

# Direct Loan “Tips” & Tools

## How To Make the Direct Loan Program Work For You

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## Agenda

- Processing
  - ✓ Setup
  - ✓ COD Options
  - ✓ Reporting
- Reports
  - ✓ Setup
- Reconciliation & Program Year Closeout
  - ✓ Know where the money is...

# Processing

## Make sure your software setup at your school serves you well...

- Correct release
  - ✓ New Schema 4.0a for 2014-15 awards
  - ✓ Updates
  - ✓ Patches
- Connected to other systems or offices
  - ✓ Network
    - Does everyone that needs access have access and at the appropriate level of access
  - ✓ Stand-alone PC
    - Does everyone that needs the software have it?

## Make sure your software setup at your school serves you well...

- Common Record
  - ✓ Reporting and Attended Campus Entity ID
    - School Enrollment Code...the OPE ID of the location at which the student is in attendance
  - ✓ Schema 4.0a includes the 150% Direct Subsidized Loan Limit (SULA) data
    - SULA data **MUST** be reported on **ALL** loans and for **ALL** borrowers
    - 100% schema validation

## Make sure your software setup at your school serves you well...

- Common Record
  - ✓ Origination Fees
    - Direct Subsidized and Unsubsidized Loans with an earliest disbursement date (EDD) on or after October 1, 2014 and before October 1, 2015...1.073%
    - Direct PLUS Loans with an EDD on or after October 1, 2014 and before October 1, 2015...4.292%
    - Origination fee code change was implemented in COD in early May
    - COD validates EDD against origination fee on incoming LORs and will reject invalid data...Edit Code #140

If you've submitted a Direct Loan award(s) with an EDD on or after October 1, 2014 and before October 1, 2015, with an origination fee other than 1.073%...

- You need to correct the award to reflect the appropriate origination fee
- A May 9<sup>th</sup>, 2014 Electronic Announcement has the details and an attachment that explains how to change the invalid origination fee
  - ✓ COD will do a “clean-up” on those awards NOT corrected prior to October 1, 2014
  - ✓ COD will generate and send a system generated response to schools with result

## Make sure your COD contact information is accurate...

- Financial Aid Administrator
  - ✓ Hard-coded
  - ✓ Change via [www.eligcert.ed.gov](http://www.eligcert.ed.gov)
- Program Contacts
  - Direct Loan Program contact
  - Create or change via the COD website

FINANCIAL AID ADMINISTRATOR



U.S. DEPARTMENT OF EDUCATION  
**COMMON ORIGATION & DISBURSEMENT**



- Person
- School
- Batch
- Award
- Services
- User

▶ **School Search**

## School Summary Information

[?HELP](#)

▼ **School Information**

- School Summary
- Financial Aid Contact
- Eligibility
- General
- Options
- Funding Info
- Summary Financial Info
- Refunds of Cash
- Cash Activity
- Events
- Yearly Totals
- Relationships
- Balance Confirmation
- Request Post
- Deadline/Extended
- Processing
- Correspondence
- File Share/Messages
- Report Selection

Enter the default selections here for Program and Award Year:

**Default Program** 
**Default Award Year**

Contacts			Summary	
<b>Type</b>	<b>Name</b>	<b>Phone</b>	<b>Award Year</b>	<input type="text" value="'14-'15"/>
<b>Program</b>	<input type="text" value="DIRECT LOAN"/>			
Direct Loan Financial Aid Officer	WYATT WILLIAMS	(555) 555- 5555	Cash > Accepted & Posted Disbursements & older than 30 days	\$0.00
FINANCIAL AID ADMINISTRATOR	<b>George Hanson</b>	BR 549	% of Cash > Accepted & Posted Disbursements	0.0%
			Cash > Accepted & Posted Disbursements	\$0.00
			Current CFL	\$0.00

Make sure your COD options are setup to serve you well...

- Program Options
  - ✓ Promissory Notes Type option
    - ✓ Single-Year Functionality
    - ✓ Multi-Year Functionality
  - ✓ Web Activity Response Option
    - ✓ Import response from web transactions
    - ✓ “Y” or “N”



U.S. DEPARTMENT OF EDUCATION

## COMMON ORIENTATION & DISBURSEMENT



Person
School
Batch
Award
Services
User

▶ **School Search**

▼ **School Information**

- School Summary
- Financial Aid Contact
- Eligibility
- General
- Options
- Funding Info

### School Options Information ? HELP

Data saved successfully.

Program

DIRECT LOAN ▼

Award Year

'14-'15 ▼

Options Information (Non-Award Year and Non-Program Specific)

<b>Promissory Notes Type Option:</b>	Single Year
<b>Web Activity Response Option:</b>	N
<b>Schema Version for System Generated Response:</b>	4.0a

File Share/ Messages  
Report Selection

COD Automatically Generates Payment to School Based on Disbursements:	N
<b>Promissory Notes Type Option:</b>	Single Year
<b>Web Activity Response Option:</b>	N
<b>Schema Version for System Generated Response:</b>	4.0a

Main Campus Information

Disbursements Funded Without Accepted Pnote:	Y
Disclosure Print Option:	Y

UPDATE

## Make sure your COD options are setup to serve you well...

- StudentLoans.gov (SLG) School Options...Non-Award Year Specific
  - ✓ Electronic Master Promissory (eMPN) Note Participation
    - “Y” or “N”
    - Loan Origination Record (LOR) required
    - eMPN message
  - ✓ Electronic Entrance Counseling Participation
    - “Y” or “N”
    - Response Frequency
      - ❖ Daily or On-Demand

StudentLoans.gov School Options (Non-Award Year Specific)

StudentLoans.gov School Options (Non-Award Year Specific)	
<b>eMPN Participation:</b>	Y
<b>LOR Required to complete eMPN:</b>	N
<b>eMPN Message:</b>	
<b>Electronic Entrance Counseling Participant:</b>	Y
<b>Entrance Counseling Response Frequency:</b>	Daily
<b>Financial Awareness Counseling Response Frequency:</b>	On-Demand
<b>Exit Counseling Response Frequency:</b>	Daily
<b>School Name: (Applies to all StudentLoans.gov processes):</b>	
<b>Associated States: (Applies to all StudentLoans.gov processes):</b>	

**UPDATE**

**UPDATE**

Make sure your COD options are setup to serve you well...

- SLG School Options...Award Year Specific
  - ✓ Award Range (Loan Period)
    - Up to 4
    - Other
  - ✓ Participate in Electronic PLUS Loan Application
    - Parent and/or Graduate/Professional Student
    - “Y” or “N”
    - Participation begin/end dates
    - Response Frequency
    - PLUS Request message

StudentLoans.gov School Options (Award Year Specific)	
<b>Award Range Request 1:</b>	
<b>Award Range Request 2:</b>	
<b>Award Range Request 3:</b>	
<b>Award Range Request 4:</b>	
<b>Display "Other" Option:</b>	Y
<b>Participate in Electronic Parent PLUS Application:</b>	Y
<b>Electronic Parent PLUS Application Participation Date Range:</b>	05/01/2013 to 05/01/2014
<b>Parent PLUS Application Response Option:</b>	Daily
<b>Participate in Electronic Grad PLUS Application:</b>	Y
<b>Electronic Grad PLUS Application Participation Date Range:</b>	05/01/2013 to 05/01/2014
<b>Grad PLUS Application Response Option:</b>	Daily
<b>PLUS Application Message</b>	

**UPDATE**

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## Make sure your COD school profile is accurate...

- “School General Information” screen
  - ✓ TG mailbox
  - ✓ Funding data
  - ✓ DUNS number
  - ✓ Academic calendar

# Reporting

## FINISH WHAT YOU START...

- Timely Reporting
  - ✓ Do you have a process in place to monitor your transmissions to COD?
    - Are Loan Origination Records (LORs) sent to COD promptly?
    - Are you reporting your **ACTUAL** disbursements (DRI = TRUE) within 15 days of the event?
  - ✓ Do you have a process in place to monitor your Common Record (CR) Responses
    - Are responses imported and your database updated promptly?
    - Are you identifying and correcting rejected data and transmitting the corrections to COD promptly?

## FINISH WHAT YOU START...

- Identify and correct rejected data
  - ✓ Rejected Direct Loan Program disbursement data can prevent an increase in your Current Funding Level (CFL)
  - ✓ Rejected Direct Loan Program disbursement data can create unsubstantiated cash
  - ✓ Use your “Batch Search” screens for help in identifying errant data
  - ✓ Use your software’s “Import Edit Report”

## Order of processing...

- You can originate a Direct Loan award prior to the borrower signing their MPN and/or completing required Entrance Counseling
- You can originate a PLUS Loan with declined credit
  - ✓ The credit check is a “soft hit” on the borrower’s credit history
  - ✓ The loan is “accepted” if it passes all COD/program edits
  - ✓ The loan is displayed on the COD website
  - ✓ The LOR response will carry a Warning Edit #036
  - ✓ You **CANNOT** disburse until the adverse credit is remedied
    - The initial credit denial will remain on the COD website

## Direct PLUS Loans...

- A credit check is triggered by ONLY three (3) events
  - ✓ An LOR
  - ✓ An online “instant” credit check via the COD website
  - ✓ A Direct PLUS Loan Request completed on SLG
  - ✓ An actual disbursement transaction does NOT trigger a credit check
- A credit check result is valid for 90 days
  - ✓ A credit denial is applicable for the academic year for which it was conducted
  - ✓ A credit approval is applicable for the award for which it was conducted

## Direct PLUS Loans...

- You should originate a Direct PLUS Loan promptly if you've conducted the credit check via the COD website or your borrowers complete a Direct PLUS Loan Request via SLG
  - ✓ That will associate the credit decision to that award
  - ✓ If you transmit the LOR more than 90 days after the initial credit check COD will conduct a subsequent credit check upon receiving the LOR and the result could be different from the one submitted initially

## Direct PLUS Loans...

- You should have in place a process to “monitor” activity on a Direct PLUS Loan borrower with declined credit
  - ✓ A “window of opportunity” during which the borrower attempts to “cure” his or her adverse credit decision
    - Appealing the declination?
  - ✓ Is the borrower trying to secure an endorser
    - The endorser undergoes a credit check
  - ✓ If there is no resolution by the stipulated date you can then offer unsubsidized funds to the dependent student
    - Resolution can be achieved after this period of time and still be valid and actionable

## Federal Direct PLUS Loan - Disbursement

- You may increase a PLUS loan already established on the COD database
  - ✓ Change record if software allows
  - ✓ New PLUS loan for the difference requested
- But you **cannot** increase an established PLUS loan if in receipt of a subsequent adverse credit decision
  - ✓ If the established PLUS loan is NOT fully disbursed you can fully disburse it
  - ✓ Alternatively, reduce remaining disbursements to \$0 and offer student unsubsidized funds up to their eligibility for grade level and need

## Federal Direct PLUS Loan - Disbursement

- If the established PLUS loan has been fully disbursed...
  - ✓ Offer the dependent student an additional unsubsidized loan up to their eligibility appropriate to their grade level and remaining need

## Direct PLUS Loans...

- You can offer Direct Unsubsidized funds to a dependent student if you determine the Parent is unable to borrow due to ***exceptional circumstances***
  - ✓ Forego the PLUS request process altogether
  - ✓ 34 CFR 685.203
  - ✓ DCL GEN 11-07
  - ✓ Case-by-case
  - ✓ DOCUMENT your decision
  - ✓ COD does ***NOT*** look for a declined PLUS loan
    - ✓ Check the “Additional Unsubsidized Eligibility” box

# Reports

## Reports are vital to efficient and accurate Direct Loan Program participation...

- Reports are described in Volume VI, Section 8, of the current COD Technical Reference
- Reports are posted to your school's NewsBox on the COD reporting website and/or transmitted to your TG mailbox
- Report options include...
  - ✓ Selecting the report format that best meets your needs
  - ✓ Selecting whether to receive a particular report or not

## Reports to help you monitor your originations...

- 30-Day Warning Report
  - ✓ Accepted LORs needing a Master Promissory Note (MPN) or disbursement or both
  - ✓ MPNs completed but no corresponding LOR
  - ✓ Posted monthly to your school NewsBox
  - ✓ Transmitted monthly to your TG mailbox
- Completed PLUS Request Report
  - ✓ For the previous week Saturday – Friday
  - ✓ Posted weekly to your school Newsbox
  - ✓ CSV format

## Reports to help you monitor your originations...

- Completed Master Promissory Note (MPN) Report
  - ✓ For the previous week Saturday – Friday
  - ✓ Posted weekly to your school NewsBox
  - ✓ CSV format
- Counseling Report
  - ✓ Entrance, Financial Awareness, and Exit Counseling
  - ✓ For the previous week Saturday – Friday
  - ✓ Posted weekly to your school NewsBox
  - ✓ CSV format

## Reports to help you monitor your originations...



- Direct Loan Subsidized Usage Change Report
  - ✓ Triggered when there is a change to any of the following values...
    - ✓ Maximum Subsidized Eligibility Period
    - ✓ Actual Subsidized Usage Period
    - ✓ Actual Non-Credential Teacher Certification Subsidized Usage Period
    - ✓ Anticipated Subsidized Usage Period
    - ✓ Anticipated Non-Credential Teacher Certification Subsidized Usage Period

## Reports to help you monitor your originations...

- Direct Loan Subsidized Usage Change Report
  - ✓ Displays all loans at your school
    - Sent to all schools meeting the “trigger” for that borrower
  - ✓ Posted weekly to your school NewsBox
    - A school can opt out of receiving the report
  - ✓ CSV format
    - Import into an Excel spreadsheet for sorting
  - ✓ Replaces the Direct Subsidized Loan Usage Limit school report implemented in COD last Summer

## Reports to help you monitor your originations...

- PLUS Loan Reconsideration Report
  - ✓ Those borrowers whose most recent declined credit decision is “eligible” for reconsideration
  - ✓ Posted weekly to your school NewsBox
  - ✓ CSV format

## Reports to help you monitor your disbursement activity...

- 30-Day Warning Report
- Pending Disbursement List
- Actual Disbursement List
- The COD School Monitoring Report

## Reports to help you monitor your disbursements...

- 30-Day Warning Report
  - ✓ Accepted LORs needing a Master Promissory Note (MPN) or ***actual disbursement data*** or both
  - ✓ MPNs completed but no corresponding LOR
- Pending Disbursement List
  - ✓ Anticipated disbursements 45 days in the future and all anticipated disbursements in the past as of the report date
    - Triggers with one anticipated disbursement in the next 45 days or one in the past 6 days
    - Weekly in your TG mailbox and posted to the school NewsBox if triggered

## Reports to help you monitor your disbursements...

- Direct Loan Actual Disbursement List
  - ✓ Weekly report of activity (COD posting date) taking place the previous Saturday – Friday reporting period
  - ✓ Transmitted to your TG mailbox and posted to your school NewsBox
    - CSV format
  - ✓ Displays booked, un-booked, and future dated actual disbursement data
    - ✓ Excludes disbursement data in “review” status

## Reports to help you monitor your disbursements...

- COD School Monitoring Report
  - ✓ Weekly report transmitted to your TG mailbox and posted to your school NewsBox
  - ✓ Triggered by any one of the following...
    - Unsubstantiated cash for more than 30 days
    - Pell Grant “POP”
    - Late reporting\*
  - ✓ Unsubstantiated cash can mean you haven’t sent in actual disbursement data to substantiate drawn funds

\*Though the COD School Monitoring Report identifies a 30-day reporting window, the requirement is now 15 days

## COD reporting website screens that can help monitor your disbursements...

- Action Queue
  - ✓ Displays ALL anticipated disbursements
  - ✓ Under the “Batch” tab on the COD reporting website
  - ✓ Search by date range is most helpful
- Yearly Totals
  - ✓ Displays origination amount and disbursement amount to date by award year
  - ✓ Displays number of recipients



- Person
- School
- Batch**
- Award
- Services
- User
- Program

- ▶ **Batch Search**
- ▼ Action Queue
- ▶ Report Requests
- ▶ PLUS App Rsp Request
- ▶ Counseling Request

## Action Queue Search



Use this screen to search the Action Queue.

To search the Action Queue for a particular school, please enter the School ID and the date range:

**Entity ID Type**  **Entity ID**

**Award Year**

**Disb. Start Date**

**Disb. End Date**

**Disbursement Status**

To search the Action Queue for a specific Batch, please enter the Batch ID:

Note: Batch ID will search only by Review status.

**Batch ID**

**SEARCH**

Search forward or backward.

Search by award Year.

Can be used as both a reconciliation tool and as an adhoc pending disbursement list tool.

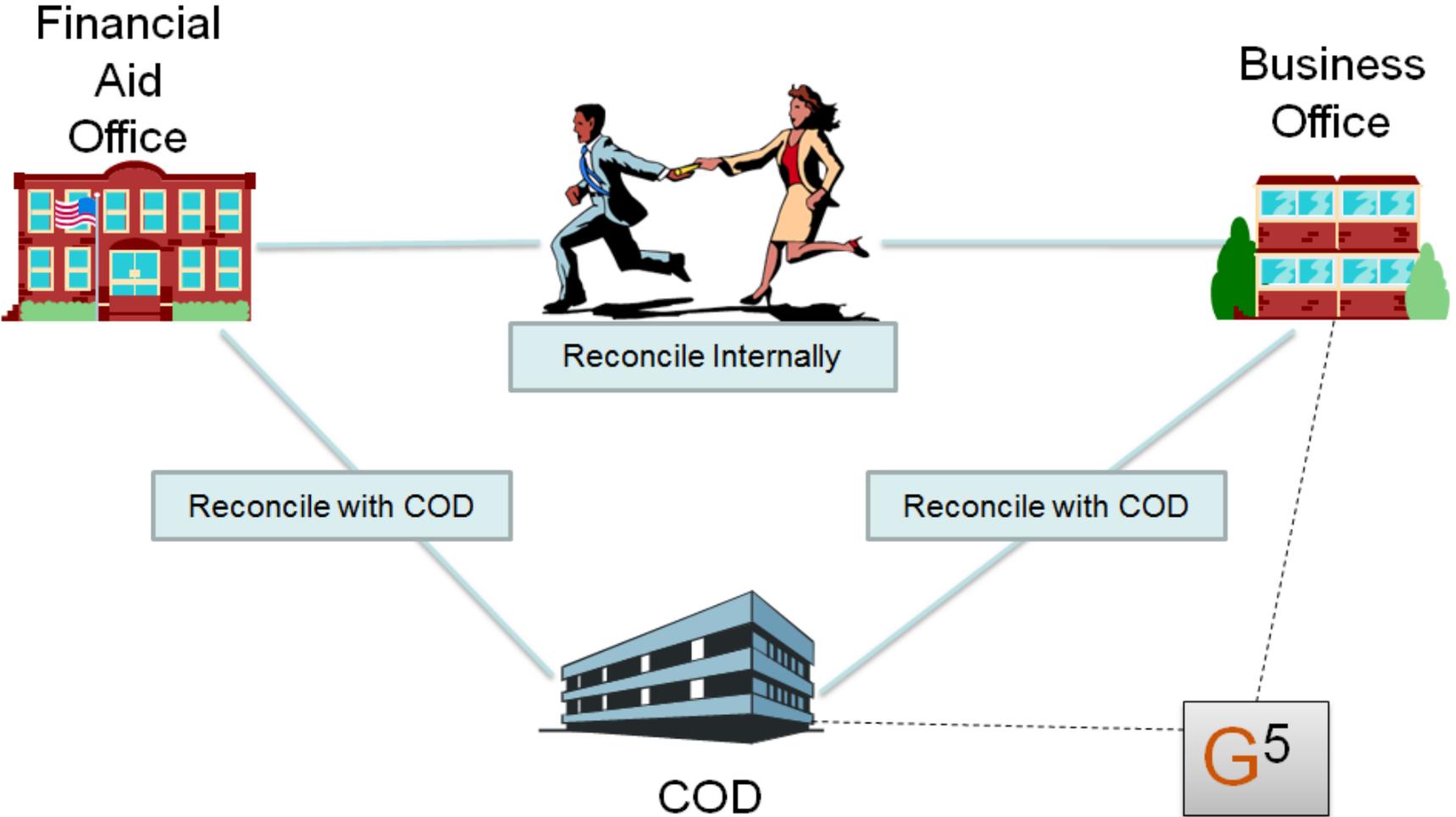
# Reconciliation & Program Year Closeout

## Monthly reconciliation is a requirement of the Direct Loan program

- Though you need NOT send FSA any documentation that you reconciled you need to document your reconciliation activity
  - ✓ Documentation could be requested by a reviewer or auditor
- Who is responsible for monthly reconciliation and Program Year Closeout?
  - ✓ Anyone that “touches” the money

The **secret** to monthly reconciliation and Program Year Closeout can be divulged in 5 words...

**KNOW WHERE THE MONEY IS**



## Monthly reconciliation is a two-part process...

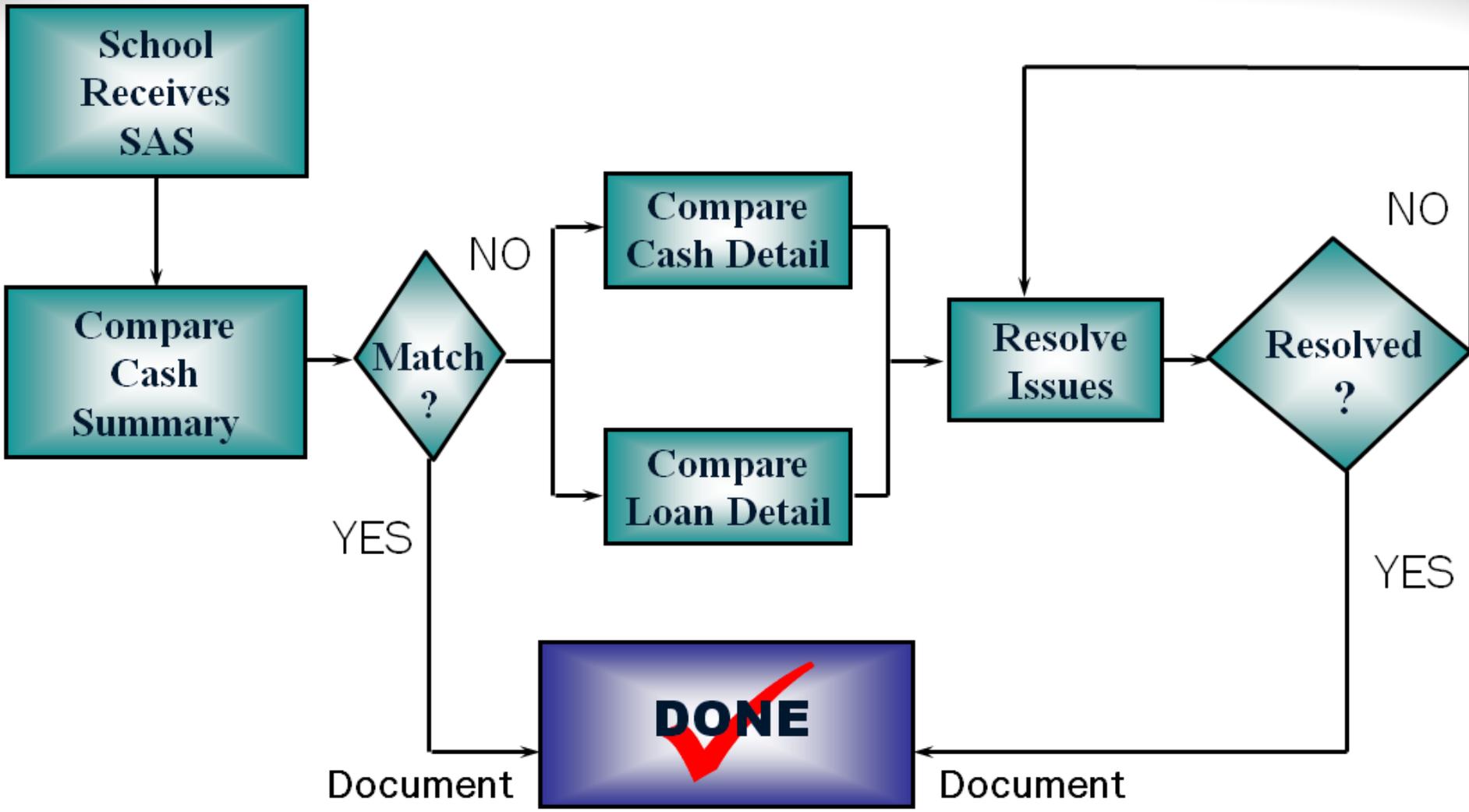
- Internal reconciliation
  - ✓ Comparing origination and disbursement data from the financial aid system to the origination and disbursement data in the business/bursar/comptroller office
  - ✓ Documentation could be requested by a reviewer or auditor
- External reconciliation
  - ✓ Comparing your internal reconciled data to FSA systems
    - COD and G5

The School Account Statement (SAS) is the document to which you **MUST** reconcile monthly...

- Displays the official Ending Cash Balance (ECB)
  - Generated the first FULL weekend of the month
  - Includes data as of the last day of the previous month
- Composed of four (4) sections
  - ✓ Cash summary
  - ✓ Cash detail
  - ✓ Disbursement summary
  - ✓ Loan or disbursement level detail

The School Account Statement (SAS) is the document to which you **MUST** reconcile monthly...

- Format and range of date for the data is set by your school
  - ✓ Year-to-date or monthly data
  - ✓ Year-to-date generally works best with most school software
  - ✓ Generated and sent monthly to your TG mailbox
- Reconciling to the SAS is a straight-forward, step-by-step process



## The School Account Statement (SAS) Disbursement Detail On Demand Report...

- Format and range of date for the data is set by your school
  - ✓ Year-to-date
  - ✓ Month-to-date
  - ✓ Week-to-date
- You set the end date for your report
- Displays transaction (disbursement) level detail for that window of time

A “Report Reader” can be downloaded from the COD reporting website that provides a simplified way to import and view the report...

- Imports into an Excel spreadsheet
  - Request the file via the Reports Request link on the “Batch” screen
  - Request the file in a fixed-length format
- No need to log into COD to download the utility
  - Select “**COD Resources**” link on the lower COD reporting website menu bar
- An electronic announcement dated January 28, 2014 has all the details and instructions

## Suggestions on how to stay “on top” of your monthly reconciliation

- Regular “check-in” between the financial aid office and money office staff
- Return funds appropriately to the correct program and correct award year
  - ✓ Return funds electronically
  - ✓ The Direct Loan Program will NOT accept paper check returns of cash after December 31, 2014
  - ✓ If returned for a regulatory reason don’t forget to send the appropriate downward adjustment to COD

## Suggestions on how to stay “on top” of your monthly reconciliation

- Regularly run a report to identify all data NOT in an accepted status
  - ✓ Weekly/bi-weekly
  - ✓ Your software provider can help you with this
- Resolve ALL rejected data and re-submit to COD
- Identify and submit anticipated disbursement data that SHOULD be actual disbursement data
- Transmit ALL data to COD that is ready to be processed and import ALL responses
- Reconcile internally regularly and frequently

## Use the funding screens on the COD reporting website

- School Funding Information
  - ✓ Beginning CFL and increases to your CFL in amount and date
  - ✓ Available G5 balance
  - ✓ Cash > NAPD
  - ✓ Dynamic “refresh” of data with any change
- School Summary Financial Information
  - ✓ Emulates the cash data on the SAS
  - ✓ Dynamic “refresh” of data with any change

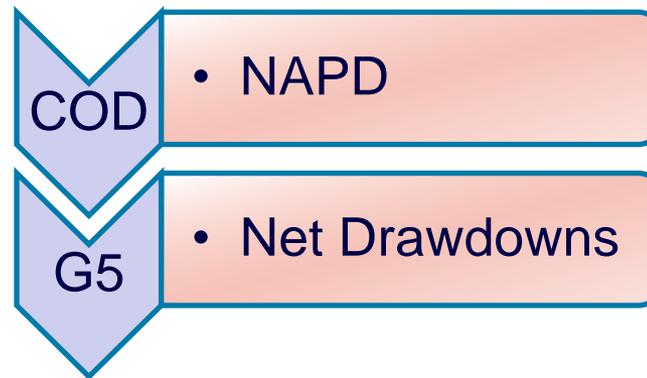
## Use the funding screens on the COD reporting website

- Cash Activity
  - ✓ Data on each individual drawdown from G5 for the award year

Program Year Closeout occurs on the last business day of July of the year following the award year

- It's an extension of the normal reconciliation cycle
  - ✓ It's "one final monthly reconciliation event"
- The Program Year Closeout deadline date for the 2012-13 award year is July 31, 2014
- Your ending cash balance **MUST** be \$0
  - ✓ NOT plus or minus
- You must ensure that ALL cash management and disbursement reporting requirements have been met

Direct Loan Program Year Closeout requires your NAPD as reflected on the COD reporting website to match your net drawdowns as reflected in G5



- Results in an Ending Cash Balance of \$0 as reflected on your SAS

## Direct Loan Program Year Closeout suggestions...

- Your COD Reconciliation Specialist can help you with problems, but
  - ✓ DON'T WAIT FOR THE DEADLINE DATE
- Closeout the award year as soon as you've finished processing for that award year
  - ✓ DON'T WAIT FOR THE DEADLINE DATE

## Direct Loan Program Year Closeout suggestions...

- Close out as soon as you can
  - ✓ We'll open a closed program year if you need to make any unforeseen adjustments
- Pay attention to your SAS and communications from FSA
  - ✓ 30 days after the last award year end date you will receive a "Remaining Balance Letter" if your ECB is not \$0
  - ✓ Sent monthly until your ECB reaches \$0 at which time COD will send you a "\$0 Balance Letter"
    - ✓ The Balance Confirmation screen becomes "live" on the COD reporting website
    - ✓ When you receive your last SAS with an ECB of \$0 you can closeout electronically on the COD reporting website



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