



[DAVIS:] Okay. We are going to get started with this session today. Welcome to "Processing Direct Loans For Schools That Have Never Processed In COD." And we still have people coming in from lunch. I hope you had a wonderful lunch. I am so glad to see all of you. What are we going to do in here today? We are going to talk about what is COD. It is a fairly flavorful fish, if you like that kind of fish, but in this context it is Common Origination and Disbursement, and it is named that because schools can send all program information to us for grants and for Direct Loans all in one common record to one system. In old days, you used to send data to Pell, it used to be [inaudible] and then it was RFMS, and then you sent Direct Loan data to another system. Then we put Common Origination and Disbursement together; it is one system to receive everything except campus-based data. There is a place holder in there so sometimes when you have logged into COD on some screens you may see some spaces for campus based, but that at this point in time is just a place holder for campus-based data. That is not where you send campus based, but that is where you send everything else: ACG, SMART, TEACH, Pell, Direct Loans. We are going to look at the web site and what you use it for from a processing perspective, and then I am also going to talk about some resources that are available for you that you can access to help you learn more about Direct Loans and more about COD.

COD is our system, as I mentioned, to collect grant and Direct Loan data. We also transmit that data. Where do we send it? We send Pell data to NSLDS and we send Direct Loan data to Direct Loan Servicing, which then sends it also to NSLDS. COD also interacts with the Central Processing System (CPS). It interacts with you, the school; interacts, as I mentioned, with Direct Loan Servicing; and also interacts with G5, so it is a system that actually touches many other systems as well as you, the school, and let's look at that from a visual standpoint. We have got COD in the center because this is all about COD here in this system; it's all about us, COD, but we want to talk about how we work with each of the other entities that are involved in delivering federal student aid. So, you have got the student up in the top right up there, or left, or whatever it is up there in that corner; your right, my left. The student is going to complete their master promissory note and that data is going to be electronically transmitted to COD, where you can view it in our system. So, the student can't visually go into COD, but their data is going to be transmitted to COD electronically if they do an eMPN. If they do a paper promissory note, then it is going to go to our loan processor, who will image the data in, which then sends it to COD. So, one way or the other, the student data is coming to COD for the MPN.

Another system that COD interacts with is CPS, the Central Processing System. Okay, you know the Central Processing System gets the student's ISIRs. CPS also sends to COD what we call an abbreviated applicant file, sends us just enough information to let us know if the student is an eligible borrower or an eligible grant recipient and who they are. That is called the abbreviated applicant file, and you can see it under Applicant Search, under the Person Menu, and we will look at those menus in just a few minutes. So, that's how COD interacts with CPS. COD also interacts with you, the school. Right over here; College; you've got the big piece right here. You're going to be sending us Direct Loan origination records and disbursement data and we're going to be sending



you reports. You're going to use your school software to send us that data. Some of you right now go out to one of your FFEL lenders or guarantor sites to enter data. You can enter data directly on the COD Web site, but I highly recommend that you use your school software to enter data into your school software and transmit via SAIG, your TG Mailbox, transmit the data to us, it sits in the SAIG Mailbox, COD goes out there and they sweep everybody, all the school's information, out of that SAIG Mailbox. We suck it into our system; can I say that? We bring it into our system and we manage that data and we say yes, good, or no, it's bad, and we put that response back in your SAIG Mailbox, where you then go and retrieve it and import the responses into your system, or you retrieve the reports that COD has generated and sent to your SAIG Mailbox back into your system. Are you all with me? Yes? You in the back there; are you guys with me? One more time? Thank you. I appreciate that.

One more time; okay. So, you are entering your data in your system. You are not going out on line to some servicer; you are not going to Mapping Your Future; you are not going to some other system that you do that, that you currently use with FFEL. You are using your software product at your institution. You are entering your Direct Loan origination and disbursement data, and I will talk about what that is in a second. You are transmitting that through EDconnect to your SAIG Mailbox, your TG Mailbox. COD comes and sweeps all the school's mailboxes several times a day and we process that. That's what you want to see again, right? We process that data. We look at it; we make sure it's all okay and we let it into our system or we reject data. We put that response along with reports that we generate back into your SAIG Mailbox, where you use EDconnect to bring it back out and pull it back into your system software. You can go directly on COD and do records one at a time. I highly recommend that you use your school software, but you can go right on COD to do that, one at a time; 15,000 students one at a time takes a long time. COD also interacts with G5. You, the school, will be requesting funds for Direct Loans from G5, which is our money system, that you will go out your business office, bursar's office, your money person on your campus (separation of duties), the money person goes out to G5 and they draw down the funds that you think that you are going to need to disburse for your students. G5 also interacts with COD and tells COD how much money has been drawn down, and they send it to our system where we then bounce that up against the disbursements that you are sending to us to make sure that you are telling us how you spent the money. You draw down \$100,000, we expect to see \$100,000 worth of disbursements.

The other system that COD interacts with is Direct Loan Servicing. Once a loan has booked--in other words, we have an accepted master promissory note, we have an accepted loan that has hooked up or linked with that promissory note, and we have an accepted actual disbursement, that student now has a debt with the lender, the Department of Education, and it's on the books. It's booked. So, that information then goes to Direct Loan Servicing. If your students call Direct Loan Servicing--let's say you're a traditional school, you have classes start, let's say, September 20th. You send origination data to COD in August and you haven't disbursed yet because you're not going to send in an actual disbursement until closer to when school starts, but that student calls Direct Loan Servicing and says, "I want to know more about my loan,"



Direct Loan Servicing is going to say, “I don’t know who you are,” because they don’t have any of that data until the loan books and has been on their system. We send them the disbursement information so that they can start working with the borrower with their loan. Okay? Y’all with me? Shaking your heads yes or no?

[AUDIENCE:] [inaudible]

[DAVIS:] It’s accepted actual disbursements that then, once everything--you’ve got the 3 pieces, you’ve got the MPN, you’ve got the accepted origination record, the accepted actual disbursement--once that’s all sent, that’s all in COD, it gets sent to Direct Loan Servicing. If you have never drawn down any money for that and the school is fronting the money for that, it still is booked and it’s going to Servicing. Okay?

[AUDIENCE:] [inaudible]

[DAVIS:] Accepted actual disbursements. So, when you send a pending disbursement in with your original origination record, they’re not going over to Servicing. It’s once you’ve actually credited the student’s account and then you tell us that you’ve credited the student’s account. That’s an actual disbursement, and then that will go over, and we’re going to get more into that in just a second. I just wanted to let you know how we hook up, and it’s actually Servicing that then sends data to NSLDS. COD does not send data. COD does not send Direct Loan data to NSLDS. COD sends Direct Loan data to Direct Loan Servicing, which then sends it to NSLDS. Okay? Direct Loan.

Okay. So, we talked about that you send the data to Direct Loans, to COD. What is it? You send that to us in a common record, in an XML format, and it actually comes to us behind the scenes. Are there any IT people in here? Okay; so IT people know how this works because they actually have to build it or your software vendor builds it for you. They send the common record in blocks. The first block actually says, “Yes, this is an XML and it’s formatted correctly for us to receive. “ We don’t even let that record in our door if it’s not formatted correctly. It can be a malformed document and actually we’ll reject it.” We say, “No, no, no, no, no. This is not the correct format. You didn’t build it correctly and we won’t even let it in the door,” and that’s a rejected batch or a malformed document. COD Customer Service will send an e-mail to the institution if they happen to send us a malformed document to let them know you never got in the door, and if that e-mail bounces, then they will call you. So, first they’re going to try to e-mail based on your contact information you’ve provided to us, and then if that doesn’t work, then we give you a call. E-mail first, then call.

The next building block, and that’s we like to think of it--you’ve got your foundation of the common record, and then the next block in that XML record is actually you, the school, the entity. Your entity ID is your COD ID. You guys have more IDs than you can shake a stick at, and if you ever want to wonder what they all are, if you hover over the little red “i” next to your name in COD it shows you all your department codes--your OPE ID, your Pell ID, your GAPS ID, your DUNS number, and your COD Entity ID. That can be important when you’re setting up your school software because it may be asking



you for your Reporting Entity ID and/or your Attended Entity ID; it's your COD ID. Okay? Hover over the little red "i"; you'll see what it is, or you can call COD Customer Service and they'll be glad to tell you what that is. So, that Entity ID has to have permission to send data to us for us to be able to receive it. So, that's the next building block. After that, we're going to build the person. We're going to send you a response on that if that person matches the CPS data. So, let's say you sent us Suzy Smith with an SSN of 123-45-6789 and her birth date is 1/1/1970. If that does not match what she put on her ISIR, then the person isn't going to build because we're looking for an eligible aid recipient based on what they completed on their ISIR, their CPS data. So, we've got the building blocks. We've got the common record in the right format, we've got--yes, you've got permission as an entity to send us the data, and now here's the person. Oh, yeah. They did their ISIR, they're eligible to receive data. So, now we're going to be looking for the award that the school is sending in to us. It can be Direct Loan, Pell, ACG, but they're going to send an award to us. If the borrower or the person builds, then we will accept the award. If the person doesn't build, we can't build that floor above it, we're not going to accept the award. Okay?

The next, and the final piece, is the disbursement. So, all of this goes in the Direct Loan record that you're sending to us in that XML format. You're going to send in an origination record to us, which we're going to talk about, that contains either pending or actual disbursement. Again, as I said, we're going to send it to COD. So, let's look a little bit more about what that COD Web site looks like, and I'm going to sell you on why you need to have access to that. Sure, you can just look in your software and say, "Yeah, I'm only paying attention to what's in my software," but there's so much information available to you on the COD Web site to help you manage your processes, and we're going to hold you accountable to what is in COD because that's where we generate all of our reports from. So, you're probably going to want to make sure that you match what we match, which is why you should look in COD from time to time, if not on a regular basis, daily, weekly. Before you even log in, you can actually search for other schools, so let's say you have a borrower that's attending your institution and, oh, my goodness, they're going down the street, too, and you want to make sure you can talk to that other school. You don't have their contact information. You can do a search by school name or if you know their OPE ID, you can do that, and get the contact information for that financial aid administrator, give him a call and say, "Hey, are they getting a loan at your school, or are they getting a loan at my school?" So, you can get that information even before you log in.

You can also [click here](#) if you're looking for more information on common origination and disbursement before you even log in, and that takes you to our Library of Resources. Our Frequently Asked Questions are updated about quarterly, sometimes it's every 6 months, 4 or 6 months. It gives you lots of information if you're not familiar with COD about things you might need to know. We also publish, at least weekly, a COD Processing Update, and we divide it out in both Direct Loans and Grants, or just Grants, if you're doing that. That tells you what's going on, if there's important information you need to know, if our system is coming down. Say your favorite time to work is on Sundays at 2 a.m. Who likes to work Sundays at 2 a.m.? Oh, man. Nobody?



Oh. Okay. Well, frequently our system comes down on Sundays about that time to make sure that we do everything we need to do to keep the system running smoothly. You might want to check the COD Processing Update because we're going to tell you if we bring our system down for maintenance, when that's going to happen. Also, if there's any alert that we need to make you aware of, it's going to be in that COD Processing Update. So, it's helpful while you're getting your cup of tea or your cup of coffee in the morning if you just check out that COD Processing Update to make sure that you know and you're up to speed if there are any issues that you need to be aware of. If you're not sure who to call, another really great tool is the COD School Relations Quick Reference Guide. If you don't know if you should be calling CPS because it's related to your TG Mailbox and saying you need to have something resent to you, phone information if you're not sure what address to mail credit appeals, then that's in there for our Applicant Services, phone number for COD Customer Service, phone number for Applicant Services where you're PLUS borrowers would call if they want to appeal a credit decision or send endorser information. All that information is right there for you. You're setting up new users on your campus, you're going to need to get access to the COD Web site. Here's our COD Web site Access for Schools as well as the User Role Chart, so to get access to COD you need to have a system administrator, which is a level 5, and then that person can also set up other people at your institution that have different levels of access. You might want to set somebody up that can actually do a credit check, an instant credit check on line. You might want to have somebody that can do most of the processing, but you don't want them setting up, you know, how reports are formatted at your institution. That would be the system administrator. Check out those user roles and it will help you assign different roles to different users at your institution.

Okay. This is after you log in. This is our Welcome page, and again, we have messages here for you that let you know exactly what's going on. It's important to glance at this. This is the screen that you'll see when you log in. Once you've logged in, if you want to click that same library of information; it's called Today's Update. It really should be COD Library of stuff, but it's called Today's Update, but know that that's where all of our resources are. Before we go on, this is where we want to look at all of our menu choices. You can look at specific person information. You can look at your school information, which is mostly where you'd look for your financial information. You can look at particular batches, which we have some sessions that are more in-depth than this one that can show you more about batch searches. Usually don't go to Award because you have to type in the long number and it's easier for you to get it from the person. Services is where you will go to access your reports that are on line, or as a financial aid administrator you can go through to the Direct Loan Servicing Center Web site through COD--same sign-on--and also where you would set up different users or change your password.

So, let's go ahead now and move on, and talk about the different parts of the Direct Loan process and how you can use the COD Web site at each one of those steps of the process. So, we'll look a little bit about origination, we'll look about disbursement, and we'll look about reconciliation.



What is origination? Origination is the same thing as certification in the FFEL world. You are certifying that the borrower is eligible and attending your institution. When you originate a loan in your software, you are certifying that that Direct Loan borrower is eligible to receive aid at your institution. They're enrolled and they're eligible; that's what that means. We're going to look at the Origination ID and then we'll look at where you can see the records in COD as well as credit checks and promissory notes. Our Direct Loan Award ID, or Origination ID, is 21 characters. It consists of the borrower's SSN, then the loan type, which would be S for Sub, U for Unsub, or P for PLUS, and that P for PLUS is P for PLUS for either Grad PLUS or Parent PLUS, and then very important is the year. In Direct Loans, it's the trailing year, so those of you who do grants, everything else in grants is the leading year, so for '09/'10 it would be 2009, but for Direct Loans it's the trailing year, so for a '09/'10 loan it would be 2010, followed by, importantly, your Direct Loan school code. Most of you will have a G code, if you are a main campus. In other words, your OPE ID ends in zeros. If you are a location of a main campus, then you probably will have an E code, but you may have a G code depending upon what your status was before you became a location. Okay? It's very important that you originate loans with the Direct Loan code of the school that is funded because that's what we use to bounce up against the money that you drew down.

The next part of that is the sequence number, and that tells us how many loans of that type for that student for that year at that institution you did. Most of you will only do a sequence 001, but should you decide to do a second subsidized loan or second unsubsidized loan instead of increasing the loan amount approved, which you can do in Direct Loans, let's say you want to create a second one. Then, you'd have the same SSN, the same type at Sub, the same year 2010, the same school code, but you'd have a sequence number of 002. Okay?

[AUDIENCE:] [inaudible]

[DAVIS:] Okay. The camera man's going to kill me, but you guys will all be there in my defense, right? Promise? Nobody is shaking their head in the back.

[AUDIENCE:] [inaudible]

[DAVIS:] I will repeat the question. Her question was about sequence numbers, and we want to make sure that we're clear. There's a sequence number associated with a loan, so if you increase a loan amount, you haven't changed the sequence number because you're still working with that same loan. If you do a whole another loan, then you've increased--you've done another loan, so you have a second loan, but there are sequence numbers in disbursements also, and that is really – I didn't repeat her question, did I – but her question is really about sequence numbers associated with disbursements, and we're going to get to that in a second and it'll be a little bit more clear for you all. Okay. So, where can we see origination data in COD? One of the easiest places to see that is under the Person Menu choice and up here at the top, right up there. Notice that you can do a Person search. Actually, there's another button right here that I don't have access to, and that I didn't capture in the screen shot, but that



most of you will, that will say Create New. So, let's say you want to work on the COD Web site and this borrower has no data in COD at all. No grants; no loans; nothing. You're going to create a new person totally. If you want to work on the Web site, you click Create New, you add the person data, and then you add the Award. I highly recommend that you use your software to create records and send to us, but if you need to, you can create a student and then create their award data right on the COD Web site. You can also search for promissory notes here and you can also search for credit checks here, but we're going to do a person search and we're going to type in some data, and I'm going to show you that you can actually, within that person search, you can look at that person's promissory note without having to go back and search for it. You can look at that person's credit check and you can also look at any correspondence that we may have sent to that borrower such as a disclosure statement. Okay? We're going to capture the person's name, Social Security number, date of birth, their current address. If they've had a previous SSN, that will also be captured here as well as their citizenship status, and also if they are a post-9/11 deceased veteran dependent. You notice up at the top up here that it lists Direct Loan, Pell, and SMART, but there is no ACG. That's because this particular student doesn't have an ACG, so if you go into a student record and all you see is Direct Loan, you know there's no Pell data in there, either. We're going to list the type of award data that's associated with that student, so you could just click on that particular award type, which is what I did here, and you can sort of see that it is grayed out. I clicked on Direct Loan, and I chose All Award Years. I want to look at everything that's in COD for Direct Loans for this particular student, and it pulls up all information. In this particular case, everything is from the same institution, but if more than one institution has sent in Direct Loan data and I chose this student, and I chose All, I would see all School Data, Direct Loan data, for this particular borrower. You're going to see it by Award Year; here's everything for '09/'10 at Grade Level 4 and here's everything for '08/'09 at Grade Level 3. Notice that they have Sub, Unsub, a PLUS; some of it has been disbursed on and some of it was either zeroed out or never disbursed on, but originated and sent to our system. If you want to see more information about a particular award, you go ahead and click on the hyperlink for that award and it will drill down into that award information. There you'll see the award amount approved. You'll notice here that nothing has been disbursed on this loan. We have our award start and end date and down here you see you have the academic start and end date. This gets really confusing for me, so you're going to have to correct me if I'm wrong, please, but this COD system is the only place that we don't talk about loan periods. The whole rest of the world talks about loan periods, but in COD we talk about award start and end date; that's the same thing as the loan period. Your academic year; your academic year is actually this academic start and end date. In many cases, your academic start and end date can be the same as your loan period, but some of you may have an academic start and end date of, say, a year, but you're doing a loan for a single term, so your award start and end date would be that loan period. Okay? Make a note of that because that's the only place in the whole world that you'll see that, but it's in our system and it's there for you.

You'll also notice that the disclosure indicator COD is going to print and send to the borrower. This particular institution has the P Note Print indicator, School or Its Delegate



Prints and Sends; that doesn't necessarily mean that the school is going to do that. It probably means that the borrower completed it electronically, but the school had the choice to print it if they wanted to. If that COD prints and sends, then what you're doing is every time you send in an origination record we're going to print a promissory note and send it to that borrower to complete. That borrower may already have done an electronic one, and then they're going to be like, "What is this? How come you're having me do a new prom note when I already did an electronic one?" So, really you shouldn't probably, in my opinion, set that to COD Prints, but on an individual basis you can go ahead and change that if you have a borrower that's in your office and you've done everything in your power to convince them to do a promissory note electronically, but they still insist on paper. Change in your origination record or go on line to have COD print and send to that borrower, but most of the time you're going to want everybody to do things electronically, because we just catch edit rejects and all kinds of stuff. Yes; is it quick?

[AUDIENCE:] [inaudible]

[DAVIS:] Okay. The question is, under Setup, where do you go to choose what you're going to do? We're not going to cover that in this session. I'll talk really fast and tell you, but if you need more information about that, go down to the PC lab and they'll be glad to walk you through that. That's actually in the School Menu, and when we get to the School Menu I'll show you under Options where that is. Okay? You'll also notice the loan fee and the rebate percentage associated with this particular loan. Also within here, I could click down and see the disbursement information for this particular award, or I could view the promissory note, and that's what we're going to do now. We're going to click on that ATS promissory note and it's going to pull us right up to that particular student's promissory note with all of the loans that are linked to it. Notice you can also view the signed promissory note right from within COD, so you click that; you'll bring up a PDF of the promissory note that was completed electronically. You can't view on COD notes that were completed via paper, but you can view electronic ones. Also notice that you have an expiration date for the promissory note. This one is 10 years out. The MPN was received 10/10/2005; it's got an expiration date of 10/8/2015 and there are 4 awards linked to it. It was completed electronically. You'll have a 10-year expiration date if you have an award that's linked to a promissory note that has an actual disbursement. If you have a first-year student that's come in, done a prom note and you're merrily going along and it's May and you still see a 1-year expiration date, likely you've been sending us disbursements that have rejected, or you never sent us actual disbursements, so that's kind of a good tip to be looking. If you've got a 1-year expiration date on a P-Note where you thought you were sending us data, better check again because maybe you either didn't send this data or it rejected. Okay. You can also view the credit check information for a PLUS borrower within COD, right from that Person Menu Search screen. You've got it open. If it was a PLUS borrower, it would have ATS, it would have Disbursements, but it would also have Credit Check. So, instead of doing a search and having to type in SSN, right from within that student's record you can click the credit check information and determine if it was accepted or rejected or declined, and also the decision date.



[AUDIENCE:] [inaudible]

[DAVIS:] No; you're just viewing it. The question was, am I performing a credit check, and no, I am just viewing the credit check here. Okay. I'm not performing an on-line credit check. So, we've talked a little bit about what you can see in COD from the origination perspective. Now, let's move on to actually disbursing and what you can use as tools from the COD Web site to help you manage your disbursements. We talked a little bit, thanks to your question, about pending and actual disbursements. In the FFEL world, you send a certification to the lender and you tell them when you are going to want the money, you tell them the disbursement dates, and you're done with it. Yeah? It's not what you do in Direct Loans. In Direct Loans, you send us an origination record that has anticipated or pending disbursements associated with it, the total amount of the loan, so if you're traditional it would be a fall/spring disbursement; if you're a quarter school, fall/winter/spring; if you're a career college and you have ongoing starts, you figure it out. That's who I used to be, so I can make fun of us. And then when you actually credit the student's account, when you go to G5 and draw the money down, because we're not going to send it to you, you gotta go get it, and then you credit the student's account, you're going to send us an update to your origination record that tells us you actually disbursed that money, and it may be the same date and the same amount that you told us originally when you sent us that pending or anticipated information. It may be that you actually credited the student's account a month later. You're going to want to change that date because we're going to be charging the student interest based on when you actually made the funds available to the student. So, you have to make sure that you're telling us the date that you actually credited the student's account. Actual disbursements, okay? One question back there.

[AUDIENCE:] [inaudible]

[DAVIS:] Good question, and I'll repeat it for those of you that wouldn't come up to the front and join our cozy campfire, but that's okay, because I understand. I've sat in the back in general sessions, too. The question is, if you have a pending disbursement, say of September 1st, and the student maybe hadn't given you verification data, so you didn't want to pay them on September 1st and actually they didn't turn the information in to you until you hounded them a thousand times, and they finally brought it in October 1st, so you didn't credit the student's account until you knew that you'd verified them and you're okay. The question is, September 1st is gone and passed; do I need to send anything to COD to tell them I'm not going to do the disbursement on September 1st? The answer is no; you can wait until you've actually credited the student's account on October 1st, just change the date to October 1st and send that transmission to us. Okay?

[AUDIENCE:] [inaudible]

[DAVIS:] Okay. One more time. I would just like to draw pictures for y'all, so, okay. Here you have a loan period from September 1st to May 1st; September 1, 2009, to May 1, 2010. You're going to disburse for that student \$3500 and you have a first disbursement



date of September 15th and you have a second disbursement date of January 15, 2010. \$1750 is the gross. The student, lovely student that we love to assist, does not complete verification, so you're not going to pay that student because they haven't done what they needed to do. You could choose to pay without verifying the documents, but you're going to be very careful to make sure that you don't get in a bad situation, so you're going to wait until you get those verification documents until you disburse. So, the business office doesn't draw down the funds and doesn't credit for that particular student until you know you've got all your i's dotted and your t's crossed, and that doesn't happen until October 15th. So October 15th your business office, bursar's office, money person, goes and gets the money for that particular student from G5, tells you that they credited their account on October 15th, and you go into your system software to that student's origination record, to their first disbursement that had a pending disbursement date of September 1st for \$1750, and you change it to an actual disbursement and you change the date to October 15th because that's when you made the funds available to that student and that's when they actually became a borrower and where we're going to start charging them interest on that money. Yes? Are you with me now?

[AUDIENCE:] [inaudible]

[DAVIS:] You, the school, make that change. You, the school, go into your software and tell us that it's not a pending disbursement now, it's an actual disbursement, and the reason you may be confused is because every software treats that a little bit differently. Powerfaids has something behind the scenes that it's a process that you run that converts things from pending to actual. EDEXpress has a part on their screen where there's a disbursement release indicator and when it's pending that's blank, and when it's an actual disbursement you just check that box or you do Multiple Entry that checks the box and sends that information to us that makes it actual. I don't know every software type, so I can't tell you how you take that action in your system, but you take that action to tell us we paid the student on this day, which could be the same day as your anticipated and it could be the same amount of money, probably is, but you, the school, take that action to tell us what you did. Okay? You can see disbursement information both from the Person tab and in the Batch screen and we will also send you lots of reports from COD to help you manage your disbursements as well as we'll look at a school monitoring e-mail that we send to you. How am I doing time-wise, Colleen?

[COLLEEN:] Uh...30 seconds.

[DAVIS:] Left? Okay. Cool. Okay. Actually, I went into the Person Menu to search for this particular student. You'll see that this is highlighted, but if you look at this bread crumbing that's at the top, you can tell how I actually got to this particular student's record, and I can also go back by just clicking on one of these little bread crumbs here to go back to where I was in the first place. So, I actually did a batch search and then looked at the details of that batch, clicked on the person's information to get to where I am here, but I could've also done a person search and then clicked on Disbursement for that person, and it actually brought me to the award information. This is a subsidized loan that was made in the '08/'09 award year and it was actually the second subsidized



loan at that institution for this award year; it has an 002 sequence number. The actual disbursements are at zero, no actual disbursements, and the gross pending disbursements are \$1750, and you say, "Oh, my goodness. This makes no sense because look at here, this first disbursement down here at the bottom says it was disbursed, but it's at a zero. What's going on here? It doesn't make any sense. Aha. Maybe there were some changes made on this disbursement." And you can actually click on the blue hyperlink for #1 here, which we're going to do, to look at what's been going on with that particular disbursement. We see the disbursement detail for disbursement 1 and you'll see a sequence number down here of 66, and it's at a zero, but it was disbursed, so we're going to click on the history of what went on with that particular disbursement, and here, Margaret, is where we're going to get to your sequence numbers. So, for the history, which you can tell we clicked on here for this particular disbursement 1, the first action or sequence I took with this disbursement was on 6/29/2009; I sent it to COD. My disbursement date was 6/25/2009. COD responded to that information on 6/29 and it was booked, which meant that we sent it to Servicing because now we had an actual disbursement associated with an accepted award that had linked to a promissory note. Information goes to Servicing. On 9/24/2009, the school probably realized that the student had won the lottery and had decided to go live in Hawaii, unless they were already in Hawaii and they maybe came to California; who knows? Anyway, they are not there anymore. They don't want the money. They won the lottery, whatever. So, actually in this particular case the institution went on line. Anything 66 and above is an action that was performed on the COD Web site either by COD or by the institution. The institution in this case went on line and zeroed out that disbursement, so they said no, they didn't want the money; we're going to zero it out. That is a subsequent action that was taken. In this case, it was on the COD Web site, so it's a sequence number 66 or higher. If this particular school had done this through their school software, they had reduced the amount of that disbursement to zero and sent it to us, it would have been disbursement 1, sequence 2 because it was the second action taken on that particular disbursement, and the final action at this point in time taken on that disbursement, the end result. Disbursement 1, sequence 2 if you do it at your institution. Here, in this case they went on line and did it, so it's disbursement 1, sequence 66 because it was done on line. They zeroed out that disbursement. We will then send that to Servicing, and now the student does not have a debt for this particular loan.

Okay. You can also check out disbursement information by accessing the Batch Menu, so we are going to go to the Batch Menu here and we're going to go down and do an SSN search and you can choose to search for all data that was sent to COD for a particular award year or you can look at all award years. We're going to, I believe, choose All Award Years. Nope, we chose '09/'10 for this one. And you'll see that this brings up, so I covered up the data, but this would be an SSN right here and actually this would be a School Entity ID number right in here and the student's name, I believe. All the batches associated with this particular student that have been sent to COD; in this particular case they're all Direct Loan, but if this student had had Pell or ACG or TEACH or SMART, anything sent to us, it would all be reflected in this batch because we did a search for all of that particular student's information. You can see when the



batches were sent to COD and when they were responded to, as well as what year and whether the student was accepted, what type of record it was, a Direct Loan Subsidized or Direct Loan Unsubsidized, whether the award itself was accepted, or whether the disbursement itself was accepted or rejected. Here we have a Subsidized Loan, sequence number 001 for the '09/'10 award year, and that first disbursement was rejected. Let's look at why by clicking on the word "Reject." Brings this up with the error that's associated with why that particular record rejected. Now, you should be getting that yourself. You send us in a batch, you send us in the information, we respond to you, it goes back to your school software which you import. You probably get some kind of import report from your software that tells you how many data pieces were accepted and how many were rejected, but if you don't get that, you can always come out to the COD Web site and either do a batch search or an SSN search and look at your rejects and figure out why it rejected. In this particular case the school submitted an incorrect origination and disbursement fee based on when the disbursement date was. You can either choose to look at what you sent to us by choosing View Record, or the best plan is to choose View Response because then you can see what you sent us and how we responded to it. So, we're going to click on View Response and we're going to look at a piece of that, just the disbursement and the loan information, and you can see that the origination fee and the interest rebate that were sent to us on this record were 2.0 and 1.5, but the disbursement date is 3/20/2010. Even though this was anticipated or pending disbursement, remember I mentioned earlier that disbursement release indicator--if false, that means it's pending or anticipated. Even though it's a pending disbursement, it's associated with a wrong origination fee and interest rate percentage, so that particular date should have been 1.5 and 1.0. There is a plethora of information in the COD technical reference and the previous presentation, Session 17, has a really great screen shot in it that tells you exactly the fee percentages that you need to use for each date, so check out that screen shot from that presentation.

Another report that you can get from the COD Web site that we will actually send to your SAIG Mailbox monthly is called our 30-Day Warning Report, and that is exactly what it is. I've been working with a lot of grad schools this year and part of last year that have been freaking out when they get this report because they're, "Oh, what do I have to do with this? What do I do? What do I do?" It's a warning report. It's an alert. It's telling you that we're missing one of three pieces to book that loan. It's divided up by origination data up here that may be missing, either a promissory note or a disbursement, or the bottom part has promissory notes that we've received from the borrower indicating they were going to attend your institution, but you, the institution, have not sent in to us yet any origination or disbursement data, so we're missing pieces to book the loan. Now, why do I say you don't need to freak out about this? If that student is not going to attend your institution and they completed a promissory note, but they don't come, you don't need to do anything with that. Right? If you originated a loan and the student completed a promissory note, but they decided they won the lottery, they're going to go live in Tahiti, then you don't need to send us an actual disbursement. It's a warning. Do you need to take action? Then take action. If you don't need to take action, the data will fall off the report. The MPNs fall off the report after 30 days and the originations fall off after 90 days? I think? After 90 days. This is from our perspective,



okay, from COD's perspective, so when it says in this column Data Needed Prom Note, why? That would mean you sent us an origination record for Danny Noonan, but we need a promissory note and we need an actual disbursement. Down here for Bobby Bell we have an N; we don't need a promissory note, but we still don't have a disbursement for him. This warning report is to help you know if you sent us the data that you intended to send us for a student. That's what it is; it's just a tool to help you. Another report, an e-mail actually, that we generate weekly on a needed basis, is called our School Monitoring E-mail. It's actually got several sections in it. It's got a Pop section if you process Pell, but it's also got 2 sections that apply directly to Direct Loans, and has an Unsubstantiated Cash section which will let you know so your cash that you've drawn down, your net draws, how many of your net accepted and posted disbursements and then any unsubstantiated funds, so we're going to be looking at the money that your money person has drawn down. We're going to be subtracting the disbursement amounts that you've sent in to us, and then anything left over is unsubstantiated cash. You have not accounted for that money, and you by regulation are supposed to send in disbursements or disbursement adjustments for all Title IV aid within 30 days of the date that it happened. Disbursements and adjustments within 30 days; it's not just Direct Loans, it's Pell, it's everything.

Another section to this e-mail that is sent to your financial aid director is the 30-day Disbursement reporting. We're going to be looking to see if you have reported on time your Title IV funds--Direct Loan, ACG, Pell, SMART, everything that's up here. If you have not reported them on time, then as a courtesy to you as well as kind of, well, you better get your act together, we're going to be telling you that yeah, you have this data you didn't report timely to us. There is this amount of volume and this many records, this many students. On a regular basis you probably don't want to be hitting this too often because the Department is looking at that kind of thing. Sometimes you'll have system issues that prevent you from reporting timely, and that's when you really need to have been calling Customer Service and talking with them because they're going to be tracking everything that you have said and if you've got a system issue and we're still generating these e-mails to your School Monitoring e-mails, we know there's a reason and you're cool. Okay? You're not cool if you don't have a system issue. Okay?

[AUDIENCE:] [inaudible]

[DAVIS:] The question was, who gets this; and this e-mail that we send as a courtesy from COD Customer Service is sent to the financial aid director. Okay, so we've talked about what you can look at in COD for the origination process, for the disbursement process, now let's look at what is available to you on COD for reconciliations. We're going to look at what is reconciliation, the tools for reconciliation, some COD screens, the School Account Statement, and my very favorite of all, the COD Customer Service recon specialists. What does it mean to reconcile? It just means that you know where the cash is. Think about your own bank account. You either electronically or by paper get a bank statement every single month, and sometimes you look at it, probably mostly you look at it, but you want to make sure that you agree with what the bank says. It's not always active; I mean, it's never going to be active with what's happening as of this day



because it's a snapshot of what was taken on the day that the bank ran your bank statement. That's their accounting of your information on that date. Similarly, we run a School Account Statement the first Saturday of the month and push it to your SAIG Mailboxes that following Monday, and it's a snapshot of what you did at your institution both for funds that you drew down and disbursements that you reported to us as of the last day of that previous month; a snapshot. So, if you drew down funds after that last day, or you sent some disbursements, they won't be reflected on that School Account Statement, but you need to be able to account for that money. If an auditor walks into your office and says, "What's going on?" and you can say, "Yep, this is what happened with the School Account Statement, and yeah, those funds were unsubstantiated, but I sent them in 2 days later," you've reconciled for that month. You know where the money is. Okay?

[AUDIENCE:] [inaudible]

[DAVIS:] No. The question was, and we're sending you a record to tell you that, you're not sending anything to us to say "I reconciled." You are sending data to us regularly on disbursements, but as far as to notify the Department or COD that you reconciled, you are not sending a file to us saying, "I did my duty this month." If that was your question. Okay.

[AUDIENCE:] [inaudible]

[DAVIS:] Question is, you get the School Account Statement. You asked for 10, you spent 10, and you are at zero; are you done? Yes. Okay. When you reconcile, you're going to be reconciling internally and you're going to be reconciling with the Department, so you're going to want to talk to your business office, believe it or not. I know sometimes financial aid and business office may not talk on a regular basis, but you need to make sure that what the business office drew down you actually reported, or that what you reported they actually drew down. So, you need to make sure that you guys are in agreement with what you credited to the student's account. You are going to reconcile internally. Then you're going to reconcile externally with the Department. You're going to want to make sure that what you reported in disbursements to COD matches and that you are going to use the School Account Statement for that, and the business office is going to make sure that G5 matches the cash. Normally that's all going to be reflected on your School Account Statement; okay, and there are some excellent sessions here on reconciliation that will go into a lot more detail on the School Account Statement.

The last thing that you do is end-of-year closeout. In the Direct Loan Program we give you quite a bit of time to close out that award year. So, for the '08/'09 award year the closeout would have been July 30, 2010. There you go. For the '08/'09 award year, the closeout, which means you must have been totally reconciled, is that following July 31st. Basically, you have a year, but keep in mind what I said about 30-day reporting requirement. So, you should be reconciled by the end of your last loan period. If you have problems, you have until the following July 30th. It's okay. Don't freak out. If you're



doing it every month, you're done. There's no problem, okay? Okay. So, what screens can you use? We're going to look in your School Menu here, your School Summary, this is a really great snapshot to see right away how you're doing, and this is the school of Ms. Davis; I teach cooking or gardening, how about that? Reading. You can see right from here the cash I'm reporting, if I'm reporting timely, or if everything is in good standing, I am going to have a zero here because my cash that's greater than my accepted and posted disbursements is at zero, so I'm reporting timely; nothing is outstanding. I come down a little bit further here and I see Cash Greater than Accepted and Posted Disbursements and it's at a negative value; that means the financial aid office has reported disbursements to COD and the business office has yet to draw down the money. If that's at a positive value, then they've drawn down the money and you haven't told us about the disbursements, but if it's at a negative value, you've sent us disbursements, but the money hasn't been drawn yet to match up against those disbursements.

Another screen that I like to look at, and I think it's really important for you to be looking at, is the Cash Activity screen under School Menu, Cash Activity, and this actually is a horizontal bar that you can scroll across that starts at the beginning of the award year and it tracks every single one of your drawdowns. Remember I said we talk to G5? This says, "Yep, this school drew down, you know, \$1.5 million on September 15, 2009, and they substantiated the funds." So, you're going to see if the funds match here the amount that the school drew down. Yep, they accepted and posted disbursements applied, \$3.6 million. If you have rejected disbursements, then you might only have \$3.5 million that substantiated what you drew down and you need to fix this. This is a fluid picture that matches the school summary from your School Account Statement. This is the School Summary Financial Information screen that's on the School menu. It's set up the same way as your first page of your School Account Statement, tells you your beginning balance for the year, all the funds that you've drawn down for the year, the disbursements that are booked, and any remaining balance that you might have. This updates daily as opposed to the snapshot of the SAS. This updates daily, so you can really tell what's going on and check it out to make sure the business office and financial aid office are communicating and are working together, and that you are accounting for your cash and disbursements as often as you draw funds and report disbursements to us.

The School Account Statement is actually made up of 4 different parts: the cash summary, the cash detail which will tell us what you drew down for that month, the loan detail, and disbursement detail. You can get that in either a monthly version, a year-to-date version, or you can get both, and of course I vote for both because you can then choose. If you don't want to look at both, then don't look at both, but you've got them both there. We can't go back and give you both later. I mean, if you want something from September and this is November, we can't go back and give you both, but if you've got both and you just don't want to look at both of them, you can choose which one you want to look at, okay? Most of your school software is on a year-to-date basis, so you probably want to match against what you've got in your year-to-date database, but some really large schools don't want to get that huge of a volume every single month



and they have systems worked out so that they can easily parse out just their year-to-date or their monthly data, so they'll choose a monthly School Account Statement instead of a year-to-date. I vote for year-to-date, but that's my opinion.

We have a lot of support for you. There's a team of reconciliation specialists that are devoted to helping you reconcile monthly and will call you up if they find out that you've got funds that are unsubstantiated. They're there to help you, so I urge you, if they call you and say you have some unsubstantiated money--those of you that are leaving, could you please do an evaluation and put it in the back, if you get a chance?--that you call them back because they're there to help you before it gets escalated to somebody like me that's going to call you and say, "Okay, what's going on? You gotta get this fixed." And I'll smile, but.... Work with your COD Customer Service reconciliation specialist. They are really just my favorite people in the whole world and they really do a fantastic job of assisting you with whatever program you're sending to COD. We also have computer-based training that's available that you can download from IFAP. These are some of the tools and resources that I mentioned; the CBT, or Computer-Based Training has lots of parts. It's under Tools for Schools and it's actually the first link. Scroll all the way down to the bottom and you'll see each individual file that you can download and work with on an individual basis. The Technical Reference, which is available from FSAdownload.ed.gov is an underappreciated document. It has all the information you need to successfully process all programs through COD, from COD's perspective. There's an implementation guide that tells you if you want to make a Direct Loan adjustment how do you do it; if you're going to send in a manifest to a company or paper promissory notes, what's the address? If you want to find out more information about master promissory notes, it's all in the implementation guide. The appendices have a section on reports, shows you all the different reports, the formats, how you want to set them up, edit code rejects; it explains every single edit code reject and how to fix it. It's really a great tool, a great resource.

Okay. You guys have been so patient and hopefully I've finished early enough so you can get out of here without getting crashed....