

Rob: Okay, so let's go ahead and jump in the presentation. As I said, this is basic direct loan processing and COD for you guys. And there's also an advanced session, so you might want to attend that. And we'll also be referring to a couple of different other sessions as well that are available here at the conference over the next several days. And so we might not be going in-depth into some areas, but we might refer you over to other presentations that you can go to and watch and they'll give you more information in terms of what we're talking about.

So this is our agenda; it's a pretty straightforward agenda. We're going to be working through COD and the different areas in COD and how you can use COD online to complement and/or process your direct loads. We'll be talking about the person tabs, school, batch, as well as services and talk about some resources at the end.

Now COD, or the common origination disbursement system, it's our system that you interact with us, you send us information and we collect information on all of our grant programs as well as the direct loan program. Now usually the way you interact with us through your own software, be it EDEXpress, some third-party vendor system, your mainframe computer system, what have you, however – or your third-party servicer. However you interact with us, you basically send us information, we process that information, and we send it back to you. In addition, COD interacts with the central processing system, you guys, G5, so we get money information; we'll see that in the system, as well as the direct loan servicers. So there's a lot of people talking to COD. You're talking to COD primarily through your process and your daily batches, creating direct loan records, sending them to us. We're going to go on that in a minute.

But what we're talking about today really is how you can also go online to complement that sort of normal day-to-day batch processing, creating your grants, you know, creating your disbursements, sending disbursements, adjusting disbursements, how you can complement that by going online and getting additional information on a student-by-student basis, you have a problem with a particular student, as well as look at information on master promissory notes, reports; there's a lot of report activity that you really need to go into COD to set them up. So we're going to touch all of those things.

I'm not going to spend a lot of time on this, but COD basically – when you're sending us information via the student aid internet gateway to COD we're using an XML format that basically we call it the common record, and the common record basically builds. It has information for all students; it can have different – one record can have the information for different students, different programs, even different schools. So we have the common record and it's built in these building blocks and there's entity information, who you are, the school, person, award disbursement information, so on and so forth. So that's the information that you guys are on a daily basis, a weekly basis, depending on how your institution functions, how big your institution is, that you're sending to us. Pretty simple.

Now before we jump to the website I'm just going to kind of rehash the direct loan process. Okay, the direct loan processing cycle. And so the direct loan processing cycle

basically works like this, first we have an origination record. You guys create an origination record for a direct loan. Go into your system, again, enter the information; you give the particulars on the student, you put in the loan amount, put all that demographic information in, the award information in, you take that record and you send it to us, and we process it and we accept that origination record. That's part one.

Next we have to get a promissory note. So you either have the student fill out a piece of paper and you send it in to us or you have them go to the EMPN website, <http://www.studentloans.gov> is how you get there, but you have them do an electronic master promissory note. We accept that promissory note; that's part two.

Finally once your actual disbursement date comes around you actually disburse the funds to the student, either credit the account and give the money to the student directly, you tell us that you've actually disbursed that loan, and so now we have that third part of that loan.

Once we have those three parts that loan books, okay? Now booking is the act of taking that disbursement record along with – and, you know, you have to have the origination and master promissory note to accept that disbursement record and send it to the back-end and send it to servicing. So now basically we, the department, are going to collect on that loan on the back-end. Your legal obligation for that loan is complete; you've gotten the origination record, master promissory note, and disbursement record all accepted, and now basically we take control of that loan. And that's going to happen on a disbursement-by-disbursement basis, including adjusted disbursements, what-have-you.

Okay, so that's the life cycle of a direct loan. And then the borrower, you know, goes on and gets a really good job, makes a bunch of money and they repay the loan. Whoop. Right? So that's the life cycle of a direct loan.

Okay. Now as I said before, what we're going to do now is talk about COD and how you can go in and use the COD - the actual COD website to help your process in direct loans. How many of you are currently using COD?

Holy smokes. How many of you are not using COD? There are very few. Okay. Wow. You guys are advanced. Why are you here? Go.

Okay, so even though you're using COD, you know, the old adage, you learn something new every day. So even though you guys are using this, hopefully we hit on some things that you don't know about it, even starting at the very beginning.

First of all, there's COD enrollment. Now to get up to speed in COD, basically all of you have done that. I'm going to show, for those of you who haven't, I'm going to show you how you can go to the website before you have to login and get the information to enroll in COD. But the first step is COD enrollment. And you have to designate a school security administrator. Now what this person can do is this person can designate other

users on the account for the school with different levels of access to COD, from view only to full access.

We have a website up here that basically shows you where you can learn about how to, you know, set up different accounts. I'm also going to show you where you can find that on the website. You'll see it in a second. You'll see it right now. And let me just say this, you know, one of the great things about having the security administrator is they can unlock users if users lock up their own system; you forget your password, you enter it incorrectly three times, what have you. That person can unlock people on the campus so that you don't have to call COD and get it unlocked. If the security administrator locks themselves out then they're going to have to basically get re-set because they're out of the system.

This is <http://www.COD.ed.gov>. Yeah. This is what it looks like; this is the first page. And even if you don't – aren't yet enrolled in COD, you can go to this page and we have a red arrow pointing here to click here if you're looking for more information on COD. And you can click on this button and you can go in and get some more information. Now we have a lot of information. This is kind of an old screen, actually; it might look a little different. All the same information is there that I'm going to point out, but we have things such as frequently-asked-questions, COD processing update for direct loan and grants; that's going to come out. And you're going to see that as well if you're on IFAB, if you're getting an IFAB summary, the digest every week or what-have-you. If you're not, you should be. It's really good because you see everything we're putting out. It'll be in there as well.

COD, if you're not enrolled and you are trying to get enrolled, COD website access for schools is right down here, so you can go there and print out this Word document and it'll get you going in terms of enrollment. The website user's role chart; this is going to list the four or five levels of access that you can assign to different people at your institution, as well as computer-based training. I think this is up top now, the CBTs. These CBTs are great. If you're not sure what you're supposed to do or what you're trying to do in COD, use these computer-based tutorials. It's like you're in the software – I shouldn't say software. It's like you're on the website and it's basically walking you through and telling you how to do things and you can basically practice. So if you have – if you're not sure about a particular area after I talked about it today, after Bob talks about it today, you want to go back and look at it, definitely use these CBTs because they're very helpful.

Okay. Now once you've actually clicked that login button which was on the previous page, it's asking for your username, your password and it's, you know, it's like any other system we use these days; you have to have a username, you have to have a password with so many characters, so many special characters, etc. And it will tell you if you type in a password, your first time you go into the system you're going to have to reset that password. And your passwords will expire and they will – you'll get locked out of the system if you try to enter it incorrectly. So you can do the reset password, enter information so that you can get it reset on your own, as well as the administrator can go

and unlock an account. And if you get to the point where your access is just completely locked out, you can call COD and they can reset it, and they're very helpful and it's very easy to do that.

Okay, and then once you enter your username and password you're in the system. And we pulled our agenda basically off the person's school batch, you know, basically this information up here, all the different menu bars that we have in the system. I'm going to go ahead and walk you through a person going to school a little bit and then Bob's going to take over at the end. Bob's suffering from a cold, so he's – be nice to him. Don't be mean to Bob.

Okay, we're also pointing out the User tab over here. The User tab is where you can go in and change your profile, change the information on the school, on your profile, if you need to, you know, change your password, whatever you want to do. In addition, we're pointing out the COD news. Now this is, again, after we've entered a password, but there is information down here that we will post on an ongoing basis in giving you information on what's going on with COD. Okay? Pretty straightforward.

Now we're going to go in under the Person tab and basically you need to pull up someone in the system; you want to look at one of your students because you have questions about their disbursements, what-have-you. And you go into the Person tab, and under Person Search you can go in, you can enter their social security number or their last, first, middle initial, and pull them up. Now we like to say that COD is student-centric, meaning when you pull up a student it's not just going to have the student's information for this particular year at your institution; it's going to have everything that the students ever received at any institution that is in COD.

Now in this case we have Margaret Day here and we have her demographic information, her address, and as you can see, we have on the left-hand side a bunch of different areas that we can go into and pull up more information, and we're going to do that on Margaret. But as you can see, we go in, we pull up her address information, etc., and this is just information that you've populated or someone's populated at some point by sending in a record on Margaret Day.

Now at this point we've gone to the All Awards and in All Awards you can see that Margaret only actually has direct loans. Now it gives us a choice of award year; here we're in the '08-'09 award year, but we could go to different award years, but suffice to say she has unsub N-PLUS, most likely grad PLUS loans, ____ amounts, etc. Now if we go further into the direct loan, and basically what we did was we – oops, sorry; that's my bad. We're going to go head farther in and look at all her direct loans. As you can see, it's going to tell us the institution she's received these loans. Now if she had gone to another institution as well and received a direct loan there, that would be up here as well. You can see '09-'10 and I guess we don't have – here it is, '08-'09. So it's showing us all the years, all the schools, all the loans that she's gotten.

Now we can see here also that we have the award ID. Now the award ID is going to be Margaret's social security number followed by a letter, in this case a – I'm sorry; I'm losing it – right here, an S, a P, a U; S standing for sub, P standing for PLUS, U standing for unsub.. And then the trailing year, so the 10 for '09-'10, and then your – or not your institution, the institution she received the loan from as well as the sequence number. So that's the basic breakdown of that loan ID. So again, you know, the key there is the S, the P, and the U for sub, PLUS, and unsub loans. All right? It gives us a total dollar amount, amount approved, amount disbursed, her grade level, also tells us the type over here. All right? Pretty straightforward.

Now what we can do is we can go ahead and click – these are blue; these are all hyperlinks in the system. So we can click on one of those award IDs to get more information about that loan, about that award. So now we're in the award detail infrastructure, and I would like to point out, and I use this when I'm in the system, is that as you drill down in the layers it is telling you, you know, where you've been. Right? So we've gone from the batch list to batch detail, person detail, direct loan awards. So you can always click on these to back up one level. It's a nice feature.

So in this case we have the award ID, we've got all the information on this loan, the amount approved, the amount disbursed, the loan period. Okay? Where is it? The loan period, and then we also have the academic start and end date and a whole bunch of information; disclosure print indicator, disclosure print date, you know, P-note print indicator, the date of book, remember booking, origination record, master promissory note, and actual disbursement books that loan. So there's a lot of information on this loan. All right? And we're going to get into a lot of these different areas that we're seeing right now.

Okay, now what we're going to do is – I'm sorry, let me go back for a second. Go back. It won't go back. We're going to go ahead and look at disbursements off the award information. We're going to look a disbursements, and you can see that this particular loan has two disbursements. One has been disbursed, but you can see that the disbursed amount was actually zero. Maybe we have a question about that. As well as the second disbursement is pending, meaning that it hasn't disbursed yet. So at this point, once you've gotten down to this level and you're looking at the student's disbursements and you have some questions about them, you want to look at the history of these disbursements, you can click on the disbursement numbers, again hyperlinks. And when you click on that, say disbursement one, it will give you more information on that particular disbursement. So this particular disbursement and the amount disbursed is in gross, as well as the net award; remember, it was \$0.00.

We have a sequence number of 66. Hmm, that's interesting. So then we might want to know why do we have a sequence number of 66 on this; what's going on here? And the status is disbursed, but it's at zero. So this might be something that we want to look at some more. So we're going to go ahead and click on history for this particular disbursement and then we can even drill down farther and see what's happened to this loan disbursement. So in this case we had sequence number one; this is the sequence of

everything that's happened on this particular loan disbursement. Number one, we had an action date of June 29th where we disbursed this first disbursement; it was \$1,750.00 minus the fee and the rebate back, so we had a net disbursement of \$1,742.00. And the disbursement is June 25th, so we sent it in four days after. Remember, we have 30 days to report – once an actual disbursement happens you guys have 30 days to report electronically that you've made that disbursement. So we're within that date and it's four days after that disbursement date. And the loan also booked. So great; this loan disbursement booked because everything was in order. Bada bing, bada bam.

But now look, we have a number 66, and now anytime you see a sequence number from 66 to up to 100, up to 99, that means that this was either done by us or by you on the Web. So this particular school actually went into the COD website and they adjusted this disbursement online. So they made the initial disbursement through their regular system, sent it out. For some reason they make adjustments online. Whether or not that's something you want to do, that's your choice, but we don't tell you that you have to do that. That's a choice that you have.

Now if you do want to do that you have to make sure of a couple things. First of all you have to make sure that you've gone into COD and set your indicator so that you'll get a response on these, a Web response back to you through your normal system so that you can import that into your system so that whatever you do on the Web, like adjust a disbursement to zero, comes back to you – even though you did it on the Internet, it comes back and you can put it back into your system so that your system is matching what is at COD.

The second thing you want to make sure is that your particular system is able to handle that type of activity. 'Cause there have been institutions that have had issues in the past with importing those acknowledgements, and then pretty soon what they have on their institution system doesn't match what's at COD. So before you start doing these things make sure that you can complete the cycle on that record.

So what happened here was on September 24th they went in and they adjusted this to zero for whatever reason; student came back, they had a good day at the track, they don't need this money anymore. It could happen, right? Note that we have a new booking date of September 24th, because that adjusted disbursement is also booked just like an actual disbursement. So this is how you can find out more information on these issues.

Okay, now I'm going to shift gears and talk about master promissory notes a little bit. Note that we're backed up to the Person tab and we've gone to the ATS keynote search. And here we're looking at Margaret's promissory notes. Basically I'm going to show you how to run a search in a minute, but we've basically run a search. Now what this is going to show you is for this particular promissory note, and just like we had an award ID, we have an MPN ID. Again, it's going to be the socials security number, and I'm going to break this down in a minute where you can see it better, 'cause that is really fuzzy. But there's a master promissory note ID and then it tells you what awards are linked to that particular master promissory note. Master promissory notes can be multi-

year notes. In other words, we'll just keep linking loans to that particular promissory note.

When a master promissory note gets created and sent in to us it's initially valid for one year. If in that one year a loan isn't linked to that promissory note and disbursed off of that promissory note, the promissory note will expire. However, if a loan is linked to it and is disbursed off of it then the length of the master promissory note expands to ten years. So that master promissory note is valid for ten years and loans can be disbursed on that master promissory note for ten years. All right?

So in this case Margaret has multiple award years; there's two '08-'09, two '09-'10s linked to this particular promissory note. All right? Now if this is an electronic promissory note you can view it; you can go to the View Signed Promissory Note, which again is a link, and click on that and you can go and look at that promissory note. And this is what it looks like; it has all the general information and it goes into creating the promissory note. And if you're doing paper notes, and we're going to talk about this in a minute, but if you're doing paper notes, they can't be viewed in here.

All right, now let's back up a little bit to that promissory note search. There's five different ways you can search promissory notes in COD if you needed to go in and look up to see if a student had a promissory note. Now if you created an origination record and sent it in to us we're automatically going to go out and link that origination record to a master promissory note and we're going to send you back an acknowledgement saying that that's linked to a promissory note. However, you may have some reason to go in for a student and see if they have a promissory note, you know, out there in the nether world. So what you can do is you can do a search by social security number or you can type in a master promissory note ID to bring it up. These two will bring up linked as well as unlinked notes. We can have unlinked notes out there. Someone could go to steal <http://www.loans.gov> and create a master promissory note, but there's no loan linked to it yet because it's sitting out there and there's no origination record that's been submitted to link the two together. So you can have unlinked and linked notes.

These two searches will bring back both linked and unlinked notes. If you want to look at just linked notes, you can do a search by last name and first name in this box, and if you want to bring back unlinked notes you can use name and date of birth. And finally you can also get linked and unlinked notes back by date range and institution ID, here we're using the COD ID, for instance. And you could put a date range and find out all of your linked and unlinked notes. So again, you have a lot of options; you can use this however you like. All right?

Sorry about that. Okay. Here is the result, and we can see the ID in this one much better. Here's a result, a search result by social security number. And now you can see it. And actually this is what it looks like. And now I'm going to go to the next slide, 'cause this one is even better 'cause it doesn't have an incorrect number on it. And this is a search if you do it by that second box, by that – I'm sorry, I just lost my – by date. I'm sorry, this is a date search. Now know with a loan ID it tells you whether or not it's linked or

unlinked, and note the difference – again, social security number, trailing year, your institution’s ID. Right? Note this right here; there’s an M here as in Mary and an N as in Nancy. Okay? The Ms are going to be for your sub and unsub loans. A subsidized and unsubsidized loan, as we saw earlier, can link to the same promissory note. A PLUS loan, via it grad PLUS or parent PLUS, has to be linked to a separate type of note, hence the designation and hence this type indicator over here, because whenever we have an N as in Nancy we want to know if it’s a parent or a graduate PLUS. And so this type indicator is going to tell us that. All right?

So if a loan has been linked you’re going to see the entire name. If it’s an unlinked note you’re only going to see the first two letters of the first name. That always gets me. So you’re going to see the first two letters of the first name. This is completely mocked up information; this isn’t actual information; we can’t do that, ‘cause it’s PII, right? So that’s why it’s EE and FF and you probably – yours probably won’t look like that.

All right, so those are our promissory notes. We’re going to talk more about promissory notes when I get to the options about what you have to do for promissory notes in terms of your business process. Now we shift gears a little bit and talk a little bit about the credit check search. You can run credit check searches as well as run credit checks from this page; we’re under Person and Credit Check Search. All right? This button looks different than this button because one of us did this and we can’t run searches; we can’t run credit checks; we don’t have that button, so we mocked that in. You guys can run them; we can’t with our access to COD. So you can enter the social security number and date of birth and find out if there’s a credit check on the student.

Now you have to run credit checks for – or I should say we run credit checks for our PLUS borrowers. There are several different ways that credit checks can be run. You can run one electronically; you can run it from the website. When you send us the origination record we will also run a credit check on the PLUS. The third way can be the parent or grad borrower can actually run it themselves when they go to <http://www.studentloans.gov>. I’m going to talk about that in a minute. So just remember that there is that third option.

And here we’re looking at credit check decision. The key here is managing your credit checks and how you’re going to run these. First of all, you don’t want to be going in and running credit checks on someone all the time on this website, because what you’re doing is you’re hitting their credit and you’re actually going to decrease their credit rating, right? Because there’s credit checks being run. Credit checks are good for 90 days, and you can go in here and see the decision date on when a credit check was run. And you want to do that and make sure that you’re not hitting their credit a lot.

Now with credit checks we’re going to accept – we’re going to go out and we’re going to perform the credit check. We’re going to either accept it, deny it, or allow – well, we’re going to deny it and then allow an endorser. Okay? The student or the parent on the other end, what’s going to happen to them is going to depend on how that credit check is run. If you submit the origination record for the PLUS and the credit check gets run that

way, we're going to send them a packet in the case of denial. It will be a paper packet coming from COD that's going to basically lay out their options to continue with the loan. All right? If you run credit checks online, we're basically just going to send them a letter saying, "Your credit check was denied. Please contact the school to further inquire about this loan". So they're not going to get that a complete packet to go on with the endorser, etc.

In addition, you guys as your own entity have to decide what your credit check business process, what it's going to be. So in the cases of, you know, credit denial, are you going to go ahead and give the unsub or are you going to contact the borrower and, you know, go on with the endorser. You know, what are your timeframes for that? All of that you have to set up yourself; these are just kind of the raw tools in terms of how you get the credit check information, how you get that performed, because it's a requirement for the PLUS loans. But how you want to do that at your institution, that's up to you. If you're even doing PLUS. Some of you might not even be doing PLUS loans. So just remember that you internally have to develop that business process separate from COD.

Okay, so this is what the credit check looks like. Now we've mentioned the <http://www.studentloans.gov>. We have an electronic announcement; it came out this year in 2010, it was April 23rd. So if you go to electronic announcements it's under – you know, it's 2010-4-23, and that – basically that electronic announcement explains the whole <http://www.studentloans.gov> process and how it works with the PLUS. And so in April we went live with this new product whereby a PLUS borrower can go to <http://www.studentloans.gov> and they can fill out a PLUS loan application. Now they can only do this if you set the flag within COD saying that they're allowed to do this. You can set the date on when they can start doing this; so you can limit the time so that it's, you know, within 90 days of your start date so that you don't have them doing it, you know, at 110 days and having a credit check, for example, expire.

And when they go on that website you can give them the option of running the credit check themselves. So they go on, they enter all their PLUS information. Again, this is option; you don't have to do your PLUSes this way. But if you do do that what happens is that PLUS borrower goes out, they enter their information on <http://www.studentloans.gov> and it gets transmitted to COD, and then you can go into COD and search for that PLUS borrower and use that information to create, you know, your origination record. In addition, this is going to get mailed – this is going to get sent to you via the Student Internet Gateway, and you're going to have that information as well, so you can populate your database, again, create the origination record. All right? So that's an option.

And so we're – I'm sorry; I hit the wrong button. So we are basically right here under Person. And again, this is just the PLUS app search. And you can go out just like we did with master promissory notes, and you can run different searches to pull up that information to see if it's out there waiting for you. Again, that will also be coming to you in acknowledgement batches, and you should be managing those as well in your process for dealing with your student aid Internet gateway information.

All right, and here's the results of a search, we don't have the information, we didn't mock up information here, but it tells you the submission date, credit check, credit check expiration date, so you can manage these PLUS loan applications, create the origination record, etc. All right? Just another tool, just another option. You don't have to use it, but you can.

In addition, and completely kind of switching gears, under Person is the counseling search. And this is where you can go in and pull up entrance counseling. Again, students are going on <http://www.studentloans.gov> to complete their entrance counseling, then that information is basically shipped into COD so you can go in and make sure that your students have completed their entrance counseling. You can run a date range search or you can, you know, for students who have entered your institution's ID, or you can enter social security numbers and just send them in and find out if they've done their entrance counseling. And it's going to give you a report showing a date that they completed their entrance counseling. All right? So again, another tool for you, a way to access that in COD.

In addition, we're back under Person info and we have a particular person under correspondence. Anytime we send something out to a student, disclosure notice, etc., you can go in and see the records, see the history for information that we've sent to your students. And you can actually have them re-sent to them by going to this website. All right, so that's kind of the person tab in a nutshell. There's more information there; play with it, do the CBTs; don't be afraid, you can't break it.

Now we're switching to the School tab, and like the Person tab, under the School tab we have all the institutions, all 6,000 or however many institutions participate in the grant and loan program. So we can pull our institution up, you know, we can do a search. We can just put the school name, you'll get a pick list, or if you nail it it will get the actual institution, and you can look at their information. So you can pull contacts off of here, if you want to contact another school, for instance. This is kind of, this is public information; this isn't just you can see your institution, anyone can see your institution. Keep this information updated, because people might be looking at it to get someone to contact you guys at your institution.

Now you can also set a default program so that when you go in and open it, and this is by your user ID, it goes either to Pell, direct loan, whatever – you know, if you only work with direct loan, you want it to go to direct loan. And you can put in a default award _____ that it will open to. You can change this information. Now when you go in there's some general information in terms of this school's processing for the '09-'10 award year. We can see that we have our current funding level, which is how much, the maximum authorization that this school has to draw down. In addition, you can see on the left-hand side we have all kinds of areas that we can go in to pull down information about the school. Okay? Bob and I are going to basically spend some time going into all this information.

Okay, here's - this is, right now we're under School Options. Remember I mentioned earlier you're going to have to go into COD because a lot of their - COD generates a lot of reports, unit reports for reconciliation, unit reports for 30-day warning; there are a lot of different reports that we generate out of COD. So you're going to want to go in and set up some options for your reports. You're also going to want to set up some options, again, like I said, for your business processes.

In this case just a couple of ones I want to talk about. For instance, promissory note-type option. And I want to talk to you about your business options on promissory notes. If you want to do multi-year or single-year notes you have that option; you get to decide as an institution. So you can go into the system and you can set this to single-year; the default is multi-year. Again, multi-year means that the student fills out one promissory note and we just keep linking different loans to that note. Or you can have a student do a new master promissory note every year.

Now you have that option; however, if a student comes to you and they do not want to do - if you want to do the multi-year, for example, and they do not want to do the multi-year, they want to do a single note, you have to allow them to do that. You can't say to them, "You have to do multi-year". Students can opt out of the multi-year function. All right?

Web activity response option. Remember we were talking about going and changing that disbursement, adjusting that disbursement down to zero? If you're going to be doing stuff like that on the Web, if you're going to be creating on the Web and adjusting disbursements, you have to go in and switch this field to Y, otherwise you're not going to get a response back and you're not going to be able to take that and import it into your system so that your system reflects what's in COD. All right?

A couple other things. Promissory note print option. This allows basically - let me back up. Another part of your business process, if you want your students to go to <http://www.studentloans.gov> and do electronic master promissory note that's great, right? It's really easy on you; it's really easy on them. However, if a student comes to you and says, "I don't want to do an electronic master promissory note; I want to sign a piece of paper," you have to honor that as well. All right? So in order to honor that you have to either print the master promissory note, give it to the student, they sign it, take it back from them, you manifest it and you export them to us; you send us a file and then you mail the promissory notes up to COD. Or you can go in and you can have the promissory note printed by COD and sent and you can take yourself out of the process, have COD send the paper note to the student, the student signs the note and sends it back to COD. So you can take yourself out of that process.

Again, these are business process options, but you do want to have, in the case of having students, even if you're doing master electronic promissory notes, if you have students come to you and they opt out of that process, you really - you have to have your policies and procedures in place to deal with those students, as few as they may be. So go over this, make sure you know what your process is going to be if you have that student come

in and they say, “I don’t want to do an EMPN,” make sure you know what your process is and set it up accordingly in COD so that either you print the promissory note, you have them sign it and you send it in, or you have CODs print the promissory note and send it to your students. Okay?

And then another option here, to finish this disclosure print option, you can either print the disclosures yourself or you can have COD print them and send them to the students, which is what most people do. All right? So those are just some of the options here; there are more, I don’t have time to hit everything. But, you know, make sure you’re all set up with your business processes.

Another screen, cash activity. Remember when we went into the School tab we saw sort of our general information, how much money we had to draw down; we actually hadn’t disbursed any money? This is sort of a more comprehensive look at your cash. And remember on the first few slides we talked about G5 talking to COD. Well, on this screen under cash activity you can go and see everything that you’ve either drawn down or returned to G5, you can see it here, because G5 reports that over to COD. Basically by clicking here you can scroll horizontally and you’ll see different either disbursements or returns of funds by gate. Okay? So like on June 8th we have a – what do we have – a drawdown of \$33,467.00, for example. So that drawdown is there, and so we have drawdowns, we have accepted and posted disbursements. In this case the school has drawn down \$120 million and they’ve disbursed almost all of it. They have \$171,000.00 of cash that they haven’t reported in electronic disbursements to us. ‘Cause when you draw down funds we make you guys substantiate those funds by sending us those electronic disbursement records within 30 days of disbursement

So you can go here and look and see how you are doing. This school is doing really well; they’re at 99.9-percent of their drawn down funds are substantiated; that’s the word we use, substantiated. All right? You can also go to Printer Friendly up here and click on that and you’ll get a vertical printing out of all of the cash activity for a given award year in the given program. Pretty straightforward; it’s a great screen to use.

I keep doing that. In addition you can pull down your school yearly totals. This is more a reporting feature so that you can see how many recipients you’ve given funds to based on the different funds that we have. All right? Pretty straightforward. Remember I talked about reports; we talked about that now? You can choose how to have your reports sent to you; you can have them in a preformatted, comma delimited, pipe delimited; there are several different options. The key here is make sure that the way you’re having that report sent to you is the way that your system needs to receive that, and have a procedure before you set these to know how you’re going to print these reports out. All right?

The SAS, this is our reconciliation report. _____ that we need to click on this and Modify SAS Options to go in and change the options on that particular report. And there are quite a few of them. The format of the report, this is important, especially if you’re using the compare program. If you’re an EDEXpress school or not an EDEXpress school

it needs to be in a fixed length. You can include borrowers; you can do monthly and year-to-date information. I strongly suggest that you guys attend the reconciliation training that was being offered over the next three days; I think it's offered all three days. They go into this very in-depth and go into the whole process of monthly reconciliation, which is a requirement for the direct loan program. All right?

But you do want to set up your SAS and make sure that it's to your liking, what the information you want to get. Okay. At this point we're at a batch search and I'm going to turn it over to Bob, if he's still with us. He's there. I can't see him; my back's to him. Bob.

Bob: Thanks, Rob. I saw a large number of hands go up when Rob asked who was using COD, and Rob and I have kind of been around, we're kind of dinosaurs in the direct loan program from the very beginning. We were around before COD and so we have something to compare to the old system and COD, and what you're seeing here, the basic information we're providing you today on COD is something that we welcomes – we went through the growing pains with the original system and so we've always been excited about COD is what I'm trying to say.

And I apologize if you hear a sucking sound; I thought my cough drop was going to be finished by the time I had to speak. I'm breaking the cardinal rule of presenting, I know.

But a couple things on the batch search. When we talk about batches in COD world, they may be referred to as documents, awards, batches, but for our discussion today we'll talk about batches and what they are, groups of records that you send to COD that can contain a number of records or multiple records, number of different award types. But they come into COD for you to report your information to us on your loan activity and your disbursement activity.

There are three ways to search for the batch, indicated by these three gray boxes here. You'll see the first is to do it by a date range with a start date and an end date, and you can also check by status on the batches whether they've been accepted or rejected. Date range is limited to a 60-day search for your batches. The second type is a search for a specific batch, where you already know the batch ID and you can type it in and enter it there. And the last one is to search for all records for a particular person by entering their SSN and award year, and you can filter that list also by rejected and accepted batches.

Here's a screenshot of our search results. You can see that in this particular case we have highlighted one batch here for an example. It's important to note that in the batch there's – in the student's column there are 25 students, 23 of which accepted, and 2 rejected, and that final column is a warning indicating that there are some warnings for you to look at to investigate inside the batch. This is the high-level batch information on whether it accepted, rejected, and it doesn't give you the information about the data that we'll look at in a second. But it is important to remember that the students in the batch are what's indicated or what's given to you, and not the number of records in the batch.

And here's a batch summary and detail for you for that batch that we highlighted. You can see in the orange circle there are 25 students. In the red box it's summary information, the number of awards and disbursements, and the award amounts and disbursement amounts that you have sent in to COD in that particular batch. In the green box you'll get a tally of the number of awards that were accepted and rejected and the dollar amounts associated with those. And also you'll get a summary of the total number of disbursements accepted and rejected. And this is important information for you to work your rejects. Rob mentioned the reconciliation that we do with direct loans. It's important to stay on top of your rejects, to work them and get them corrected and sent back into COD to get accepted.

And here's some batch detail at the bottom of that screen that we just saw, and it will – you can apply filters to that data in the batch. You can, for example, select only the rejected records, the ones that you know did not accept and you need to do some work on to correct. And all the student information that was in the batches is evident on this screen with the award number and the disbursement number, and that will take you – click – those, by the way, are hyperlinks; if you click on those they will take you to the information regarding the particular reject that you're working with.

And in this example we applied the filter for subsidized and rejected records and what we got was a summary of one particular student who had several awards or disbursements that rejected. And we can drill down further, again, these hyperlinks are very efficient at getting you to where you need to go to find out what you need to do with each particular reject. And that would take you right to the reject errors in the batch. For example, in this one we see in the top there was a person error and the edit status you will see there is rejected. And at the bottom it's a warning edit; it means it's giving you some information to be aware of. It doesn't require any action on your part, but rejected records do require action for you to fix that and resubmit to COD. In this example there was no eligible SSN, date of birth, last name combination match on CPS for the student.

And you'll see there also is the View Record and View Response. You can view the record that you sent in to COD and you can see the response that was returned after processing at COD, to help you understand why that record rejected. And if we view the response itself you'll see that the XML blocks that Rob alluded to earlier are all displayed with the corresponding information for that record block. And we see that they're in the student information, we saw that reject on the previous screen, and it would come back with a response indicator of R after processing at COD, so we know we have to do something with that to get it corrected. In the award information block we'll also get the response of R and disbursement information of R. And the reason that is is those blocks build upon each other. If you have a record reject at the person level of the XML record none of the disbursements or awards can be accepted for that particular student. So that's really a high level reject that has to be corrected right upfront on the person to get all the other information accepted at COD.

There's the action queue search under the Batch tab on the Home screen, and the action queue is very useful for helping you to get a display and research what disbursement you

have in a pending status or review status so that you can narrow down all of the disbursements that you are interested in working with in your reconciliation process. And when you get your disbursements displayed there is a couple thing you can do. You see that they are in a pending status here; you can select those disbursements by checking the checkbox, and that will send them off to COD and have them processed. Or the other thing is that you may have some records on your internal school system that were sent to COD and the loans were never made or disbursements never made, the student left, for example, and you may just want to zero out these loan disbursements. So this gives you the opportunity to identify those particular disbursements that are on your system that are no longer valid.

The direct launch news box is – you get there through the Services tab on the COD home screen, and that gives you a list of all the reports that are available to you in your news box, and we're going to look briefly at a couple of those. The 30-day warning report is a very important report. How many folks have used the 30-day warning report? Okay, I see several – a couple hands.

It's a very useful report in your reconciliation process. It gives you an indication of what is missing on a particular loan that is causing it not to book. The three required elements for a loan to book are the master promissory note, the origination record accepted at COD, and the accepted first disbursement at COD. Those three key elements are what are needed to book a direct loan on COD. And as Rob mentioned, once you have it booked, the liability is – then would be with the department and with the student and no longer the liability of the school, because we send – once we make a disbursement we send the information to servicing and the direct loan then becomes a liability of the Department of Education and the student.

You'll see here this example report on the 30-day warning report will tell you that some things were missing and that gives you an opportunity to go and find out why, for example, a disbursement hasn't been sent in; it rejected, it hasn't been corrected and resubmitted, that type of thing. It's an invaluable tool in your reconciliation process.

The MPN is due to expire report, we, in the master promissory note arena we've come up on the ten years. We started those when? 2001. So we're coming right up on – or 2000, on some of those about to expire. So this report can give you an indication that some of you – you may need to reach out to some of your students for a new MPN. If see an MPN on this report with a date, for example, if you have a semester starting in September and the MPN's due to expire that coming say November, and your loan period is September to June, it's okay to go ahead and use that, as long as it's not going to expire before you make the first disbursement on that particular loan. If you're going – so this report will give you an indication of all the MPNs that you need to be aware of and need to contact your students on.

Some important resources are the websites, the information for financial aid professionals, the direct loan website, and FSAdownload. FSAdownload contains the COD technical reference and in that technical reference volume four is the

implementation guide. That's not just for the technical folks; it has good information for understanding the processes, and it also contains all the added error codes. So if you need to look up something and you're trying to correct a disbursement or a loan record, you can find the edit code in there and a description and suggested remedies for those.

The customer service centers is the information here with their websites and phone numbers. The school relations center is dedicated to helping you with all of your direct loan processing; school services, direct loan servicing, and a direct loan consolidation center. And the loan servicing centers, we've added four new servicers with the influx of direct loan schools and number of loans this year; we've added four new servicers, and I'll give you their information on the following slides. One is **FIA**, Great Lakes Education Services, **Nelnet**, and Sally Mae.

And for schools that are new to direct loan we've set up a mailbox for you to e-mail your questions. Anything that you have regarding the direct loans that you're unfamiliar with or you need some clarification on, you can send an e-mail right to this mailbox. And I heard a ring – that was perfect timing. We appreciate your feedback and your comments. This is the information for myself and for Rob.

[End of Audio]