



[SPEAKER (NOT IDENTIFIED):] OK, let's get started the Direct Loan Systems. How many of you here do grants? So, some of you are familiar with terms like G5 and SAIG and COD and things of that nature. How many of you here don't do grants and are FFEL schools so you don't have a clue what I just was talking about? A handful of you, OK. I'm going to try to explain some of these as best as I can on the surface so you can kind of catch the connection from this presentation. What we know on the transition team that some of you are very much unfamiliar with some of the terminology dealing with putting Direct Loans together or its process, how you transmit and things of that nature. There is a PC Lab downstairs and all questions like that that come to mind as we go through this, they're there to help you so use them. If we say something here that really isn't clear and we don't answer it in a fashion that makes it clear, get with us and we will take you to the PC Lab so you can get that question answered and make sure that everything is clear to you. What we are going to talk about here today is generally how the Direct Loan program and COD interacts with not only COD but some of the other systems, OK? So we're going to kind of give you a broad overview of that association.

How many are FFEL schools in here? Lots of you are FFEL schools. Contemplating the move to Direct Loans, OK. I won't ask that question this afternoon. In any event, there are a lot of you here that aren't in Direct Loans and don't know what it is, and we're going to try and if nothing else help you understand some of the things so it's not such an unknown, if and when the time comes. OK, let's go ahead and take a look at some of the slides here. We're going to talk about some of these things up here and your school software solution, which is generally speaking the application that you use at your school to manage, create, and process internally award data for your students, grants, FFEL, and the borrowers themselves. We will also talk about Student Aid Internet Gateway; that's the system across which Direct Loan data is going to flow. It'll flow from your software solution to COD and we'll explain that and show you how that's done or through what means that's done, but keep in mind as we go through this also that Student Aid Internet Gateway is a large networking system and it includes not only COD, to where you send this Direct Loan data, but it also includes other folks that partake of that system, if you will, and it's LDS, COD, CPS, FMS. There's a number of systems within the department that exchange data through Student Aid Internet Gateway, which is basically what we call a store and forward system. You send your data out to your mailbox. One of those entities comes into your mailbox and scoops it up and takes it off and processes it and does whatever it needs to do to it, puts in back in that mailbox, and you bring it back into your school solution or the system or application you have at your school. So we'll talk a little bit about that and kind of show you how some of that works.

I missed one on there. Common Origination and Disbursement, that is going to be system. That's where you're going to send the Direct Loan information, as well as your grant information. If you're processing grants, you know what I'm talking about there. It's going to the same place and it's going to ride there on the same transmitting vehicle, and we'll talk about that in a few minutes as well. We're also going to talk about eMPN's. We're also going to talk about G5. How many of you here are familiar with G5



and know what it is? That's where all the money comes. For you guys that don't know or do FFEL, when you award a Direct Loan, look to G5 and draw that money down at your bidding in one lump sum, you are going to be in control of most of the processing aspects in the Direct Loan program. One thing to keep in mind, think about servicing toward the end as well.

Let's go ahead and go to the next slide and let's talk about that solution at your school, on your campus or your institution. As I said, when I talk about a school solution, I'm talking about the piece of software that you will use or do use to create and manage your award data, not only Direct Loan but your other award data as well, at your institution. Express? How many of you use Express? Probably a bunch of you use Express. There are other types as well. Commercial vendor software, Banner, Data Tell, Peoplesoft, Sigma, and forgive me if you use something else. They all don't come to mind, but that's what I'm talking about when you talk about your school solution. Custom mainframe setup as well is part of your school solution and the reason we bring this up here is that that's going to be your first step into the process of getting that Direct Loan to COD. Most of the vendors, virtually all of the vendors, have a Direct Loan module or Direct Loan capability associated with their application. So for a lot of you, you're already using something that gets you a step closer. You may not know what that particular module is or how it works or how you're going to interact with it when you eventually get to that point, but it's probably already there or accessible to you, OK? And that's part of this whole systems-type thing. Starting at your campus with your school solution and going out from there.

One thing about Express for you guys who use Express, or some of you guys that are mainframe users in particular, you can use Express as a translator, if you will, to get that data out of your system - if it doesn't have the capability to do so - to get it to COD. There are a number of schools, a veritable cornucopia of schools, that use Express as a translator between their mainframe system or school system going to COD. So there's a means of transmitting the data. There's a means of participating that is not going to, generally speaking, be an insurmountable obstacle along this path going into Direct Loans, if that's what happens with the law.

What happens when you create those things that get into that school solution is this: A lot of you are using a different type of transmission for a similar type of transmitting vehicle, a Common Record, an XML formatted record, and many of you use a variation thereof, Line 4 and 5 comes to mind, and I'm certainly not knowledgeable about FFEL software but the variation of this Common Record is already in use by many, many schools here. For our purposes, we have constructed the Common Record to come out of your solution in this particular style of architecture here, where you have a Common Record or a document, as it's called. All of that identifying information at the top of the block there, the Common Record, that gives us information on the incoming record, time/date stamp, things of that nature. Below that you'll see a block that says Entity Information. The Entity Information is going to identify which entity, for lack of another term, is actually sending that information to us, a source, a reporting entity ID that tells what school we are talking about here as far as reporting the award information, or even



an attended institution below that reporting campus for whom the reporting campus is reporting, and of course, COD, the receiving entity ID. Those are all housed in the Entity Information block and that tells us who is sending this information, what institutions are involved with that information. That is how we identify all of this spread of information that can ride on this Common Record and COD. Who is sending it and what school it is pertinent to. Below that, of course, we have the Person Information. We have to identify the people that we're talking about here, the awardees, the recipients of these awards, and that is going to be identified in this person block. Below that is the Award Block and below that is the Disbursement Block. It is a very straightforward hierarchical architecture that allows us to identify what's coming, from whom, what school, pertinent to what awardee, and what's happening in the awards and disbursements associated with that person. Notice also, in each one of those last 4 blocks there is a little response portion, and in that response portion we are going to send you back, when you send us this record in, all of the information associated with the data that passed all of the edits in COD that we accept, as well as identify the data that did not pass the edits, or that we rejected. It will be identified right up front for you. It will tell you why it bounced and will be able to tell you through other means the technical reference, for example, in the implementation guide, exactly what you need to do to correct that, get it back to us so that we can accept it and process it. That's vitally important that you pay attention to that and work the information that doesn't pass so that you can get it to us, get it successfully accepted, and you don't have to worry about it anymore. Information that rejects and hangs out there is a reconciliation problem and a substantiation problem. Keep those things in mind.

So, we're going to tell you all that through this vehicle right here, the Common Record. All the institution solutions that are out there that participate in Direct Loan will allow you, either through themselves, or through some sense of a combination with Express or some other means of doing it, to get that information to COD.

Right now, you're probably asking yourself why am I creating a Common Record and what in the world am going to do with it when I've gotten it put together? Well, that's what we're going to talk about next. We're going to go to the next slide and talk about that Student Aid Internet Gateway. Again, as it says up here, it's the electronic communications network over which Title IV information flows between the various FSA entities in the system. I named a few of them before and that is LDS, COD, FMS, CPS. All of those are recipients and senders in the Student Aid Internet Gateway system. Most of you here already have at your school a data point administrator who owns a TG Mailbox on that SAIG network, OK? It's important that that person realize, whomever he or she is, if you're coming into Direct Loan in order to make this Direct Loan thing work, when and if it comes about, is that box has to be flagged so that you can participate in Direct Loan data services and also flagged so that you can receive Direct Loan servicing delinquency reports. We're going to give you a lot of information about delinquent borrowers to let you know that we are doing our best to service these folks and that actually is our responsibility, believe it or not, to service your borrowers for you. You don't have to do that, contrary to what some people may say. We're responsible for servicing those borrowers. We're just going to let you know where we are if with them



as we go along. That data point administrator, whoever he or she is, needs to make sure that your box is set up properly to be able to participate in the program.

Last July, FSA went out and took all of the schools that had Direct Loan on their PPA and in effect processed them into COD as a Direct Loan school with a Direct Loan code. We did that so we can kind of stay ahead of the game here. We have to operate under the assumption that it is going to pass so we don't fall behind. If we fall behind and then it does pass, then it's going to be bad for you guys because we're not ready. That's not the case; we are ready and we're taking some steps to help you get ready as well, one of which is setting you up with a Direct Loan code in COD. We also set up some of your mailboxes at your schools and flagged them for Direct Loan data services and Direct Loan servicing delinquency reports. Your data point administrator can tell you whether or not it's done and your DPA can also go out on line and make sure that it is done, so that if and when it passes, you're ready to rock and roll when it comes to changing data with this here.

As I said, other FSA systems are involved, and now let's go on to something else here. The SAIG system itself, this is just a kind of a diagram here of what I just talked about. You can see the system is over on the right hand side. There are 2 types here that I want to bring to your attention as well that covers just about everybody in the room. Most of you are familiar and those of you that deal in grants and exchange data over the SAIG network and use a PC, you're familiar with the term Ed-Connect, which is the transmitting software that gets that data out of your solution at your school and transmits it across the SAIG network. You can work all day in Ed-Express or Banner or something like that and if you don't transmit it to COD out of Ed-Connect, it ain't going anywhere. So there's actually a 2-part deal here. You've got the managing software and then Ed-Connect to transmit it.

For midrange and mainframe users, we have developed a little bit more robust client designed particularly and uniquely for your type of operation that is called PD Client, and that's made for your midrange and mainframe users to serve the same purpose, transmitting your data to COD for processing. So when somebody says something about Ed-Connect or PD Client, what they're talking about is the piece of software that couples to your school solution and allows you to transmit that award data across SAIG to COD. Any questions so far? Are we doing alright?

For those of you that have not signed up for a TG Mailbox or need information about that, this is the fsawebenroll@ed.gov on-line ability to do so. There is a large SAIG presence in the PC Lab if you have questions on your setup, your mailbox or you need more information about it, go talk to those folks. That's what they're here for, is to help you and make sure that you're set up right, so don't be afraid to go down and talk to them.

[AUDIENCE QUESTION:] [inaudible]



[SPEAKER:] It's fsawebenroll@ed.gov I believe that is the on-line site and you can go in there. There's a couple things you'll do. You'll add your G-code to allow your mailbox to be a Direct Loan data services, and I think you just check a box actually for Direct Loan services and delinquency reports, if I'm not mistaken.

Question is, Do you have to do it for G-codes and E-codes? You have to do it for your Direct Loan school code, whatever it is. If you it is a G-code, you'll use the G-code; if you happen to be an E-coded school, you'd use that.

OK, so where do I send this thing once I've created it? Everybody here I'm sure has heard of COD in one shape, form, or another. This is the welcoming web screen here, if you will, to the COD system. It's been around since April 29, 2002. Actually the vice-president of our contractor and director of the COD system, Colleen Mahoney, right here. She's in with us today as well and here all week long. Come out and meet her and say hello because she has got a system that is dependable, reliable, robust, and most importantly, with this conversion that's looking at us, a very stable system, capable of handling just about anything that is thrown at it. That is one of the things that we have made sure of over the last several months is that the system itself and its capacity to handle all you guys coming in is there, and we are very confident and very comfortable in the feeling that we are ready. Anyway, this is a system you're going to be dealing with when it comes to Direct Loans. There's a lot of information in the COD system and we'll talk about that as we go along and how to get some of that information out.

First and foremost, I want to point out that when you go to the welcoming screen, you see a link at the bottom there that will take you to another screen, if you hit that without even logging in, that will allow you to access various documents that will help you get set up to process in COD. You'll have a document there that will allow you to, or help you, get a security administrator for your school set up in COD so you have access to the database. And that school security administrator is there after going to assign access rights to other users that need to get into the COD database. It has a means of allowing a third party servicer to get in there if you happen to use a third party servicer. There are help documents in there, contact information on various documents. There is a lot of information available to you before you even log into the COD website. But once you do log into the website you're going to be taken to the next screen and you'll see some options on top of there in that blue menu bar across the top. We're going to go through a couple of these to show you. We're not going to go through all of them because there's a hands-on session dealing with Direct Loans and COD that is given a lot here everyday, and there is also a cadre downstairs of COD customer service representatives that can help you with the COD website as well.

Yes, ma'am: The question is, I mentioned the school security administrator, is that different from the DPA at your school right now? Yes, it is. COD has its own security environment within which it works. You designate at your institution a school security administrator and that person in effect is in control of everybody else that gets into the system, you load them into the system or authorize them to be a user, and you also give them various access rights, so it's different than a DPA.



Across the top you'll see some things there for Person, School, Batch, Award, Services, those are the things you're going to be most familiar with, the first one more so than the others. If you go into the batch thing here that I want to go into very quickly, and I do that for one simple reason. You remember a few minutes ago we were talking about building that Common Record out of your school solution, then sending them across the SAIG network, well, this is how it gets into the COD and what it looks like when it arrives there. We will drill down into them so you can see some of the more detailed information, but basically you build that Common Record and send that electronic file across the SAIG network into the system. You have the ability here in 3 different ways here to access that particular file or various numbers of files associated with either a persons' Social Security number or a date range. So there's the ability to go in and look at what you just sent. If we go to the next screen you'll see that when we do a search in the batch screen, we can bring up those files that you're sending. On the left hand side here, if you remember I talked about the Common Record block itself with the date, time and stamp, you can see at the top on the left hand side how those things look when they come in. Of course, as you look at this here, you'll be able to tell as well, as you go through some of the other classes and get into some of the other sessions, the top one there is Direct Loan Common Record that came in. This happens to be a response that we sent back to that particular Common Record. You can see the RS, meaning it was processed and we sent a response back to you. The date that it came in, the date it was processed and sent back, the award year (I covered up all the PII information thereafter), the results, that particular student was accepted. It's a Direct Loan subsidized loan there across the top there with the award and disbursement there next to it as well, so there's a lot of information you can see just on the stuff that goes there before you even get into what's in those files to get into individual people.

We will go to the next screen here. We will go to the person menu and show you what you're going to be looking at when you do drill down into those individuals. By the way, the screen we had before with that ID, you can drill down on anyone of those blue hyperlinked areas that you looked at, accepted information, batch information, whatever you need to get into, if it's blue you can hit it and you're going to keep drilling down until you get to the level that you want to. We're going to go into, though, a particular person using this particular screen here on the person side, and you can see there are other things on the left hand side there, under person, that you can do. This also allows you to get to teach information, agreements to serve relative to the teach information and promissory notes for Direct Loans. We also have a credit check search option up here that will allow you to look at previous credit checks that you have done on individuals. We will go in and do another one in the system as well, if you're going to be an on-line instant credit check.

We go to the person information. We put in the Social Security number. That's the way you're probably most likely going to use this to get information on a person in here. There is another means where you use a last name and 4 or 5 letters of the first name. If there is a John Smith you're looking for, you're going to get bunches of John Smiths to pick from, but generally speaking you're going to be looking to go into a particular person to find out is wrong with that particular record, or to gather some information



from that particular borrower in the system. This is what it's going to bring up for you. It's going to bring up the demographic information up here. Margaret Day, Social Security number, date of birth, demographic information as far as address, e-mail address, telephone number, things of that nature there, and more information that you can go to on the left hand side, all awards, Direct Loans (fancy that), ATS promissory notes, credit checks and things of that nature. So there's not only a well that you go into this system and find somebody but from that point you can just keep on down and down, like I said, to get to more information below that.

Let's take a look at what the Direct Loan information is on this person in here, and we'll select the awards for Direct Loan. You can see on the upper left, we've highlighted that and this gives us a view of all of the awards associated with this person here for all award years. The drop-down box under award years can take you to a particular award year, or in our case, all of them, and you can see what we have there for the 2008-2009 and 2009-2010 award years for that particular student, the various awards in blue, which again is going to allow you to drill down into that individual award to get information from there. Totals for grade levels 4, totals for grade levels 3, all of the information right there in front of you and handy to allow you to look for what you're looking for and get to it in the most efficient and expedient manner that we can.

Let's go onto the next slide. We have Direct Loan information there. We can pick one of those awards and we'll get into the award detail itself. You can see a lot of the information here as well relative to that particular Direct Loan award. Not only do we still have the identifying information up there on the upper left hand side, we have school information as well and the loan identification number on the right side and the award year that is associated with that. Below that a lot of the information that is sent on to us from you about that particular award. The award amount approved, amount disbursed, start dates, end dates, grade levels, academic start dates, loan fee percentages, all of the information that is pertinent to the loans relative to this individual borrower is available to you here.

We can go from there, will go on down to the next screen and you'll see on the left hand side we selected disbursements. So not only do we see what that award looks like, we can go into the disbursements that are associated with that particular award. The first one being one that was disbursed on June 25, 2009, with a pending disbursement still in abeyance until September 7, 2009. If you have questions on the disbursement itself, all we do is click on that, #1 disbursement there. We will go on to the next screen. That's going to show us the disbursement itself, the awarded disbursement date, the amount, origination fee, net award, information relative to that particular disbursement that took place on that particular day. But there is even more information available. If you hit the history button, we can take you down to the sequence level of each individual disbursement. You can see every adjustment that has taken place on that disbursement, where it is, when it happened, and where it stands right now.

There is also some information there about your school, some very good information in there about your school. This is what you see when you first pull your school up in the



system. You can see also that there are some other options that you can go to to look at particular things, but what I want to bring to your attention here is relative to the financial standings of your school, because that is vitally important that you understand some of the financial views that you're going to see in COD so that you know where you are from a financial standpoint. Right off the bat, if we look at the screen here, not only do we see the contact information, and by the way, for those of you not familiar with COD, financial aid administrator at the bottom is a load that comes from our postsecondary education participant system Eligcert, you're all familiar with Eligcert. That particular person, if there is a change to be made to that particular person, has to go through Eligcert and then it's fed to COD and populated here. And there's 2 things about that. If you have a change, the law says you have to do that within 10 days of that change. Secondly, anything that we send to the school out of COD electronically (correct me if I'm wrong here, Colleen), we're going to send to the financial aid administrator. That means that when we cut the weekly school monitoring report that tells you where you are financially, unsubstantiated cash, things of that nature, we're going to send it electronically as an e-mail to the financial aid administrator. So it's very important that that is an accurate portrayal of who that person is in COD. Your contacts you can change online, but when it gets to the financial aid administrator you've got to change that through Eligcert. Eligcert.ed.gov. That's how you make changes to your school profile, ownership, financial aid administrator, president, things of that nature.

Yes? The question is, If you're a branch campus, whose name is there? Whatever school that is, is whose name is going to be there. If you're a branch campus that's not participating, that you are kind of like you're invisible to us in effect, that will be blank. The main campus will have that information including the financial aid director. In Direct Loans, though, an additional location can be a stand-alone processing Direct Loan school. And if there is a financial aid administrator doing that, that is who you would want to show up there because that is who we are going send the e-mail information to.

The question is, can you change that on-line? No, the financial aid administrator has to be changed through a change in Eligcert.ed.gov. That is for financial aid administrator changes, financial aid director changes, presidential changes, chief financial officer, all of those have to be fed to COD out of Eligcert.

[AUDIENCE:] [inaudible]

[SPEAKER:] Not necessarily. That's what I was saying a minute ago. If you're invisible, there's nothing going to there. If you're invisible, you don't have a Direct Loan code. You don't have any of that stuff. You're not processing yourself. You don't have a G5 award if you're invisible to us. If you're processed under the main campus, you're not going to be in there like that. So you do have a Direct Loan code. OK, do you have a financial aid director at that branch campus? Then there won't be anything there; it will be under the main campus. Eligcert.ed.gov. Tell them that Craig sent you.

OK, another thing I want to bring to your attention very quickly on the right hand side. Cash greater than accepted and posted disbursements and older than 30 days. Cash



management rules for all the Title IV programs are basically the same including the loan programs. What that points out to you there is that you have drawn down cash from G5, but you have not sent us any disbursement data to substantiate that money that you have drawn, actual disbursement data. If that's a positive number, somebody needs to look at it and find out why. It needs to be zero. You don't want cash outstanding greater than 30 days. You're out of compliance. So right off the bat when you come here, you're going to see whether you have something you need to pay attention to. Watch that number. It's a very, very important number, and we give it to you right up front.

We have a summary financial screen as well. How many of you have ever heard of reconciliation in Direct Loans? Probably everybody in here has heard of it and probably everybody in here thinks it's the big, bad boogy man under the bed, right?, when you were a 6-year-old. It's not like that at all. Trust me, I'm from the government. It is a straightforward process from which we give you tools on a monthly basis to reconcile what we have in our system to what you have in your system. Generally speaking, if you keep up with everything, you're giving us everything anyway to populate our side of the school accounts statement, which is the report we send you every month, to which you're going to reconcile. That is all it is, just a monthly reconciliation, just like any checkbook, and you don't have to reconcile to zero. You reconcile to the point of where you know where the money is at any given time during that reconciliation. That's all it is. You don't reconcile to zero. The point being, though, that I just said, that is a monthly generated report. Well, things don't happen only on a monthly basis. This screen here is the school summary financial screen that emulates the first part of the school accounts statement. This is all the cash activity at your school. The school accounts statement is a static report generated and delivered on a monthly basis. This screen is dynamic. If you make a change in COD, if you disburse, if you adjust, it's going to show up here, so you can not only have what you need to do to reconcile on a monthly basis, but you have the ability to watch your cash on a day-to-day basis as well in COD, if that's what you need to do to make sure that everything is working right.

[AUDIENCE:] [inaudible]

[SPEAKER:] It updates when we do pull and applies, which means that we pull the information and apply it to the accounts, and those take place twice a day at some time in the day and some time in the evening, 10 a.m. and 10 p.m. I was right, some time during the day and in the evening. We do it twice a day and you'll see the changes as soon as that pull and apply takes place. That is what is good about this screen because it is dynamic. You can go from day-to-day and the activity you engage in is going to be reflected here.

All the information is on COD. All the information that is there, and there is a ton of information in there for your school, each individual school. It does you absolutely no good if you can't get in and extract it in some coherent report form for those that need to know that particular type of information. That's why we have the Direct Loan news box and the ability to pull reports out of the COD system. Now when you go to services from that blue line, you're going to be taken to what's called Your News Box. When you're in



your news box where you access these reports, you're actually opening up a secondary database that is going to be running right next to your COD database; you can go back and forth if you need to or look at this person or go check out a report here, whatever you need to do, but it's going to have the ability to get into the information that you need to stay on top of your processing and to satisfy those other people that need information out of your system.

Thirty day warning report, which is a report that tells you how many unbooked loans you may have out there, and by the way, a booked loan is what we want in Direct Loan. That means that you have sent us a loan origination record, there is an accepted master promissory note on the system, and you have sent us actual disbursement data. The loan is a booked loan and the obligation is now ours and the borrowers'. You have no liability and no obligation anymore for those dollars; it's all ours.

[AUDIENCE:] [inaudible]

[SPEAKER:] What do I mean by actual disbursement data? That you are sending us the amount and the date that you make those funds available to that student. It could be in the future; it could be yesterday. Whatever that actual date is and amount, you send us another Common Record that is flagged. Disbursement release indicator is flagged, too. (We're getting a little bit too deep here.) The Direct Loan Programmatic Primer will give you a lot more about that as well. Basically, you're telling us we made the money available. We posted it. It is now an actual disbursement. The obligation is the borrower and us, not you any longer. That is what you're striving for. Thirty day warning report tells you which loans are in that condition .You may need to fix them to get them taken care of. In any event, 30-day warning report, expired MPN report, all the ability to access the information is there, either through hitting that large blue hyperlink, or if you need something to happen a month and a half ago, you hit the little action button below it and you're taken to another screen where you can backtrack to where you need to be and look at it in that snapshot back a little bit.

Go ahead, let's go to the next screen. OK, right about now you're probably asking yourself I thought I had to have a promissory note on the COD database before I could disburse? You do. You have to have a promissory note on the COD system before we are going to accept that actual disbursement data in COD. That means, virtually that if you follow these steps and get us the origination record and a good promissory note when you disburse, you never have to worry about unbooked borrowers again. It is no longer, almost no longer, possible. That's a good thing. Anyway, also up here, My FFELP Lender did all that MPN stuff...how do I do it in the Direct Loan Program? We're going to talk about 2 things very quickly; let's go to the next screen. www.dlenote.ed.gov This is where your borrowers go now to go out and complete an electronic master promissory note. How many of you here use electronic master promissory notes? OK, how many of you still use paper and are going to continue to use paper? eMPN is the way to go. Logic is built in to take care of it. They can't complete the note unless they do it right. They get done with it. The data that we use to link the note to the loan is immediately transferred to COD. I mean, it's there and you



can see it. It only takes on average 13-14 minutes for a borrower to go in and complete this electronic master promissory note, which tells us a couple of things. It's really an easy site or they are not reading anything at all as they go through this website to complete the note; we like to think the former.

Let's go ahead. This is what we're going to be looking at in the COD, the information that comes from that electronic master promissory note website. We'll go to COD and you'll see several things associated with that note in there. You can see that this loan here has 4 awards linked to it. Remember, master promissory note is good for 10 years, and with one lender in Direct Loans you have one promissory note. You don't switch notes between lenders or anything like that. You do one Direct Loan MPN and it's a good note for 10 years, generally speaking. There are a few restrictions on that, but generally speaking it's good for 10 years. If you can see on the right hand side, this note is received in COD on October 18, 2005, when we linked a loan to it and disbursed on that loan within the first 12 months of that receipt date, that kicked the expiration date out 10 years, 2015. So we see the expiration dates. We see the type of electronic promissory note. We see the status. We see the number of loans linked to it, and again on this page here you hit one of those award IDs in the blue link and it will take you right to that award itself to see what's in that award, if that's what your particular need is here.

[AUDIENCE:] [inaudible]

[SPEAKER:] The question is, is the DL note good for multiple DL schools, and the answer is yes. In direct lending the default for everyone of you is the multiyear functionality school. That means that when you award your student, that award is going to go out and link to any active promissory note on the system. If that kid was at UGA last year and did a note with their ID, and then he comes to your school the following year, your loan is going to link in that previous note that was executed at UGA. School does not associate with that. All we do is use that particular school as in the idea of the note, but keep in mind that the note belongs to the borrower. You can use any note that that borrower has out there that is an active note if you're a multiyear functionality school.

[AUDIENCE:] [inaudible]

[SPEAKER:] Single year MPNs is a little bit different kind of an animal. There are single year functionality schools. That is an option you can choose if you want to. It's not a good option because it cuts down on the fact that you can only use one note per academic year. You can do multiple loans within that academic year as long as the start date and end date are the same, but for the next academic year you have to have a new note all over. If he goes to another single year functionality school, he or she has to do another note at that place as well. Multiyear functionality is the way to go.

[AUDIENCE:] [inaudible]



[SPEAKER:] Question is, she has a student who was a Direct Loan student and has a DL note, comes to a FFEL school. You're going to convert back to Direct Loans next year and you do a Direct Loan, would that loan link to that Direct Loan? Yes, if it's an active note in the system and it had a disbursement so it has the 10-year life, you're a multiyear functionality school, it's going to link to that. System is going to look for the promissory note that has the farthest out expiration date. That is how we are going to link them.

[AUDIENCE:] [inaudible]

[SPEAKER:] Applies to the Parent PLUS loan, as well, as long as the combination is the same, the same parent, the same child.

[AUDIENCE:] [inaudible]

[SPEAKER:] Basically you're asking is there a report that we send that tells you what notes are expired or about to expire? Yes. We send you MPNs about to expire, MPNs that have expired, and there is another MPN expired report as well, I do not remember the name of it.

Question is, is it an automatically scheduled report? Yes, it is. If you go into COD technical reference and the implementation guide, it will explain all of those reports and it will tell you the frequency for which you can sign up to receive the report. I don't know what the default is off the top of my head for the MPN reports, but that's available to you, yes. Actually, on the [inaudible] is the expiration date on the [inaudible] Colleen?

UNKNOWN [SPEAKER:] There's also a session on reports throughout this conference as well.

[AUDIENCE:] [inaudible]

[SPEAKER:] Yes, it will and then it'll send you an edit on it, as a matter of fact and it will be your responsibility to make sure that the limits are not exceeded on that particular loan that is coming in. We match the incoming loan against what's already there, but we do edit. The question is, do we have edits or look at overlapping loan periods between schools. Yes, we do. Still your responsibility to make sure they don't overaward, OK.

Credit checks, 1 of 2 ways in COD, either online in instant check, you have written authorization from the Plus borrower to go online to do an instant credit check and you go and do it. In seconds you can get a response back, and you'll see whether or not that was an accepted credit check or a declined credit check. Criteria is the same in both programs, generally speaking, so this not going to be any surprise to you or anything different than you're used to.

[AUDIENCE:] [inaudible]



[SPEAKER:] I am glad you asked that question. Her question was can a parent go online and request a credit check? No, not for 2009-10. If you're going to do 2009-10 loans, you're going to be involved in it. But for 2010-11, we have enhanced the MPN website and the parent can go there and do all the self-servicing they need to do. They can do their applications. They can do their credit checks. They can start the appeal process electronically. They can submit endorsement information on the website before you even get involved, and then we're going to send you that information and an acknowledgement for your system once all that is taken care of. So the answer to the question is not yet, but shortly. That will come up at the end of March.

[AUDIENCE:] [inaudible]

[SPEAKER:] Not that I know of. Question is, is the borrower notified that it is about to expire? I don't think we notify the borrower, to be honest with you.

[AUDIENCE:] [inaudible]

[SPEAKER:] Good point, question is, if it is a Plus loan MPN if they have an endorser, basically what is it? It's called a single loan MPN, meaning that with that endorser that master promissory note is good for only that loan. If they come back next year, the process starts all over again with another master promissory note.

[AUDIENCE:] [inaudible]

[SPEAKER:] Question is, in March when the parent asks for a credit check, is that going to be an immediate response? It is going to be an immediate response. Yes, it's an electronic process, just like that.

[AUDIENCE:] [inaudible]

[SPEAKER:] If the student goes in as LDS, the student side of it is LDS, they'll see that there is a problem there. Well, they'll be able to go in and pull that note down if they want to, yes sorry. These are all parts of the reports.

[AUDIENCE:] [inaudible]

[SPEAKER:] Question is, would a signature on file and associated with a PLUS loan note, I don't really know what that is.

[AUDIENCE:] [inaudible]

[SPEAKER:] You're not required to have any part of the P-note in the student file at all.

[AUDIENCE:] [inaudible]



[SPEAKER:] Oh, I'm sorry, that's probably what you're talking about, authorize a credit check, an online instant credit check. You have to have an authorization from the borrower and that is in the form of a note that they sign and hand to you or a fax that they send you with their signature on it or if they have signed or executed an electronic master promissory note or paper note, that is inherent in the note itself that states that in there. A school can also set up a website on a shared secret basis with the borrower, but if you do that, that is actually the fourth option if you want to do it that way, so from that respect, yes you can do that.

[AUDIENCE:] [inaudible]

[SPEAKER:] No, what I meant was in the promissory note there is verbiage that says that the parent or Grad Plus borrower is authorizing the department to go do a credit check on them. A credit check is automatically generated or initiated with the loan origination vendor.

OK, I'm done!

[SECOND SPEAKER:] OK, is this on? Great. So, now you've got your loan in COD, you've [inaudible] you sent the Common Record in COD, you got your loan. Very important part of this process, you're going to need to disburse this loan. You're going to need funds and then you're going to go to G5 and do that, so for you guys that do grants, you know about G5 system. This is the government's payment system. That is where you are going to go on and that is where you are going to put in the information and obtain your funds, draw down your funds. Again, G fund provides locations for schools for funding process. This is where you going to do your draw-downs, your G5, do your draw-downs, any raw down adjustments, any return of funds you're going to do there. You can do your award activity of the funds you've drawn down and there are also G5 funding reports for you.

You need to register for G5. If you have a G5 account, you're good to go, but if not, you're going to need to go on and go to the G5 site and you can obtain the information there and your school can register in G5.

Next, to establish a G5 account, you're going to have to have a DUNS number. Most schools have those. You're going to need that DUNS number to establish a G5 account. If your school does not have one, you can go to 1-866-, call that number and obtain one or go to Dunn & Bradstreet website, D&B.com.

[AUDIENCE:] [inaudible]

[SPEAKER:] I think you each need a separate access so each person would need their own. With every award you bring down, there's going to be an award document ID. It's an 11-character unique ID. Oh, her question was do you need separate G5 IDs, so if someone is going to do it for grants, someone is going to do it for Direct Loans, they would each need their own log-in. Sorry about that. Different user IDs. The award



document ID is an 11-character unique ID. The P268K, the first part of that, that identifies the particular program, so that's for Direct Loan. The 10; that is the award year, so that would be for the 2009-10 year, so when you go to 2010-11 it is going to be the same thing but end in 11, and then the last 4 digits, that is a unique identifier. It's going to identify your school.

To establish a G5 account, you're going to have to set up a bank account. You're going to have to let G5 know where to put that money, what account to put it in. There are 2 ways you can have your money come down through automatic clearing house (ACH). You would need to do a direct deposit sign-up form for that or you can enroll in FEDWire and have your funds delivered that way as well. You're going to obtain again user IDs and passwords, and it's going to e-mail user IDs and passwords to the payees' business address. G5 also has on-line training for you so you can go to the G5 website and you can do some on-line training to get familiar with the system.

So now, you've got your money, you've disbursed your loan. It's booked. What is happening now to your borrower when they go into repayment? Well, there is a borrower services on-line site where the borrowers will go and that's where they can do a variety of things, as far as repayment of their loans. Go to the next screen. We'll talk about some of the things they can do there. They have repayment options tailored to individual needs. There are standard, extended, and graduated payment plans, income-based repayment, income contingent. There is an alternative repayment plan. Also in Direct Loan there is a public service loan forgiveness, which basically means if you're in public service, certain public service positions, and you're a Direct Loan borrower and you make 120 payments, you can have that loan forgiven, the remainder of that loan, let's put it that way, because you would have already paid quite a bit, almost 10 years worth. If someone is in public service and they leave any of the payments they make when they are not in a public service position, it is not going to count towards that 120 payments. They have to be in a certain public service profession.

Direct Loan, the borrowers services, it's kind of 1-stop shopping for them. There are a lot of things they can do. They can get their payments. They can make payments on line. They can do electronic billing and get billed electronically. There is self-service tools for borrowers. There is information about their loans, about budgeting, that sort of thing. There is also a telephone voice response system and web portals once they log in to help them.

There is also on-line form submission. If they need to do a deferment or forbearance they can submit the forms online. They can sign it electronically using their PIN and also they can do loan consolidation as well. Also for you schools, there is a school services online site where you can go and you can find out information about your portfolios, about your borrowers, and you are going to access that through COD. You're going to go into COD and one of those at the top where it says Person Batch, there is also something that says Services. If you click on Services, you're going to see where you can go into servicing. So basically you're going to log in COD, click on Services and go to school servicing. Some of things you can do there, you can pull up your borrowers.



You can look up individual borrowers and see what Direct Loans they have, their balances, and also if you'll see where we have it circled in red, it says "click here to see repayment estimates," you can actually go in and you can look at the different payment plans using their data and estimate what their payments are using each one of those plans. That is something you can use in exit counseling to show them, you know, if you're in an extended plan this is what it is. If it's graduated, this is what your payments are going to be and how long it's going to take you to take pay off your loan.

We also obviously in Direct Loan, there is default delinquency management. Prepayment counseling begins before the borrower goes into obviously repayment because it is pre-repayment counseling. Calls begin 2 months prior to the borrower entering into repayment. They will be called. They will be told about getting them ready for repayment, giving them some information, talking about the different repayment plans. They will also get e-mails to assist them with repayment options before they go into repayment to establish that relationship, get the borrower prepared for payment. Delinquency counseling, we also have that in Direct Loans, as well as you have it in FFEL. Calls begin 31 days, so if they're 31 days delinquent, they are going to get a call. Up to 22 calls are going to be made. Letters are going to come to them in 7 days. Once they are 7 days delinquent, they are going to start receiving letters just to remind them, see what's going on. There are call campaigns. For example, for high balance calls. Anyone with a balance of \$80,000 or greater. There may be a legitimate reason; it may not be a problem, but Direct Loan is going to call them just to see if there is anything they can do for them. Obviously if it is someone in med school or in graduate school, they can easily have \$80,000 or more.

Direct Loan also has a late state delinquency assistance program. That is where you as a school will partner with Direct Loan servicing. What you try to do is reach out to those borrowers who are 240 days plus delinquent. Those are the borrowers that are going to default if you don't do something for them. Basically what you're going to do as a school, you're are going to just try to get that borrower. You're going to try to be the bridge and the liaison to get them over to servicing so servicing will help them. We found that a lot of times someone who is delinquent, they may not talk to the servicing center but they will talk to you from the school because you are someone who has helped them in the past. There are scripts that servicing can provide you as to what you can say to them to how to get them on the line, how to get them over. Your job is not to try to collect that loan. It's just try to get them to servicing to see if they can help that person so they don't default. Also, that is the smallest group of borrowers that you are going to work with, the ones that are 270 and delinquent. So even if you are a very large school, like University of West Virginia, which is very large, that's just a handful of borrowers that are 270 days past delinquent. That's going to have a big impact on your default rate.

Now, are we ever going to stop talking? Well, yeah. We're never going to stop talking but we are going stop talking in this room. We have customer service centers for you for COD school relations. We have websites where you can go and e-mail. We also have phone numbers for CPS, SAIG, G5, and NSLDS, as well as servicing. If you have any



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questions, you can send it to dlenrollment.fsa.ed.gov and we'll respond back to you. So thank you, any questions, we'll still be here for a while. Thanks for attending.