Pam Moran: I'm Pam Moran and I'm with the Office of Post-Secondary Education. I'm here with Julie Aloisio from Federal Student Assistance, and what we are going to try to do today is address some issues that seem to be recurring questions and issues that come up in the area of direct loan processing in the financial aid office, and I will try to cover it because I'm a policy person. The Office of Post-Secondary Education oversees negotiated rulemaking, regulatory interpretation, development of dear colleague letters that are not operational dear colleague letters. We interpret the statute if Congress passes changes to the Higher Education Act. So we do policy.

So I will cover things from a policy standpoint and then Julie will come behind me, and to the degree that the issues that I cover have an operational aspect, she will talk to it from that standpoint. So hopefully you will find some of these topics that are recurring problems or issues or questions, you will find it helpful.

The first thing I'm going to cover is just a little legislative overview, and I'll try to go through this quickly. This has to do with annual loan amounts, because some of these issues get into loan limits. And we did have, through the ECASLA legislation that was enacted in 2008 the most recent changes in annual loan limits, and I've given you the dear colleague letter reference where you're going to find as an appendix to the dear colleague letter nice charts that are very helpful that summarize all those changes to annual loan limits.

Basically ECASLA increased undergraduate unsubsidized annual loan limits. They did not make changes to subsidized limits. They increased undergraduate sub and unsub aggregate limits, but again, no changes in subsidized aggregates. There were no changes at all to graduate professional annual or aggregate limits and no changes to the PLUS limits.

$2,000.00 now as a new standalone additional unsub for dependant students; we have never had that in the past, so this is a new amount that a dependant undergraduate student can receive in unsub. They also increased additional unsub for independent undergraduate and for dependant undergraduates with no parent PLUS eligibility. So those increases also went up for $2,000.00 annually for each of those categories, from $4,000.00 to $6,000.00 for first and second-year independent undergrads and those dependants with no PLUS eligibility, and $5,000.00 to $7,000.00 for third-year undergraduates and beyond.

The additional unsubsidized annual loan limit for undergraduate preparatory courses was increased from $4,000.00 to $6,000.00, and actually that should be undergraduate independent student preparatory coursework, because there was no change for graduate or professional preparatory coursework and no change for teacher certification coursework that people do on a post-graduate level. And the dependant undergraduate student without a parent PLUS, they are not eligible for both the new $2,000.00 and the additional increased unsub that you would have, because those students are treated as independents. So if you have a dependant student that doesn't have PLUS eligibility, they are treated as an independent student, so they don't get the dependant undergraduate $2,000.00 amount and then plus their $7,000.00 independent undergraduate amount; they're treated as an independent student, so they don't get to double-dip.

Undergraduate aggregate limits up to $31,000.00 for dependants, but again, the maximum sub remains at $23,000.00. Independent students, and again, this includes dependant students with no parent PLUS, because they're treated as if they're independent, $57,500.00, but with the same $23,000.00 max subsidy.

Special loan limit rules, and these are in the regulations, so if you go into the direct loan regs in the areas of annual loan limit, in that section of the regs you will see these additional items. One year certificate program, always you are a first-year undergraduate loan limit, you are grade level one. You can be zero if you've never had another loan before, indirect loan, and once you've had a loan you would be grade level one, but if you do a certificate program you are only subject to undergraduate first-year loan limit regardless of how many consecutive one-year certificate programs you do. So you don't advance in annual loan limit eligibility if you are involved in multiple consecutive certificate programs.

If you're in a two-year Associate Degree program the maximum you can receive is second-year undergraduate loan limit, unless it's a program that a full-time student cannot complete as the program was designed and approved, cannot complete in two academic years. In those cases, and we do have a few of those programs, you could receive another loan at grade level three for the third year, but that would be an unusual program. Otherwise, if it's an Associate Degree program, they normally can be completed by full-time students in two years; you would never receive a loan at more than the second undergraduate loan limit.

Proration is still with us; annual loan limits for undergraduates only not required for grad and professional for programs of less than an academic year and a remaining balance of an undergraduate program that a borrower wants a loan for. Proration is still with us.

Additional health profession students. Now this is what I refer to as HEAL replacement dollars, when the HEAL loan program that was administered by Health and Human Services went away a good number of years ago now, we were asked at the Department and we were given authority by the U.S. Congress to make additional unsubsidized loan amounts available to those borrowers who were in programs of study that had been HEAL-eligible programs. So that continues to be the case, but ECASLA did not make any changes or we did not make any changes as a result of ECASLA as it relates to the annual or the aggregate limits attached to these health profession programs. It also applies to naturopathic MD programs, and that was a new pronouncement that the department made in 2008. So in addition to the otherwise HEAL-eligible programs, we also now have the naturopathic MD programs that are covered. I've given you the handbook reference where there is information on the coverage for those programs, but again, no annual or aggregate changes for that additional unsub that's attributable to those health profession programs.

Now moving on to something that has sort of shifted a bit recently, changes to Stafford annual loan limits within an academic year. This has changed only for certain kinds of programs. Annual loan limits, as you're aware, are based or applied to the academic year, and you define your academic year for Title IV purposes, but it has to meet at least the statutory minimum standards. Increased loan limit is based on grade level. If you have a change within the academic year and you can in a standard term program or in a program that's non-standard but has substantially equal terms of at least nine weeks, you can progress to another grade level within the academic year. You know that that's possible, so as of say the spring semester, this student may have progressed a grade level based on the credits they've earned, and so you can in fact generate, originate another loan at that higher grade level.

So you can originate a loan based on a new grade level, the new loan limit is the new loan limit for the term in which the person achieved that increase in grade level, and only to that term, not to the entire academic year. And they can receive up to the difference between the new limit that's attached to the new grade level and what their prior loan limit was if you are a standard term or substantially equal at least nine weeks and there is that progression within the academic year.

If you have a transfer student with overlapping academic years, if it's a standard term or a non-standard substantially equal at least nine weeks in duration program you can do an initial origination for the remaining balance of the annual loan limit for any term, even if you have an overlapping academic year. So there's nothing new about this for a standard term or substantially equal with at least nine weeks of duration. Those kinds of programs, if there's a transfer student coming into your school and there's an overlap in the academic year between the prior school and your school, you can do a new loan origination for any term within that overlapping academic year for the difference between what they have not yet received in annual loan limit and what's still available to them.

Now we're going to get into a shift that took place in the regs a couple of years ago. If you have credit hours without standard terms or you have a term that is non-standard but it's non-substantially equal at least nine weeks, and if there are no credit or clock hours transferred, and that's key, if there is no transfer situation, you have an overlapping academic, you have a transfer student, your credit hours, you don't have standard terms your clock hours, you don't have standard terms, or you don't have substantially equal at least nine-week non-standard terms, you have to do an origination for the full academic year, and the only amount that's available to the student is the remaining balance of annual loan limits in that transfer situation.

But if you are that same type of program, and credits do transfer or clock hours do transfer, you now can do a lesser loan origination. This is new within the last couple of years, that you can now do an amount – a lesser loan certification than the full academic year that you were otherwise subject to previously for the remaining balance of the annual loan limit. And I've given you the handbook page reference that discusses this transfer with overlapping academic years. So for a situation in which there is a transfer of credit or clock hour, you can now do that lesser loan certification or origination for that remaining balance.

If you have program completion and someone starts a new program within the same academic year and we're talking about a non-term-based program or one with non-standard terms that are not substantially equal and at least nine weeks in duration, you also can now originate a loan for the remainder of the academic year up to the remaining balance of the annual loan limit of the new program. You always could do that, of course, if you had a firm term-base structure, 'cause someone could complete a program and then the next semester or quarter they started into a new academic program and you could do a separate certification or origination for that new program. Non-term programs did not have that flexibility until we made the regulatory change. Neither did non-standard terms that were not afforded the standard term treatment. So now those programs are able to within the same academic year recognize that there has been a program completed and a new program started.

Move on to late disbursements, always an area of question. A borrower becomes ineligible for a loan on the date they are no longer enrolled on at least a half-time basis for the loan period. Now that can happen when the loan period ends or it can happen when that individual withdraws, drops out, drops to less than half-time. So a borrower becomes ineligible for a FFEL or direct loan – pardon me, direct loan, on the date that they are no longer enrolled at least half-time for the loan period. To be eligible for a late disbursement certain things have to happen before the borrower becomes ineligible for it to be a legitimate compliant late disbursement. There has to be a SAR or ISER in place with an official EFC generated and you have to originate the loan. If you are a former FFEL school you would have to have certified the loan; a certification origination equivalent. So you have to have originated the loan, you can secure the borrower's signature on the master promissory note even after they become ineligible, but you would have to have originated the loan before they became ineligible.

Limitations, again, on late disbursement, you have to make a late disbursement within 180 days from the date the borrower became ineligible. You cannot make, and this is statutory, a second or subsequent disbursement as a late disbursement unless the borrower graduates or completes the loan period. And if it's a first-time first-year borrower who is subject to the 30-day delayed disbursement provision, you cannot make as a late disbursement what you could not have delivered as a regular disbursement. So if they don't make it through the first 30 days of their program of study you can't do as a late disbursement what you would not have been able to do if they had remained enrolled; they have to complete the 30 days. Now the question was asked, "Well, does that apply to us if we are not subject to that requirement because of our CDR rate?" and the answer to that would be no, you would not be subject to that.

And a note, and this relates to direct loan, technical capacity, you may not – notwithstanding what you may be able to do technically, as it relates to a late disbursement, you cannot do an adjustment of an original loan amount, adjusting it upward after the end of the loan period in order to sort of do a backdoor late disbursement. You cannot do that. Even though technically the system may allow you to do that kind of upward adjustment, you cannot do that after the end of the loan period and call it a legitimate compliant late disbursement. An upward adjustment is the same as originating after the end of a loan period, so it's basically not allowed under the late disbursement rules.

Another topic, reallocation of sub and unsub, and that can happen for a variety of reasons; it can go from sub to unsub, it might be from unsub to an increased sub eligibility. There could be a change of financial need that you document, there could be other aid coming in that creates an over-award that you couldn't have anticipated, and so as a result of attempting to eliminate the over-award you have to change the loan from a sub to an unsub so it can be used to cover the EFC and thereby eliminate the potential for you having to send money back or cancel a disbursement. So that could shift the allocation of the sub to unsub.

Inadvertent overborrowing, you know that there are ways for the borrower to reaffirm the debt in an inadvertent overborrowing situation, but that may involve a reallocation of the debt from sub to unsub. Or there could be an outright error, where you've awarded some portion of subsidized eligibility and it should've been unsub or vice versa, so various circumstances where there might be a reallocation situation. In order to do a reallocation of subs/unsub the initial eligibility must include the loan type to avoid a new loan origination. So if you're going to do this as an adjustment there has to have been that loan type originally in the loan origination, unless there was an outright error that you made in the initial origination.

The adjustments may take place after the close of the loan period if no new dollars are involved. So what you are doing is simply reallocating the identity of the same dollars. And so unlike the late disbursement situation, you can do that kind of change after the close of the loan period, but we're talking about a situation where there are no new dollars involved.

Participation in the direct loan programs, and this has to do with Stafford and PLUS, and this question keeps coming up frequently. In our view at the Department, the direct sub and unsub are one program; it's one Stafford program. Annual loan limits are shared between the programs. The Higher Education Act requires a borrower eligibility sequence that you determine Pell eligibility, if that's applicable, 'cause you have an undergraduate student first. Then you go to subsidized eligibility, then you go to unsubsidized eligibility. So bottom line, the Department's view is it's one Stafford program, sub and unsub, and you cannot participate in only subsidized or only unsubsidized. If you're in the program you're in it for all purposes. And you may not limit unsub eligibility to just the base amount. One program. If you participate in it you participate fully.

PLUS program. There is only one PLUS program. There is not a grad professional PLUS program and a parent PLUS program; it's one PLUS program, and it's available to both types of borrowers. So if a school chooses to participate in PLUS, you don't have to, but if you choose to participate in PLUS then you have to make loans available to both parent borrowers and graduate and professional borrowers if you have both types of borrowers or potential borrowers. If a school has only a grad professional program they cannot limit participation to PLUS only. And before there's a sequence of awarding PLUS you have to determine maximum sub and unsub eligibility first, explain the differences between PLUS and sub and unsub to your borrower, and offer them the opportunity to request sub and unsub before they can avail themselves of eligibility for PLUS.

In terms of PLUS eligibility, all applicants are subject to the no adverse credit determination. If it's a parent applicant, the parent has to meet the citizenship and residency requirements; there cannot be a default on the part of that individual applicant or an overpayment that's outstanding that has not been resolved. And in the case of parent PLUS eligibility, the dependant enrolled has to be enrolled at least half-time and meet all the other eligibility requirements, and I think you know from some other sessions that there will have to be, I think it's 2011-2012 for the first time there will have to be a FAFSA filing for that family, for that dependant, so that we can do the matches. No longer institutional policy prevailing.

Student applicants for PLUS have to meet all the student eligibility requirements. Adverse credit is defined in 685.200 for the direct loan program, and it's the same address credit definition as existed in the FFEL program, defined the same way in both programs; not currently 90 days or more delinquent on any debt, and in the last five years not subject to default determination, bankruptcy discharge, foreclosure, repossession, tax lien, wage garnishment, or write-off of a Title IV debt. Same definition of adverse credit.

For those schools who were in FFEL and have now transitioned to direct loan, in the FFEL regulations governing PLUS eligibility determinations, lenders were given specific regulatory authority to have stricter standards in addition to the strict adverse credit definition. So some of those lenders did, and so some of the FFEL schools coming over to direct loan have experienced situations where suddenly a parent or a graduate professional student is eligible that under the FFEL program did not have eligibility because the department is just measuring them against the adverse credit definition. The FFEL lender may have observed stricter standards, which they were specifically authorized to do because they participated voluntarily in the program, they were putting out their own loan capital, so if they observe stricter standards beyond the strict definition of adverse credit, that could've been the result. Okay? That does not exist in the direct loan program.

So there is a required credit check, and absent a credit history is not evidence of adverse credit, we all know that. The DL credit check looks for adverse credit only; it does not look at credit worthiness. So it doesn't look at someone's FICO score, it doesn't look at the income-to-debt ratio, it doesn't look at the loan amount that the parent or the graduate professional student is requesting. FFEL lenders could have looked at these things because they could go beyond the strict definition of adverse credit. The Department in the direct loan program does not do that. However, there is a way to get there.

Eligibility determination is good for one academic year and there was some confusion in the first presentation about the direct loan program; adverse credit determinations are supposed to be based on recent credit history, which is defined as being within the last 90 days. And if in fact you let that 90-day period expire and no loan has been originated you'll have to go through another credit check. But if in fact you do originate a loan within that period then you can use that same credit determination for later loans during that academic year if that individual comes forward again and applies for an additional PLUS loan. So that's the differentiation between the 90 days that the credit check is considered current for purposes of adverse credit determination and the fact that we also say that eligibility determination is good for one academic year; that's how those two things work together.

If there is adverse credit, PLUS eligibility of course is still possible if you secure an endorser that has no adverse credit, and it can't be the dependant student in the case of a parent PLUS applicant. It can't be the dependant on whose behalf you're attempting to borrow. There also is the possibility of a successful appeal based on extenuating circumstances, and examples of extenuating circumstances as it relates to appeal situations: credit information was erroneous or it wasn't the applicant's information. You have that happening every once in awhile, where the credit information that was maintained by the credit organizations, credit reporting organizations was outright incorrect. That happens. Or it was not the applicant's information, somehow it got merged into this individual's credit report and it was not that individual's information. Or the applicant has brought the debt current or addressed the basis of the adverse credit determination. So in the direct loan determination of adverse credit under these circumstances you could appeal a declination or a finding of adverse credit. And these are successful appeal criteria.

Going back to the issue of FFEL lenders did one thing, direct loan only looks at the adverse credit definition. But schools, as part of determining dependant eligibility for additional unsubsidized amount, can get to the same place, but it's the school that will be doing this and documenting it, as opposed to what FFEL schools experienced with their FFEL lenders. Either before or after a credit check, even if there is a determination that there's no adverse credit and someone is eligible, they are approved, a school does not have to originate a PLUS loan if they can document exceptional circumstances, and these are the same exceptional circumstances that apply and are related to determining that a dependant student is eligible for additional unsub.

Those exceptional circumstances, and you'll find this in the handbook, in the student aid handbook, are that the parents have limited income, they're on public assistance or they're on disability benefits and they're unlikely or going to be unlikely able to repay the loan. That's an exceptional circumstance you can document and not go forward with a PLUS origination even in the case of an approved credit determination. Or you document that the family financial information; income, expenses, and debts, looking at those together, shows that the parent is likely unable to repay that PLUS loan if they took it out. And then there's the normals that you're used to seeing in the past; the parent's incarcerated, their whereabouts are unknown, they've filed bankruptcy and they have a letter from the court that actually states that they cannot incur additional debt, or the parent is not a U.S. citizen or eligible noncitizen. These are all the exceptional circumstances that allow for a dependant to receive additional unsub, because the parent is unlikely to get a parent PLUS loan, but you can use, particularly those first two categories, you can document those circumstances and even with an approved credit circumstance, not go on to originate a PLUS loan for the parent.

So you can get to the same place. You are the agent for documenting those exceptional circumstances to not go forward with the parent PLUS loan under those circumstances. These are not valid reasons for additional unsub eligibility for a dependant or for declaring that a parent should not take out a PLUS loan. The unwillingness of the parent to borrow a PLUS, a school's decision not to participate in PLUS doesn't give access to additional unsub for the dependant, and the financial aid officer's simple believe that the parent should not borrow is not sufficient; you have to document exceptional circumstances, as we outlined in the last slide.

Only one parent, if we're talking about additional unsub eligibility for the dependant, only one parent has to be examined and denied or documented as unlikely or unable to pay the PLUS to go onto the additional unsub for the dependant. If both parents apply and one of them is eligible then the dependant is indeed ineligible for additional unsub. Financial aid officer's determination of the dependant's eligibility for this purpose applies to one academic year, and the dependant may become eligible at any time in the academic year if there's a change in the parent's PLUS eligibility.

PLUS-related dependant eligibility for additional unsubsidized amount, if a parent is eligible and then ineligible in the same academic year then any additional unsub amount originated with disbursed PLUS amount is counted as EFA. So you don't have to, if there's actually an amount that's been disbursed, you don't have to go back and reverse that or repay it, but you do have to count it as estimated financial assistance in your determination for in this case the student receiving additional unsub in the first example. Or working it the other way, the parent was ineligible and then suddenly they applied again in the middle of the year and suddenly the parent becomes eligible. In that case, if you had disbursed additional unsub amount, you count it as EFA in the PLUS determination and you should cancel any outstanding additional unsub that was going to go to the dependant at that point, but you do not have to reverse and repay everything you just counted as EFA in the determination of PLUS eligibility.

Loan origination; this is a new topic. Multiple disbursement requirements, because we have questions about uneven, can you do uneven loan amounts. The HEA requires multiple disbursement of loan over the loan period unless your cohort default rate exempts you from that multiple disbursement requirement. They have to be substantially equal installments; this is in the statute, this is in the Higher Education Act. And the interval between the disbursements may not be less than one-half of the loan period unless you have semesters, quarters, or similar terms, and when we say similar terms we mean substantially equal non-standard terms that are at least nine weeks in duration. Okay? So this is right out of the law.

What are your disbursement options if you have unequal costs in a standard or substantially equal at least nine-week term-based program? Well here are your options, you have a couple of them; you can do a single-term origination with at least two substantially equal disbursements, with the second one being at the midpoint, which you wouldn't have to do if you were CDR, if you were cohort default rate exempt, but that's one way of dealing with unequal costs. Maybe somebody's doing a study abroad in the fall semester and so they're going to have substantially more costs than they're going to anticipate having in the spring semester. So one way of dealing with that, because you can't do unequal disbursements if you do a full academic year loan origination, is to do a single term origination.

The other possibility is an academic year origination with a student-authorized refund or cancellation or partial cancellation of the second or subsequent disbursement. That's the only way that we can see that you could end up with an unequal amount in the two periods. That's another way you could handle it, by doing a full, original academic year origination, but then doing an adjustment in the second let's say term to achieve a lesser amount. That is a possibility; you'd have to have the agreement of the borrower and approval of the borrower in doing that.

But those are the only ways, the only two options that we can see that you can end up dealing or that you have to deal with unequal costs. And again, it's only in, of course, a standard program or a non-standard term that has substantially equally at least nine-week terms.

And I'll turn it over to Julie.

Julie Aloisio: Did you get all that? Do we have exciting jobs or what? Well just hold on, because I'm throwing numbers into that, so that will really stir things up.

Okay, as Pam mentioned before, she has told you the whys of some of these things, and we're going to look a little bit at the how of how we are going to take care of some of the issues she's talked about. She mentioned the grade-level changes in midterm and the eligibility for being – for up to the difference of the two. There are a couple of options if you run into that scenario, and we're going to look at those. We can either increase the grade level in the loan that we already have and then increase the disbursements and the award amounts, or we can create a new loan.

And let's look at some numbers around that. So we had our first student, who was a grade level one, and then after the fall semester they ended up with enough credits to become a grade level two student. We have that $3,500.00 loan with the two disbursements, one on 9/12 and one on 12/12, and they are each $1,750.00. Now as a second-year student they are eligible in the middle of the year they are eligible for that difference of $1,000.00 between the $3,500.00 and the $4,500.00. So they can get that $1,000.00 that second semester, that extra $1,000.00. So we have a new grade-level award that we can create for at grade level two for that student with a disbursement of $500.00 for each of those. Now we need to remember that the academic year is going to be the same, we're only going to change the loan period for that. Okay? That's pretty straightforward.

Now we can, if we would rather, update the existing award that we have. We can take that original grade level one, we have our disbursement, same loan that we looked at before, now what we would want to do is we would want to lower the disbursements. We would want to wait for a response showing that we've gotten those lower disbursements in, then we will lower the award amount. Now that can be done in one step; it's possible to put the lowering the disbursements and the award amount in one step. On occasion you're going to hit an edit because we're going to have a timing issue. Now that happens to a small percentage of schools, but it can kind of throw you off; you have to figure out why did this one reject. You might send in a whole batch and only one of your students will reject for the timing issue. We just say that the best process is to do it separately, but it's up to you; you have that option.

So in everything that we're looking at here, today you're going to see that I've taken it out to two steps for each thing, okay? We're going to wait for our response after we've done those disbursements, then we're going to submit the loan as a grade level two at the $4,500.00 level, that $3,500.00 that we had with the increased $1,000.00 eligibility. We're going to leave that first disbursement; we'd already disbursed that, that was in the first semester. And we're going to add the – we're in the second semester now; we're in spring. They got their – I see puzzled looks – they got their eligibility because they had enough credits to be a second-year student. So second semester they get that extra $1,000.00 and we're going to raise it up, that award up to the $4,500.00 they're now eligible for. We're not touching the first disbursement because that's money we already gave them.

The second disbursement, we can raise that – we can put that $1,000.00 on there, so now we have a $2,750.00 disbursement; however, best practice would be to simply add another disbursement in there so that you would have the two $1,750.00s and add one more disbursement in there for that other $1,000.00 that they're now eligible for. Okay? Clear as mud, right?

All right. Pam also mentioned the one-year certificate programs. I'll be quick because really she pretty much went over this. This is exactly what she said, grade level zero is going to be your students who have never borrowed before, never had a direct loan; they're going to be your grade level zero students. Grade level one is going to be any student who has borrowed before and they're still at that grade level one. So if I come in one year and I've never had a loan, I want to do a one-year certificate program, I'm a grade level zero student. If I come in every year thereafter and do another one-year certificate program then I'm going to be a grade level one student for however many years I do one-year certificate programs. Okay? And they're going to be subject then with that grade level to that $3,500.00 limit.

Same thing's going to happen with the associate program, except for those rare occasions where there's a program that you can't get through in two years by going full-time. You're going to be, regardless of how long it takes me, once I've reached the second year eligibility based on our school's criteria for being a second-year student then however long it takes me to complete the program I'm going to be a grade level two student and subject to those loan limits. Okay?

This is just general information here about the loan limits. Obviously we're going to – you know that we have limits or edits that we have on the limits, both on disbursements and on originations; it depends on how you're sending those in. We're looking at not only the amounts; we're looking at the academic year, the earliest disbursement date, the flags that you have set, whether this is an actual disbursement or an anticipated disbursement. All those things play into what kind of edits the amounts are going to bump up against. Of course, there are extra flags you can set if it's an unsubsidized loan. Probably the most common is the additional unsubsidized indicator that you're going to use in all the circumstances that Pam talked about earlier. The health professionals, of course that's any of the health professionals have a higher loan limit, so you're going to have that flag checked so that they don't bump up against the lower limits.

If I go to fast somebody wave at me, 'cause yesterday they told me I went too slow, so, you know, you always overcompensate. The preparatory coursework, of course, for teachers or for graduate professional programs, that is another flag that you're going to set for us so that your students don't bump up against the lower limits.

Okay, now I'm going to talk, we have a few slides about reallocation. There are several different scenarios that we can look at. Pam talked about some of the reasons that we would need to make the change, and we're going to look at what we need to do to make those changes. We're going to look at if we had one type of loan and we just inadvertently created the wrong type. I gave this person a subsidized loan and it should've been unsub; I need to go back and correct that. So as you can see here, just a quick overview; we've gone through the steps that we talked about, we're going to lower our award amount, we're going to look at it more closely in the next slide with numbers. So I'm not going to take you through everything here, but I do want you to note, a very important note, this can happen after the award – the loan period has ended, as long as we're not reallocating money. This can happen at any time. Anytime you realize you have made the mistake or for any of the reasons that Pam mentioned you need to change that allocation, you can go ahead and do this.

Okay, so we have a subsidized award for $2,000.00 and, *ugh,* it should've been a subsidized award. We have our original award to disbursements of $1,000.00 each, one on 9/12, one on 2/12. We're going to lower our disbursements to zero, wait for a response, lower our award amount to zero, wait for a response. Then we are going to originate an unsubsidized loan for $2,000.00. We're going to make sure our disbursements are the same dates that we used or the subsidized, 9/12 and 2/12. We're going to use the same loan periods and the same disbursement dates. The only thing we've changed in this case is the fact that now it's an unsubsidized loan, whereas before it was a subsidized loan. That one's pretty straightforward.

Now we're going to look at the instance when there's just a portion of the loan that we have to change, and I'm going to have to ask you to indulge me a little bit on this one. I'll let you know, but there's some things on these slides that you're going to think that you see, but I'm going to tell you you are not seeing that. I'll point it out. Same process, though. We're going to lower things down, wait for our responses, raise up other things, wait for our responses. And again, you can do this type of reallocation anytime.

Okay, here's our example. In this example, the first example that I really want to walk you through is the case where we have done our sub and our unsub and all the disbursement dates are the same. This is where I'm asking your indulgence. On the screen you will think that you see that the unsubsidized award has been disbursed on the 15th of August and February, but really you don't see that. What you really see is the 12th. Really, take my word for it, that's what you really see. It really is the 12th. Fives and 12s, they look a lot alike.

There's a couple different things; I want to take you through both of them. The first one we want to look at is if everything's the same. We had a sub, we had an unsub; they were both disbursed at the same time. The subsidized award was for $2,000.00, the unsubsidized award was for $1,000.00. We found out that's wrong, we should've given them subsidized for $1,000.00 and unsubsidized for $2,000.00. So what we're going to do is we're going to take our subsidized disbursements, we are going to lower them down from $1,000.00 to $500.00 each. We are going to wait for our responses; we are going to lower our reward amount. We're going to wait for that response. Then we are going to – because it's all on the same date, it's all on the 12th of both February and August – no, September. Sorry. We can just go in, since it's the same date, we can then go in, raise our award amount to the $2,000.00 for the unsub, and then raise our disbursements amount to $500.00 because it's the same dates. Okay? We already gave them this money, so we can't change the date. So in this case, since what we're seeing up there are 12s and we're not changing the dates, it's all at the same timeframe, so this is very straightforward; we're just lowering the one and raising the other. Okay?

Now I'm just going to go back here and now, *ugh*, now we have this, we've done it on different dates. So what we're going to do with these is we're going to take, now we have disbursements on the 12th and we have disbursements on different dates, which we see on the screen. Isn't that magic? That's 'cause we're at Disney; there's magic everywhere here.

Now we have the unsubsidized award has been disbursed on the 15th. We're going to do the same first steps. We are going to lower our subsidized award disbursements, then we're going to lower our subsidized award amount and then we are going to raise our unsubsidized award amount. We are going to leave our disbursement amounts that we have on those different days as they are, and we're going to, to keep everything substantially equal we will say that we – and to show how we actually gave them money. Our subsidized award was on the 12th, so what we're going to do is we're going to add two more disbursements on here. We're going to have our disbursement, number three will be the disbursement that we've lowered. Up here will be $500.00 on 9/12 and we'll have another disbursement for $500.00 that we did on 2/12. And those will now be under the subsidized award.

Does everyone see what we're doing there? We're kind of just shifting that $500.00 for each of those disbursements over. We need to keep the same dates that we actually gave them the money showing in there, so that's what we're doing.

Now alternatively and probably a little more easy to do is we can lower that disbursement – the disbursements and the awards amount for that subsidized award, leave our unsub the way it is. Right here we can create a new award for the unsubsidized of $1,000.00 and put the disbursement dates of 9/12 and 2/12. So just taking that money that was in that subsidized award and moved it down to unsub. There's different ways to do it; whichever way's the easiest for you to do. I personally think that last option is the easiest and the cleanest; you can see that you've created that award, you see those disbursement dates, and you see what they are.

Okay, hopefully that was about as much fun as you could stand. We're going to talk about some PLUS processing questions. But again, these are things that have come up just throughout the year that people have had questions about that we wanted to address.

The PLUS request that students fill out on http:///www.studentsloans.gov is informational for schools; it is not tied to the origination and it does not create an origination in COD. The information that's on that PLUS request is sent to schools for their information. The requests themselves are always accepted. A credit check is done when a request is done, but just because the request is accepted does not mean that they have accepted credit; two different things. You have to look at the credit to see whether it's been accepted or not; there's been some confusion around that. Okay?

Another question that we've seen, and if you think back to what Pam was telling you, the credit decisions that we're doing and giving you the information on are not based on an award amount. We are looking at whether there's adverse credit or not. If there's not adverse credit then they are approved for a loan and you are determining the amount of that loan based on what they need to borrow. There's no amount tied to that credit approval.

The last thing that I wanted to point out here about PLUS is that while you can use the PLUS request process on http://www.studentloans.gov as a confirmation that the parent or graduate student does want to borrow, if your school has a process, a confirmation process in place, that overrides, it kind of trumps http://www.studentloans.gov. Okay? Whatever your school process is is the process that you can use as your preference. If you prefer that then that overrides the PLUS request.

I can see that you are having more fun than you should be having, even at Disney this afternoon, so I'm going to let you ask us questions if you have any. Otherwise have a good afternoon. Thank you very much for your attention. And sitting in this really warm room, it's been freezing everywhere and now I feel like it's – we're in Florida or something.

Yes?

Audience: Hi, Julie. More of a suggestion than a question. We have noted that there are so many ways that a parent and family or student can put erroneous information on the parent promissory note. Since the parent has a PIN number, can the parent's name and date of birth and social security number be automatically populated, rather than having mother with a PIN putting dad's birth date down and the student's social security? Because then they don't link and then it's a problem and we are left telling students or parents the prom note is wrong. It should be stopped at the front end. Respectfully.

Julie Aloisio: We had – no, no, we had actually heard that, and we're looking at it. Right now the information that they put in for the PIN actually does populate the name and soc, so it might be a case where someone has given someone their PIN. But yeah, we're going to look into how we can at least give them a "wait just a minute here" thing notice if they're going in and putting in information that we don't think they should be putting in.

Yes?

Audience: I have two questions that are related. The first one is why are there so many steps to the reallocation process and are you doing anything about it?

Julie Aloisio: First question is why are there so many steps for the reallocation process. Well, as I told you-

Audience: Having to wait for all the responses.

Julie Aloisio: -I go through what we consider best practice; a lot of schools go through and do those two steps, or actually those four steps into two. You have to lower down your award amount and your disbursement amount, whether you do it one time or together before you can – and there may be cases where you might be able to raise the other one. We're thinking of there's a chance that you'll hit another limit. If you know your student's nowhere near the limits you can probably raise the one before you lower the other, but either way you're going to have to lower one down and raise the other one up.

Audience: But if you're getting all the information in one batch at one time, why can't it all be worked at one time?

Julie Aloisio: Well, you can, you're just going – there's a possibility you're going to run into timing issues. Because of the way the system was designed, that's just, it was done in a step-by-step manner. We're looking at – we're always looking at improvements. We will definitely take that back. We have heard that before; thank you.

Yes?

Audience: Hey, we've had some challenges having our COD origination records accepted sometimes, and we're finding when a student has gone out of attendance, they're no longer attending at least half-time that our origination record is still rejected. So for late disbursement purposes is there something we can do? Can we still correct that record? What is the definition of being originated? Does it have to be accepted at COD to be considered originated?

Julie Aloisio: Yes.

Audience: I don't like that answer. *[Laughter]*

Julie Aloisio: Yes, but I'm not sure. Can – if she talks to you guys, is there something – there might be a way – come and talk to our helpful faces up here and there might be some way. I'm not understanding what you're bumping up against. Sorry.

Yes?

Audience: Hi. We've been receiving an increase in requests in changing our loan period or reducing our loan period from other schools, and they actually receive guidance from direct loans that the schools should be in fact shortening the loan period. I just want to confirm that's not accurate.

Julie Aloisio: For what circumstances are they being-

Audience: For students that transfer to another institution and have overlapping loan periods, the other school is asking us to shorten our loan period so they would eliminate the overlapping loan period, but our practice is not to shorten the loan period because then we would have to adjust the cost of attendance and it could impact our annual loan limits that we're awarded at the university.

Julie Aloisio: They're telling them, when they transfer the other school is asking this school to lower their – to change their loan period.

Pam Moran: The new school is asking the-

Julie Aloisio The old school is asking the new school. Yeah.

Audience: No, the new school is asking us, the old school, to shorten the loan-

[Crosstalk]

Julie Aloisio: -during the – yeah.

Pam Moran: Oh, too bad.

Julie Aloisio: That's what I thought.

Audience: The interesting thing is that the guys, that they've received in confirmation from direct loans is that we should, which kind of threw me for a loop, so I just wanted to confirm.

Julie Aloisio: Okay, we should probably find out who told them that so that we can make sure that they don't tell them that again or anyone else.

Audience: Perfect. Thank you.

Pam Moran: I mean, because otherwise you're eliminating that there is an overlap.

Julie Aloisio: Right. Exactly. That's what they're trying to do.

Pam Moran: There's clearly an acknowledged overlap.

Audience: They're being overlapped in the academic year anyway, so.

Julie Aloisio: Right.

Audience: Thank you.

Audience: I had two short questions. I work at a junior college where we have an LVN certificate program that basically takes them maybe a year-and-a-half to two years to complete. So would they still be eligible only to borrow that first part of the loan, you know, up to like $3,500.00 in the subsidized loan, or could they go up to $4,500.00?

Julie Aloisio: Does it depend on how they have it designated, Pam?

Audience: But that program is not one year.

Julie Aloisio: It's not a one-year program?

Audience: Well, it's a certificate program, but it takes the students more than a year to finish it. Even if they were going full-time, it takes them about a year-and-a-half.

Pam Moran: But it's still a certificate. That's the award – the credential you're awarding is a certificate. I would say it has to remain at a first-year level.

Audience: Okay. Okay. And my second question is for PLUS loans, can you stop doing PLUS loans in the middle of an academic school year, where we would discontinue it for a spring semester, or do we have to wait till the end of the academic year?

Pam Moran: I guess my initial response, although I'd want to talk to our attorneys, would be that you could withdraw at that point. You know, you should give advance warning to your student and parent population that you are going to be withdrawing from the program. Let's put it this way, if you have effectively awarded them a full-year loan, you have made a commitment to them for the full academic year.

Audience: Yeah, to the ones that we've already done, we wouldn't stop them, but from anyone who's trying to do new ones, a new loan, a new student.

Pam Moran: 'Cause I would think that if you – if you officially are withdrawing from the program then you wouldn't be able to continue to make disbursement. So I don't know that you could continue to make disbursements for people that you had previously made a commitment to at the same time that you are officially withdrawn from the program. So I think you would have to do it in such a manner that you can address all of the commitments that you have made and stay in the program and withdraw from the program at a point where you don't – you no longer have any commitments that must be addressed. So that may make it difficult to do in the course of an academic year; you would probably have to trigger it at the close of an academic year so that you have no outstanding commitments. 'Cause you can't honor those loan commitments and make additional disbursements, I would think, if you've officially withdrawn from participation in the program.

Julie Aloisio: Right.

Audience: Okay. Thank you.

Julie Aloisio: Yes?

Audience: I have two questions too, and I don't know if they're short.

Julie Aloisio: I don't know, maybe we should make you guys get back in line.

Audience: The first thing is about the last thing, with the reallocation, where you wanted us to disburse the new loans on September 15th and February. How do you disburse an actual disbursement on a prior date?

Julie Aloisio: I'm sorry. On what?

Audience: On a prior date.

Julie Aloisio: Well, you'd already disbursed that.

Audience: I can't – if I create a new loan to do the allocation or I cancel something and re-disburse, it's going to be on the date it happens.

Julie Aloisio: No, you'd already – this is in the past. We looked back and we had already done, we had already given them $2,000.00 in subsidized and we needed to, that was a mistake, it should've been unsubsidized. We gave them $1,000.00 on February 12th and September 12th. We did do that. What we're trying to do is show that that $1,000.00, of that $1,000.00 that we gave them on each of those disbursement dates, half of it was subsidized and half of it was unsubsidized. That's what we're actually saying. By reallocating we're saying that we should've given them $500.00 in subsidized and $500.00 in unsubsidized. That's not what we did, but that's what we're saying we should have done.

So when we go back and change that allocation from subsidized to unsubsidized we actually did give them $1,000.00 on the 12th of each of those months, so we have to show that we gave them $1,000.00. So we gave them $500.00 in sub and $500.00 in unsub on that date. On that date is when they actually got the money. Does that make sense?

Audience: It wouldn't work if you do it with a new loan, because – your system, if you make an adjustment to a loan, it treats that adjustment as occurring on the original day of the first disbursement, right? So if I disburse something on September 12th and then I change it in November, it all goes through your system as if it happened on September 12th. But if I do that with a new loan in November, I can't disburse something in November for September. You'd have to do it as the same loan.

Julie Aloisio: What am I missing, Liz?

Audience: Well, you have to have gave the person the money on the *[Inaudible]*. You're going to hit a warning edit, but that-

Julie Aloisio: Yeah, you'll hit a warning edit, but you won't hit a reject.

[Inaudible Audiences]

Audience: Even though your student account system shows it happening in November?

[Inaudible Audiences]

Audience: On my student's account.

[Inaudible Audiences]

Audience: And what hits our general ledger and what our auditors are comparing the data in COD to. So I disbursed it in November or May, but I tell COD it happened in September, that's going to be okay? It's not going to be an audit exception?

[Inaudible Audience]

Audience: I guess so.

[Inaudible Audience]

Audience: Yeah.

[Inaudible Audiences]

Audience: But then I understand what she's saying. I understand what she's saying because on our system it's like that too. Our system is like that too; when we back it off it's going to back it off the student account. It's not going to show September anymore, it's going to show now November.

Audience: And if you make an adjustment to the existing loan, COD sort of ignores the November/May or whatever date, and treats it all as occurring. But in your real student account system, if you have a brand new loan, you can't disburse something in May in September.

Audience: Right, then you have to-

[Crosstalk]

Audience: You have to manually on COD to tell COD that then – I mean as long as it's okay that that's in audit exception.

Julie Aloisio: But that's part of the reason there's options, because your system won't let you do that. In your – the way your world works it won't work there, but it might work for someone else that way, and for them that might be the easier route. It sounds like for yours to work you would have to go in and make the adjustment to that award for it to-

Audience: To get you the data you want. I mean I've worked with a couple of systems; I don't know how you can back-date an actual payment. But maybe they can; I don't know.

Julie Aloisio: Well, and it may show up with that date and it may just be one of those things that for your auditors you have to keep records, you have to document that this was something that you had to make a correction to, and the award amounts are the same, it was just that it was reallocated.

Audience: Is there a way to go back to your number 34 slide?

Julie Aloisio: I'm sure there's a way to go back to number 34.

Audience: Okay. This is the one where you were increasing a grade level, and this was the example where you did it all on the same loan. And there seemed to be a lot of discrepancies in what you were saying. You were saying, one, that the first disbursement had occurred and you didn't touch it, but you actually did, 'cause you reduced it to zero and you did it again. You also now have non-equal split on the disbursements on that loan, but you were also saying you can't do that.

Julie Aloisio: We do have an unequal split, and best case, best practice would be to, which doesn't show on here, would be to have that third disbursement for $1,000.00. So you would have the $1,750.00, the $1,750.00, and a third disbursement for the $1,000.00 that you're adding.

Audience: But that's still unequal. Is that – 'cause, I mean Pam said they need to be equal. The way I would do that in order to keep things equal is give them another loan for the additional term.

[Crosstalk]

Julie Aloisio: But they've already disbursed the first one and they're reallocating it.

Audience: But if you can do these things like this, it doesn't seem to go together.

Julie Aloisio: This is ______, will allow them to _______.

Pam Moran: But this is a reallocation.

Julie Aloisio: Yeah, it is. No, this is the changing – this is changing the grade level. This is changing the grade level.

Audience: Well, I – I mean I know what makes sense to me, but it just didn't seem to jive with what Pam was saying about having to have equal disbursement.

Julie Aloisio: They changed in the middle of the year, so they already had the $1,750.00.

Pam Moran: Well then wouldn't you have to do this, to have those – just to have the bottom that you've got on the screen, wouldn't you have to have done the single-term loan for that second semester?

Julie Aloisio: That would be the cleanest way that we recommended them to do it.

Pam Moran: Because otherwise you'd have unequal disbursement.

Julie Aloisio: Right. So the second disbursement should be we should add the $1,000.00 to the $1,750.00, divide the $1,750.00 in two and have those two.

Pam Moran: Either do that or-

Audience: And it's okay that this loan now shows grade level two, even though he wasn't grade level two at the beginning of that loan?

[Crosstalk]

Julie Aloisio: Yeah, the other example is this ________. Right, your cleanest way is to do a separate loan; that's what Pam was just saying. And the cleanest way is to do a separate loan, which is what we said at the beginning. But you're right, those numbers, what I should've shown you is I should show you that first disbursement is already past. So we can't touch the first disbursement; we already gave them that money. We're in the second semester now. We're going to add the $1,000.00 and we should take our $2,750.00 and divide it in half for the second two disbursements. That's the only way we can get them anywhere near each other, $1,750.00 is still going to be more for the first disbursement, but by changing the award amount and not doing a separate loan, you gave them $1,750.00, you can't change that disbursement.

Audience: Okay, thanks.

Julie Aloisio: And divide it by three.

Audience: Thanks.

Julie Aloisio: Sorry.

Audience: That's okay.

Julie Aloisio: Number three.

Audience: On reallocation again, I think the easy part is going to be updating COD. I think internally our own systems are going to be difficult to update. So my question is can we refund and disburse out of the correct fund source, even if it's after the loan period, if the loan amount or if the dollar amounts do not change?

Julie Aloisio: Did you understand that?

Audience: That has been the easiest way that we've been able to deal with it, otherwise we have to have IT people go change hardcoded, you know, AR transactions.

Julie Aloisio: ______ allocation?

Pam Moran: It's for reallocation?

Audience: Yes.

Pam Moran: You're doing a reallocation but the amounts are changing?

Audience: No, the amounts are not changing.

Pam Moran: The amounts are not changing.

Julie Aloisio: The whole loan; you're reallocating the entire loan.

Audience: They're changing between sub and unsub. It's the same example.

Pam Moran: So they're doing a refund and then redoing the loan instead of-

Audience: Can we refund the $1,000.00 and re-disburse out of the other fund source?

[Crosstalk]

Pam Moran: But then ______ _____ loan origination.

Julie Aloisio: Yeah, but it's the type, so they made a mistake and they did the wrong type.

Pam Moran: Well, I guess direct loan will let you-

Julie Aloisio: Yeah, it'll let you do that.

Pam Moran: It'll actually do a new loan origination.

Julie Aloisio: Right.

Pam Moran: And if it doesn't change the amount it really wouldn't be viewed as violating lead disbursement rules.

Julie Aloisio: Right. Right.

Pam Moran: I think that you wouldn't be – if what you're doing is a reallocation and the direct loan system allows you to do that sort of as a new origination, you wouldn't be violating the late disbursement process because you're not changing the dollars.

Audience: Right. So as long as we don't change the dollars and, you know, until our third-party software vendors can come up with a way to assist us with this, even though that's not the best scenario, that might be – okay. Thank you.

Pam Moran: Yeah.

Audience: Okay, my question may have to do something maybe a little bit with that nursing program. First of all, our school, again, is unusual because we're a clock hour program. Now we were told we could set up the academic award year for 26 weeks; 900 hours is considered one year in the program. We don't have quarters, we don't have semesters, we have continuous enrollment; we start every Monday. Okay? So what I do is for a student for the first 26 weeks I give them a loan period, from whatever period it is up to whatever that 26 weeks is is that actual loan period. Now after that they still have a remaining six weeks, which is another award year. Or not another award year, but another academic year, 'cause it's past 26 weeks. So then I go ahead and originate another loan with two separate disbursements, just one amount but two disbursements for the remaining six weeks; it's prorated. Is that correct? Am I doing the right thing? It's two loans maybe in one year, because one year is 26 weeks.

Pam Moran: Okay, but you have – your Title IV academic year has been approved as something less than 30 weeks?

Audience: Oh yes, 26 weeks. It used to be 28, now it's 26.

Pam Moran: Well the statutory minimum is 38 weeks; 30 weeks of instructional time-

[Inaudible Audience]

Audience: Clock hours.

Pam Moran: Oh, I'm sorry. I'm sorry. You're right. You're right. Clock hours. Never mind. Never mind. So no, you have your Title IV academic year; it meets the statutory minimums, but your program of study is longer than an academic – a Title-

Audience: Thirty-two weeks, for instance.

Pam Moran: Yeah. So then you would do-

Audience: A second loan.

Pam Moran: - remaining balance proration of a loan.

Audience: Okay. So now on this loan, though, because the first academic award year the student came in as a first-year student for a certificate, they've already ______ one year. Do I consider that student for the following six weeks as a grade level two, because they've completed one academic year?

Pam Moran: No, not if it's a certificate. They'd still be in grade level one.

Audience: So it's one – you're still grade level one?

Pam Moran: It would be prorated on grade level one.

Audience: Mm-hmm. And the other question I have is, ‘cause I’ve been doing that wrong, I’ve been doing prorating and on grade level two. The other thing is the disbursement dates. Because we are a clock hour school we have to have satisfactory academic progress reports, and when we first set up a student for disbursements we set him up on projected dates for disbursements. So until I get the progress report I really can’t release money until I get the progress report and find out that a student met the same midterm or mid-point. Now am I supposed to change the disbursement date on the loans when I actually disburse them or on the projected date?

Julie Aloisio: On the actual disbursed.

Pam Moran: So ________ they have to adjust the dates?

Julie Aloisio: Yeah, she would want to adjust the dates.

Pam Moran: I’m told that in direct loan you should adjust the dates.

Audience: For both sub and unsub? Do you think that would go as well with the Pell too, or does it not matter on that circumstance? I don’t think it matters too much in Pell.

Pam Moran: I don’t think it would matter in Pell.

Julie Aloisio: No, I don’t think it would matter. No. No.

Audience: But direct loans especially like unsub, because the unsub is going to get capitalized, so it’s going to – even though it might be a month later that I should’ve released the money, but I didn’t get the progress report to know yet to release it and it might be 30 days past the actual release date, you know, that’s when it’s going to get released. It’s 30 days for progress reports.

Julie Aloisio: When you want to put that in is when they actually got the money; that’s the disbursement date, when they actually got the money, because that’s when you want that interest-

Audience: To start accumulating.

Julie Aloisio: Right.

Pam Moran: So even though your projected dates originally, you know, were based on anticipated midpoint for that person, but it didn’t turn out to be the case, so then you would want to, for interest purposes and otherwise, you would want to adjust that second disbursement date to be when the actual disbursement takes place.

Audience: Mm-hmm. And I just thought about another question according back to the old one about when a first-year student comes in for a certificate. Suppose they finish their one program and they come back for a second program. Again, they're still considered a first-year in the program, is that correct?

Julie Aloisio: If it's a certificate?

Pam Moran: Yeah. If it's a certificate program then they're never considered to be more than at the first-year level.

Julie Aloisio: They could be a first-year student forever.

Audience: I have a question in reference to PLUS denials. What if you have a parent who requests a PLUS loan for the following spring semester – we're you know, term – and then they decide that they want to increase that loan and that increase is denied? Now they have an approved loan for the fall and the spring. Would the student be at all eligible for the additional unsub?

Pam Moran: Yeah, the – so you have a PLUS parent disbursement that may not have already been made.

Audience: That's right. Let's say you're in the fall and you have an approved fall and spring loan. The fall is disbursed, they realize they didn't request enough, so they put in another loan request, but the credit is denied on that second request on the increase.

Pam Moran: I think in that circumstance the only way in which you could give that student the additional unsub for say the second semester would be if you canceled that potential PLUS disbursement.

Audience: Which of course wouldn't – usually is not the best thing to do.

Pam Moran: You know, which is not the best way to go about it. But I mean certainly you can have a determination of ineligibility that takes place sometime within the course of the academic year because they're coming back for more money and suddenly they're determined to be ineligible for that second time around, even though initially they were. I don't think that it's consistent with giving this dependant additional unsub with having another PLUS disbursement about to be made. So you'd have to take care of and probably cancel that PLUS disbursement to be legitimate in the additional unsub for the spring semester only.

Audience: Okay, thank you.

Julie Aloisio: Everyone who wants to ask us questions, we're going to need to step outside; we're getting kicked out so they can change this room around. But we'll be happy to answer your questions right outside the door.

[End of Audio]