



Considerations for Direct Loan Business Practices

Tying It All Together



Agenda

- Getting Started
- Campus Activities
- Promissory Notes
- Loan Origination
- Funding & Disbursement
- Response files and Reports
- Reconciliation



Getting Started

- Involve Senior Management and keep them informed
- Initiate conversations with your commercial software vendor, IT, the Business office, and financial aid staff

Systems Primer Slides 42-47

- Identify changes and scope
- Identify websites and publications that need updating
- Develop communication plan for students and parents



Campus Activities

- Assess financial aid and business office system set up
- Set up data transmission
- Review the Common Origination and Disbursement (COD) Technical Reference
- Will your IT and FAA departments plan a testing approach?



Campus Activities

- Will the Business Office use an existing bank account or create a new one?

Program Primer slides 39-45

- How often will the Business Office draw down funds (create a payment request)?
- Will your school use the same process as the other federal programs?



Promissory Notes

**Systems Primer slides 29-31, 33,
Program Primer slides 21, 27-31**

- Will the school allow the student to complete an eMPN prior to originating the loan?
- Will the school provide paper or promote electronic promissory note (eMPN)?
- Considerations when using paper
 - Is the school going to print or have COD print the paper MPN?
 - If COD prints the MPN, will COD mail to the student or will the school mail to the student?
 - Are you familiar with how to print and process a manifest?



Promissory Notes

**Systems Primer slides 29-31, 33,
Program Primer slides 21, 27-31**

- Who will be reviewing the response reports?
- Have you reviewed the various responses associated with the MPN records?
- Are the MPN responses imported and stored in your system?



Loan Origination

System Primer slide 11, Program Primer slides 20, 26

- Origination – Certifying
- Records contain
 - Person
 - Award
 - Disbursement
 - » Pending
 - » Actual
 - » Combination



Loan Origination

System Primer slide 11, Program Primer slides 20, 26

- When will the Financial Aid office originate the first batch of loans for the new year? How often after that?
- Does your system accommodate automated processing or does it require manual processing?



Loan Origination

System Primer slide 11, Program Primer slides 20, 26

- Who will be working the reject/response reports?
- Have you reviewed the various status codes associated with origination?
- Think about what your Pell Grant process is. Will the DL process be the same?

Note: There is a lot of flexibility with the origination record. How you choose to process depends how your software product is set up and the school awarding philosophy.



Loan Origination -Loan Changes

Systems slides 24-28

- Loan changes are updates made to an existing accepted origination.
- Modifications include changes in loan period or dollar amount once the origination record is sent and accepted.
- How do I make upward/downward adjustments? Reduce to zero?



Loan Origination - PLUS Loans

Systems Primer slides 33-35,
Program Primer slide 25

- Will you use the new on-line process or create your own PLUS loan application and process?
- Is there a credit balance procedure in place for your borrowers?
 - Same as FFEL



Loan Origination - Credit Checks

Systems Primer slide 32, Program Primer slides 22-24

- School initiated via loan origination record
- School initiated via COD web online “instant” credit check
- Coming in late March early April – student/parent initiated credit checks will be available. Look for updates!



Loan Origination - Credit Checks

Systems Primer slide 32, Program Primer slides 22-24

- Staff need COD access to do online “instant” credit checks.
- User level 1, 4 or 5
- Status codes for associated with credit checks?
 - Accepted, denied, pending
- For more information see COD technical reference Volume 2, section 3 page 35



Funding and Disbursement

Program Primer slides 36-39, Systems Primer slides 42-46

- Who will be drawing down the funds?
Which method will you choose?
 - Report Disbursements to COD – Create Payment Request in G5 – Credit the Student’s Account
 - Credit the Student’s Account-- Report Disbursements to COD -- Create Payment Request in G5
 - Create Payment Request in G5--Credit the Student’s Account-- Report Disbursements to COD



Funding and Disbursement

Program Primer slides 36-39, Systems Primer slides 42-46

- Do you have eligibility checks in place at the time DL is disbursed?
- How often will you disburse?

(Systems Primer pgs. 27-28)

Note: Disbursement rejects are imported with the origination or common record and can be researched and resolved using the origination reject codes.



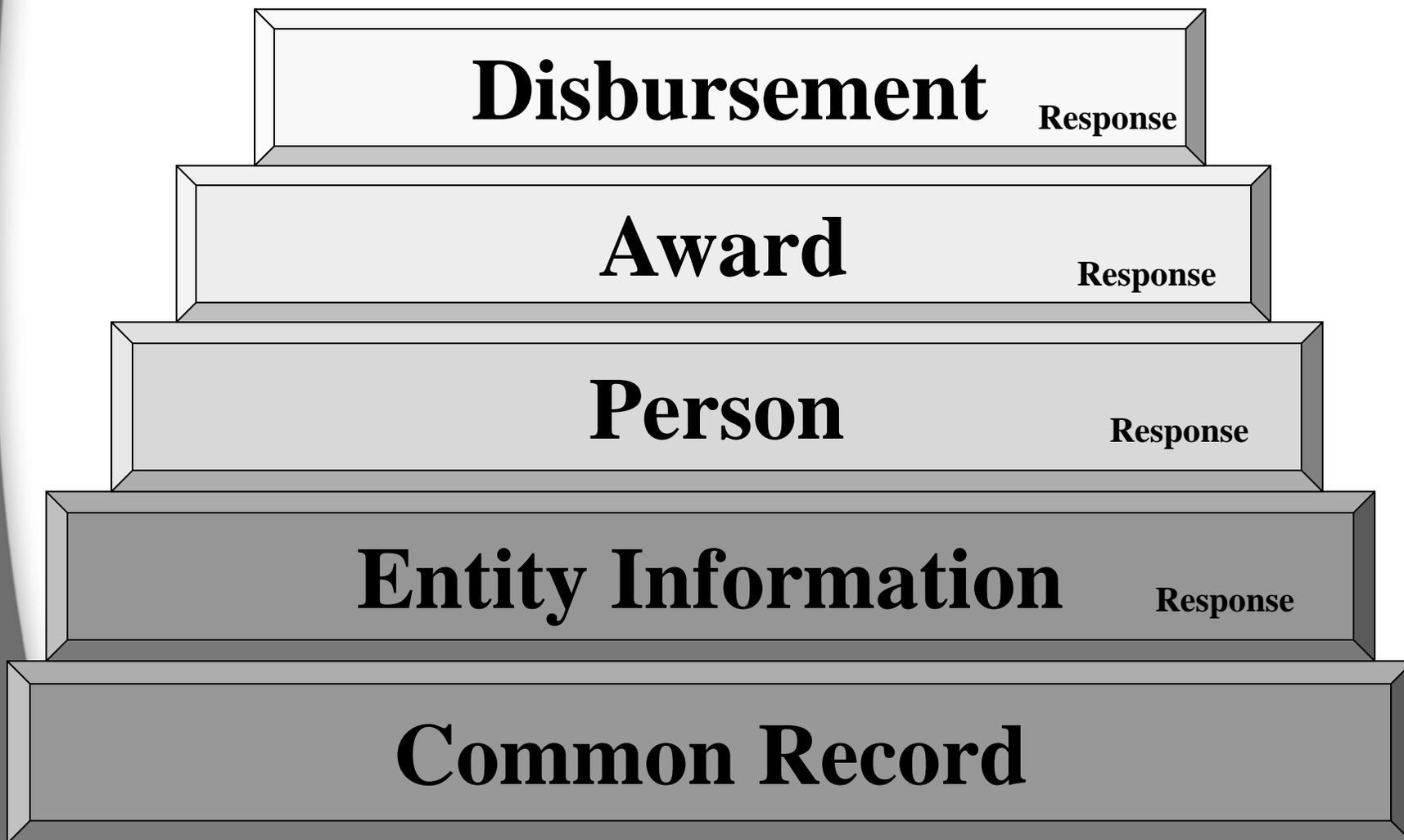
Response Files & Reports

Systems Primer slides 5, 15, 17 and Program Primer slide 15

- Who on your staff will import response files from COD?
- Who will work edit code warnings and rejects
- All DL reports are available on the COD web, except the School Account Statement. Who will access reports and work them?



Common Record “Data Blocks”





Response Files & Reports

System Primer slide 41

- Response files are returned in the SAIG mailbox and are imported back to the schools
- Response files confirm how the data was processed in COD by record block
- Responses include accepted, warning or rejected. (rejected data does NOT build a record in the COD system)
- Your school software may create a report of the import response results



Response Files & Reports

System Primer slide 41

- Is there a quality check set up to find rejects still out in the system?
- Does your software product provide for importing reports into your system?
- Who will review and how often will these reports be reviewed?
 - Outstanding rejected data= reconciliation issues.
 - Establish process for timely correction of rejected data



Response Files & Reports

System Primer slide 41

- School Considerations:
 - What reports are available?
 - When are they available?
 - How are they provided?
 - How critical are the reports?



Response files and Reports

Below is a summary of all Direct Loan Reports and available formats generated by the COD System.

Format and Delivery Methods				SAIG Mailbox					COD Web Site	
				Preformatted Text	Comma-Delimited	Pipe-Delimited	Fixed Length	Do Not Distribute	PDF	Comma-Delimited
Report Name	Report Selection Web Page	Sort	Frequency							
30-Day Warning Report	<input checked="" type="checkbox"/>	Award ID	Monthly	<input checked="" type="checkbox"/> *	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Direct Loan Rebuild File	<input checked="" type="checkbox"/> Separate Direct Loan Rebuild Page	SSN	By Request ¹				<input checked="" type="checkbox"/>			
Duplicate Student Borrower Report	<input checked="" type="checkbox"/>	SSN	Monthly	<input checked="" type="checkbox"/> *	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Funded Disbursement Listing (For Pushed iCash Schools Only)	<input checked="" type="checkbox"/>	SSN	Daily	<input checked="" type="checkbox"/> *	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Inactive Loan Report	<input checked="" type="checkbox"/>	Award ID	Monthly	<input checked="" type="checkbox"/> *	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Pending Disbursement Listing	<input checked="" type="checkbox"/>	Last Name	Weekly	<input checked="" type="checkbox"/> *	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
School Account Statement (SAS)	<input checked="" type="checkbox"/> Link to Separate SAS Page	SSN	Monthly		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> *			
SSN/Name/Date of Birth Change Report	<input checked="" type="checkbox"/>	SSN	Weekly ²	<input checked="" type="checkbox"/> *	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
MPN Discharge Report	<input checked="" type="checkbox"/>	Last Name	Weekly		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> *			<input checked="" type="checkbox"/>
Expired MPN Report	<input checked="" type="checkbox"/>	Last Name	Weekly		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> *			<input checked="" type="checkbox"/>
MPNs Due to Expire	<input checked="" type="checkbox"/>	Last Name	Monthly		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> *			<input checked="" type="checkbox"/>

¹ via School Relations Center

² If triggered by Change

*Indicates default option



Reconciliation

Systems Primer slides 39-40, Program Primer slides 47-50

- Reconciliation is required on a monthly basis and at the end of the Program year
 - Who will perform this function at your school?
 - Which office will reconcile the cash detail or will it be a coordinated effort?
 - Which systems will be used for the reconciliation process? i.e. Financial aid, Business office, COD, General Ledger, and G5



References

- NASFAA and ED are working together to develop the Checklist for the Transition to Direct Loans
- The COD Technical Reference available at www.fsadownload.ed.gov and IFAP, includes:
 - Direct Loan processing information
 - Message Classes
 - Edit Code Reject Values
 - Report Descriptions



References

COD Customer Service

- Direct Loan # 800-848-0978
- codsupport@acs-inc.com

DL Transition Team

- dlenrollment_fsa@ed.gov



References



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Financial Aid Professionals

New DL Schools

Get information pertinent to schools new to the Direct Loan Program.

Publications

Read the Direct Loan School Guide and other publications.

MPNs

View the current paper master promissory notes and related documents.

Counseling Videos

Check out our counseling videos online.

Student Information

Go to the page for students.

Training Information

Review training opportunities for Direct Loan Schools.

Announcements

Check out the new [Direct Loan Source newsletter!](#)

DL Training: [Webinar Suite](#)

The 2008–2009 closeout deadline is July 31, 2010.

Phone Numbers

- **Direct Loan Servicing**
1-888-877-7658
- **COD School Relations Center**
Pell: 1-800-474-7268
DL: 1-800-848-0978
- **CPS/SAIG Technical Support**
1-800-330-5947
- **G5**
1-888-336-8930

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