

Online Direct Loan Entrance Counseling Changes Attachment to March 2010 Electronic Announcement

As noted in the accompanying announcement, the Common Origination and Disbursement (COD) System release for the 2010-2011 Award Year makes significant changes to several components of William D. Ford Direct Loan (Direct Loan) award processing. This document provides additional information about the changes to online Direct Loan Entrance Counseling.

Beginning March 27, 2010, online Direct Loan Entrance Counseling will be available on the new StudentLoans.gov Web site.

We will continue to offer Direct Loan Entrance Counseling for Direct Loan borrowers on the [Direct Loan Servicing Online Web site](#) for a period of time sufficient to allow for the transition to the new tool. While the StudentLoans.gov Web site will eventually be the only source for entrance counseling offered by Federal Student Aid, we are committed to a gradual transition from the Direct Loan Servicing System to ensure minimal impact on schools. We encourage Direct Loan schools that currently use the [Direct Loan Servicing Online Web site](#) for entrance counseling to begin the process of transitioning their students to the StudentLoans.gov Web site, as soon as it is convenient for both the school and its student borrowers.

We provide information in the following order:

- Key Reminders About Direct Loan Entrance Counseling Requirements
- New Direct Loan Entrance Counseling Option on StudentLoans.gov Web Site
- Information Provided During Online Direct Loan Entrance Counseling
- School Notification and Reports
- Contact Information

Key Reminders About Direct Loan Entrance Counseling Requirements

The general rules covering Direct Loan Entrance Counseling have not changed.

First-time borrowers are required to complete Direct Loan Entrance Counseling prior to receiving the first disbursement of a Direct Loan. However, a borrower who is receiving his or her first Direct Loan is not required to complete entrance counseling if he or she has previously received the same type of loan through the Federal Family Education Loan (FFEL) Program.

For example, a borrower who is receiving a Direct Subsidized or Direct Unsubsidized Loan for the first time would not be required to complete Direct Subsidized/Unsubsidized Entrance Counseling if the borrower had previously received a FFEL Subsidized/Unsubsidized Stafford Loan. However, if the borrower is receiving his or her first Direct PLUS Loan (as a graduate student), but had never received a prior FFEL PLUS Loan, the borrower would be required to complete Direct PLUS Entrance Counseling.

Note: Parent borrowers are not required to complete entrance counseling.

Use of the Department of Education's (the Department's) online Direct Loan Entrance Counseling is not mandatory. A school may choose to have its borrowers complete Direct Loan Entrance Counseling by other means, such as through in-person sessions, audio-visual presentations, or other online counseling products. As a reminder, if a school uses one of these other options for Direct Loan Entrance Counseling, the school is responsible for ensuring that the counseling meets all federal Direct Loan Entrance Counseling requirements.

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New Direct Loan Entrance Counseling Option on the StudentLoans.gov Web site

Online Direct Loan Entrance Counseling will be available on the StudentLoans.gov Web site.

To access the counseling session, a borrower selects Entrance Counseling from the Manage My Direct Loan menu box. The borrower must log in with his or her Federal Student Aid PIN.

Once the borrower is logged in, he or she may view verification pages of previously completed counseling sessions or complete a new counseling session. When a new counseling session is started, the borrower must select the name of his or her school and the location (state) of the school.

Notes:

1. There is one counseling session; however, the material will be tailored to the borrower type selected during Step 1 of the process. For example, if a borrower selects that he or she is a graduate student, they will receive additional material specific to graduate students during the counseling session.
2. The online Direct Loan Entrance Counseling is not available in Spanish. However, a borrower can download a PDF document that provides the counseling in Spanish. The document includes a verification page that can be signed and turned in to the school.

Information Covered During Online Direct Loan Entrance Counseling

The online Direct Loan Entrance Counseling session contains information that meets all federal requirements. The counseling session will take approximately 30 minutes to complete. ***The borrower must complete the counseling session in one sitting in order for it to be recorded in the system.***

A borrower will complete the Direct Loan Entrance Counseling topics listed below. Each section will be followed by a section quiz.

- Direct Loan Types
- Borrow Wisely
- You Must Repay Your Loans
- The Master Promissory Note
- How Your Loans Will be Disbursed (Paid Out)
- Direct Subsidized and Unsubsidized Loan Limits
- Direct Subsidized Loan and Direct Unsubsidized Loan Interest Rates and Payment of Interest
- Loan Fees
- Changes You Must Report
- Repaying Direct Loans
- Repayment Incentives
- Trouble Making Payments
- Consequences If You Default
- Conditions for Canceling All or Part of Your Loan
- Consolidation
- Borrowers Rights and Responsibilities (A borrower will be able to view and print the Borrower's Rights and Responsibilities document.)

Once the counseling session is completed, the borrower will have several options:

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1. Complete and submit a Direct Loan Master Promissory Note (MPN). The borrower can complete an MPN immediately following the counseling session or may log out and complete the MPN at a later time.
2. View and download a completed counseling verification page.
3. Complete and submit a Direct Loan PLUS Request. (This option only appears if the borrower indicates that he or she is a graduate student during Step 1 of the counseling session.)
4. Print the current counseling verification page.

School Notification and Reports

Beginning with the 2010-2011 Award Year, the Common Origination and Disbursement (COD) System will receive and store Direct Loan Entrance Counseling data, ***only if the counseling is completed on the StudentLoans.gov Web site***. Once a borrower completes the counseling session, the COD System will send an acknowledgement to all schools selected during the counseling session. A borrower may select up to three schools.

Direct Loan Entrance Counseling Acknowledgements

The COD System will send a system-generated Direct Loan Entrance Counseling Acknowledgement with a new document type of "EC" to the school's Student Aid Internet Gateway (SAIG) mailbox. The acknowledgement will be sent in the message class CRECMYOP.

Notes:

1. Direct Loan Entrance Counseling is not award year specific, so the message class will remain the same regardless of the award year selected during the counseling session.
2. A school will not receive the new Direct Loan Entrance Counseling Acknowledgement if a borrower uses the [Direct Loan Servicing Online Web site](#) to complete entrance counseling.

For additional information about the Direct Loan Entrance Counseling Acknowledgement, refer to Volume 2, Section 1 of the [2010-2011 COD Technical Reference](#).

Direct Loan Entrance Counseling Search Capability

A school can also use the Counseling Search page on the [COD Web site](#) to search for counseling sessions completed on the StudentLoans.gov Web site. A school can search for counseling results by Social Security Number (SSN) or by date range. From the search results page, a school can view an HTML version of the completed Direct Loan Entrance Counseling Verification Page.

The search results will not include borrowers who use the [Direct Loan Servicing Online Web site](#) to complete entrance counseling.

Reports

At this time, no pre-formatted reports listing borrowers who use the StudentLoans.gov Web site to complete entrance counseling will be available to print or import into a school's system.

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The Direct Loan Servicing System will continue to produce and send the current counseling reports listing only borrowers who use the [Direct Loan Servicing Online Web site](#) to complete entrance counseling.

Note to EDEExpress Users: The EDEExpress for Windows 2010-2011 software currently imports a fixed-length entrance counseling report (message class DECFENOP) from the Direct Loan Servicing System. The data in this file can be used to automatically update the Loan Entrance Counseling Completed Date field on the Demo tab in EDEExpress student records. A future release of EDEExpress 2010-2011 will expand existing functionality to enable the import of the new entrance counseling acknowledgement (message class CRECMYOP) as well as DECFENOP files. Please monitor the [IFAP Web site](#) for forthcoming communications about upcoming software releases.