

## **Additional COD System Processing Function Enhancements and Modifications for 2013-2014** **Attachment to June 2013 Electronic Announcement**

This document highlights the processing function enhancements and modifications we will implement during the June 28-30, 2013 period. We cover information in the following order:

- Changes Impacting the Direct Loan Program
- Changes Impacting the Pell Grant Program

### **Changes Impacting the Direct Loan Program**

The following changes will impact COD System processing of Direct Subsidized Loan, Direct Unsubsidized Loan, and Direct PLUS Loan awards.

#### ***Direct Subsidized Loan, Direct Unsubsidized Loan, and Direct PLUS Loan Origination Fee Percent Increase***

As noted in earlier announcements, the origination fee for Direct Subsidized Loans and Direct Unsubsidized Loans and for Direct PLUS Loans (for both parent and graduate student borrowers) increased. The increased origination fee percentages, 1.051 percent for Direct Subsidized Loans and Direct Unsubsidized Loans and 4.204 percent for Direct PLUS Loans, must be applied to any loan disbursement for a loan where *the first disbursement of the loan will be made on or after July 1, 2013*.

Beginning June 30, 2013, the COD System will accept Direct Loan records with the increased origination fee percentages.

- Loans submitted with the lower origination fee percentage and a first disbursement date on or after July 1, 2013 that are processed before 8:00 P.M. (ET) on Friday June 28, 2013 must be reduced to zero and resubmitted to the COD System with the increased fee amount. For instructions on reducing loans to zero, see the attachment titled "Submitting Changes to Origination Fee Percentages and Disbursements."
- Loans submitted with the lower origination fee percentage and a first disbursement date before July 1, 2013 *do not* need to be corrected. These loans should have the lower fee and do not need to be corrected.

**Note:** In some cases, more than 90 days has elapsed between the date a borrower's credit check was completed and June 30, 2013, the date the school can send a Direct PLUS Loan award with the increased origination fee percentage. We will not initiate another credit check in these cases provided that the awards are submitted to and accepted by the COD System by August 1, 2013.

The COD System will continue to accept Direct Loan awards with the lower origination fees of 1.0 percent and 4.0 percent for loans *first disbursed before July 1, 2013*.

#### ***Direct PLUS Loan Credit Checks – New Report and Web Site Changes***

As explained in an [April 19, 2013 Electronic Announcement](#), we began sending e-mails to certain PLUS Loan borrowers who are eligible to have their denied credit check reconsidered. Beginning June 30, 2013, we will identify for schools those borrowers who may be eligible for reconsideration by sending a new Credit Check Reconsideration Eligibility Report that will provide a list of these borrowers. We will also make related modifications to the COD Web site and the StudentLoans.gov Web site.

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*Credit Check Reconsideration Eligibility Report*

Beginning June 30, 2013, the COD System will produce a new Credit Check Reconsideration Eligibility Report to identify borrowers whose most recent credit check is eligible for reconsideration. This Web-only report will be posted weekly to a school's COD Reporting Newsbox in comma-separated-values (.csv) file format. It will not be sent via the Student Aid Internet Gateway (SAIG) and will not be available for schools to request on an ad-hoc basis.

The Credit Check Reconsideration Eligibility report:

- Will sort records by borrower last name.
- May have multiple records for a borrower who is associated with multiple students.
- Will only display the most recent student information.
- Will not include applicants with PLUS awards or PLUS Requests that are associated with an endorser.
- Will display a borrower up to 180 days after the date of that borrower's credit check. After 180 days, the borrower will no longer appear on the report.

Once the credit check decision is reconsidered and updated to "Accepted," the borrower will no longer appear on the next iteration of the report.

*COD Web Site Changes*

Beginning June 30, 2013, a new field will be added to the Quick Credit Check screen. When completing a credit check via the COD Web site, authorized users will need to select their school's OPE ID from the dropdown list.

In addition, the COD Web site will be modified to include a Credit Check Reconsideration Eligibility flag that indicates that a borrower has been sent the special communication that states he or she may qualify for a PLUS Loan under the reconsideration process. For borrowers who are eligible for reconsideration, the flag will be set to 'Y'. For borrowers who are not eligible for reconsideration, the flag will be set to 'N'.

The Credit Check Reconsideration Eligibility Flag will be displayed on awards and declined Direct PLUS Loan Requests whether the value is 'Y' or 'N'. This includes any credit check in a Pending or Declined status. The flag will display on the following Web pages:

- PLUS Award Detail
- PLUS Application Detail (declined only)

*StudentLoans.gov Web Site Changes*

The StudentLoans.gov Web site will be modified to provide customized content to borrowers who have been determined eligible for credit check reconsideration. The Direct PLUS Loan Request process will include language to direct an eligible borrower to begin the credit check reconsideration process.

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A new PLUS Loan Request confirmation e-mail will be created and sent to borrowers who successfully complete the PLUS Loan Request, are declined, and are eligible for reconsideration. The e-mail will be sent to the e-mail address submitted on the PLUS Loan Request.

*Note:* When sending the correspondence, we will use the borrower's correspondence preferences (electronic or paper) on file.

***150 Percent Direct Subsidized Loan Limit***

On July 6, 2012, the Moving Ahead for Progress in the 21st Century Act (MAP-21) (Public Law 112-141) was enacted. MAP-21 added a new provision to the Direct Loan statutory requirements (see HEA section 455(q)) that limits a first-time borrower's eligibility for Direct Subsidized Loans to a period not to exceed 150 percent of the length of the borrower's educational program. Under certain conditions, the provision also causes first-time borrowers who have exceeded the 150 percent limit to lose the interest subsidy on their Direct Subsidized Loans.

During the period June 28-30, 2013, we will implement COD System changes related to the 150 percent limit. These changes will identify for schools first-time borrowers who are subject to the 150 percent limit. We explain these COD System changes in [150% Direct Subsidized Loan Limit: Electronic Announcement #2](#) posted on June 20, 2013.

Refer to [150% Direct Subsidized Loan Limit: Electronic Announcement #1](#) for more information on the 150 percent limit.

***Enrollment School Code Added to the Direct Loan Rebuild File***

Beginning June 30, 2013, we will add the Enrollment School Code to the Direct Loan Rebuild file and the Teacher Education Assistance for College and Higher Education (TEACH) Grant Rebuild file. The field will be added to the Disbursement Detail Record.

**Changes Impacting the Pell Grant Program**

The following changes will impact the COD System processing of Pell Grant awards.

***Pell Reject Edit 201 and System-Generated Negative Disbursement Reduction***

Beginning June 30, 2013, the COD System will return COD Reject Edit 201 (Pell LEU Exceeds the limit of 600%) for the 2012-2013 Award Year and forward when a school submits an actual disbursement that causes the student's Pell Grant LEU to exceed 600 percent. In addition, for correcting schools, we will reduce the submitted disbursement(s) by the amount needed to bring the student's Pell Grant LEU to be equal to 600 percent.

In some cases, both correcting and rejecting schools may be notified of further reductions to Pell Grant disbursements. If a student's Pell Grant LEU continues to exceed 600 percent and a school has not submitted the necessary disbursement adjustments to reduce the student's Pell Grant LEU to be less than or equal to 600 percent, we will also reduce the Pell Grant disbursements of existing Pell Grant awards for the 2012-2013 Award Year and forward until the student's Pell Grant LEU equals 600 percent. When this occurs, we will send a system-generated Negative Disbursement (ND) response to affected schools.

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**Note:** COD Warning Edit 177 (Lifetime Percentage of Eligibility Used is near the lifetime limit) and COD Warning Edit 178 (Lifetime Percentage of Eligibility Used has exceeded the lifetime limit) will not be modified and will continue to be returned to schools. As a reminder, these warning edits are returned at the award level.

For more information, refer to Volume II, Section 4 of the [2013-2014 COD Technical Reference](#).

***Pell Grant Lifetime Eligibility Used (LEU) Dispute Escalation Process***

Even though the COD System is the system of record and has the most up-to-date information about students' Pell Grant disbursements, there may be circumstances where a student disputes the accuracy of the information in the COD System.

We have developed a dispute escalation process to allow a *school* to submit information to the Department of Education (the Department) for a re-evaluation of a student's Pell Grant LEU. Complete details about the Pell Grant LEU dispute escalation process will be posted in a forthcoming electronic announcement.

For more information about the Pell Grant LEU, refer to [Dear Colleague Letter GEN 13-14](#).

***New Pell Grant LEU Adjustments section on Pell LEU History Screen***

As part of the new dispute process the Department will be able to adjust a student's Pell Grant LEU to reflect the dispute decision. These adjustments will be recorded in the COD System and displayed in a new "Pell LEU Adjustments" section at the bottom of the Pell LEU History screen. If an adjustment is made to the student's Pell Grant LEU, the "Pell LEU Adjustments" section will display. If no adjustment is made to the student's Pell Grant LEU, the "Pell LEU Adjustments" section will not display.

**Note:** Once the new adjusted Pell Grant LEU is updated in the COD System, it **will not** be passed on to the National Student Loan Data System (NSLDS) and then to the Central Processing System (CPS) until another Pell Grant disbursement transaction is sent to the NSLDS. A future enhancement to allow the adjusted Pell Grant LEU to be directly passed to the NSLDS and the CPS is planned for the 2014-2015 Award Year.