

You should contact each borrower or you can contact each servicer and they will assist you and can give you more information on the detailed information and the specific services they can assist you with or it will provide to you.

And this is our Direct Loan processing systems again. It just shows how things work. COD will send information to the servicers, the servicers are also going to send that information to NSLDS and the servicers are going to be in contact with the borrower.

And that concludes the presentation part of our Direct Loan Primer. We've run a little long here today so I don't think we're going to do question and answers.

What I will direct you to is there is a, I'm going to put up in just a moment a link to a survey. We ask that you please if you would please click on the start survey, complete that link and give us some feedback. We, you know, your feedback is valuable to us as to how we've done, (Virginia) and I today. Whether this training has met your needs and also it's going to give you an opportunity to tell us about any additional training you would like to see us present or offer.

Also the last part is part of your handout that we won't go over today because it's a lot of information and we don't have time. We have a tool in resources section as (Virginia) said. It provides you information on some of our call

centers, some of our resources and just a lot of information that will help you in your financial aid processing and your Direct Loan processing.

And with that on behalf of (Virginia) and myself we thank you in behalf of FSA we thank you for joining us today. Have a good day.

Coordinator: ...today's conference. Please disconnect at this time. One moment I'll join you to the post-conference.

END