



# COD Processing Update

August 9, 2013

## NEWS/UPDATES

- **Credit Check Expiration Dates (8/5/13)**

As explained in previous communications, Federal Student Aid advised schools to delay sending some originations to the COD System until after June 28, 2013 when the system would be ready to process awards with the new origination fees. Federal Student Aid also explained that in the cases where more than 90 days had elapsed between the date a borrower's credit check was completed and June 30, 2013, Federal Student Aid would not initiate another credit check if those awards are submitted to and accepted by the COD System by August 1, 2013.

Federal Student Aid understands that many schools are still adapting to the origination fee and other system changes. As a result, Federal Student Aid has implemented an additional 60 day window in which it will not initiate another credit check provided that the awards are **submitted to and accepted by the COD System by October 1, 2013**. On October 1, 2013, Federal Student Aid will initiate a credit check if it has been more than 90 days since the last credit check (or one is not on file) for awards submitted and credit checks completed on or after October 1, 2013. In addition, all credit checks expiration dates on file will change back to the original 90 day timeframe.

If you have additional questions about credit check processing, contact the COD School Relations Center.

- **Second 2012-2013 Pell Grant Deobligation Due To Verification Status "W" (7/31/13)**

On July 30, 2013, Federal Student Aid deobligated 2012-2013 Award Year Federal Pell Grant (Pell Grant) disbursements that did not have a verification status updated from "W" to a valid status of "V" or "S". As noted in the warning message that Federal Student Aid sent to affected schools on July 16, 2013, these disbursements were considered overawards and reduced to a zero dollar amount (\$0.00), even though the disbursements were previously accepted in the COD System. This deobligation affected Pell Grant disbursements at approximately 157 schools.

A school affected by the deobligation will receive or see the following information:

- Receive a PGTX (PGTX13OP message class) file in the school's Student Aid Internet Gateway (SAIG) mailbox indicating the number of students and total amount of the decrease
- Receive a system-generated negative disbursement file (CRND13OP message class/ND document type)
- Receive a new Electronic Statement of Account (ESOA) that reflects the decrease unless there are other offsetting increase adjustments
- See a change in the school's Current Funding Level (CFL) that reflects the reduced disbursements



**Note:** This deobligation process will not affect a school that did not have students with a verification status of “W” just prior to July 30, 2013.

A school affected by the deobligation should carefully review the information below.

### ***Verification Completed or Not Required***

If verification has been completed as required or is not required and a school believes a student’s 2012-2013 disbursement should not have been reduced to zero, the school must complete the following steps in this order:

- 1) The school must send an update to the verification status of the award, and the COD System must accept the update.
- 2) Once the verification status is updated to “V” or “S”, the school may submit the actual disbursement (Disbursement Release Indicator or DRI equals “True”) for the correct amount to the COD System for processing.

### **Notes:**

- For the conditions under which each verification status code should be used, refer “Application and Verification Guide” of the 2012-2013 Federal Student Aid Handbook.
- In the following two cases, it is acceptable for the verification status code field to be blank:
  - If the student was not selected for verification or if a selected transaction was received by the school after the student was no longer enrolled and the school has reported the verification status code as “W”, the school should change the “W” to blank (nil = “True”).
  - If the student was not selected for verification or if a selected transaction was received by the school after the student was no longer enrolled and the school has reported no verification status code to date, the school does not need to submit a verification status code and should leave the field blank (nil = “True”).
- The school can perform steps 1 and 2 above in the same submission to the COD System if reported in the same student record.

### ***Verification Deadline***

Some of the 2012-2013 disbursements that were reduced to zero (\$0.00) may have been for students who are still within the allowable timeframe for submitting verification documentation/completing the verification process as specified by the deadlines in the “Applications, Reports, and Other Records for the 2012-2013 Award Year Notice” published in the Federal Register in February 28, 2013. [The February 28, 2013 notice](#) is also posted on the IFAP Web site.

If a school needs additional time to complete verification for an individual student in accordance with the allowable timeframe in the [Federal Register](#) notice, the school may resubmit a disbursement record with a



value greater than zero (\$0.00) until September 30, 2013. After September 30, 2013, the COD System will no longer accept "W" as a valid verification status code for 2012-2013 Pell Grant awards.

If you have any questions regarding the 2012-2013 Pell Grant deobligation of disbursements due to verification status "W," contact the COD School Relations Center.

- **Preliminary Information About New COD Common Record XML Schema 4.0a Planned for March 2014 (7/11/13)**

In March 2014, we plan to implement a new version of the Common Origination and Disbursement (COD) Common Record XML Schema. The new version - **4.0a** - of the COD Common Record XML Schema incorporates new tags related to the 150% Direct Subsidized Loan Limit.

Also in March 2014, we will begin to fully validate all Common Record files against the published COD Common Record XML Schema (versions 3.0d, 3.0e, and 4.0a). This means that if a school submits a Common Record that does not conform to the published schema format, **it will not be acknowledged or processed** by the COD System. The COD School Relations Center will contact a school that sends a Common Record that fails schema validation.

For more information, refer to a [July 11, 2013 Electronic Announcement](#) posted to the IFAP Web site.

- **2013-2014 COD System Peak Processing Reminders [(5/31/13) Updated 7/10/13]**

It is a peak processing period for the 2013-2014 Award Year. In a [May 31, 2013 Electronic Announcement on the IFAP Web site](#), Federal Student Aid provided COD System peak processing reminders to assist schools with planning and processing.

Mondays and Tuesdays are the heaviest processing days. Schools with flexibility may want to consider scheduling the transmission of their award data for later in the week.

Thank you for your patience and understanding during this peak processing period.

## CURRENT ISSUES

### DIRECT LOANS

#### **Incorrect Reductions to Direct Loan Award Amounts July 18-29, 2013 (07/30/13)**

Federal Student Aid has determined that the COD System incorrectly reduced the award amount of Direct Loan awards to \$0 when a school sent in a downward adjustment to the award amount. The award was reduced to \$0 regardless of the downward adjustment amount sent in by the school

and occurred on Direct Loan awards sent between July 18, 2013 and July 29, 2013.

Federal Student Aid fixed the issue on July 29, 2013 and is working on a clean-up of the affected awards and will provide updates via the COD Processing Update. In the meantime, if a school submits changes to an affected award that includes the correct award amount, the COD System will process it correctly. A school may also request a Direct Loan Rebuild file to identify awards with the incorrect \$0 award amount and re-submit the correct award amount.



We apologize for any inconvenience this issue caused schools. If you have questions, contact the COD School Relations Center.

## GRANTS

There are no Grant-related issues at this time.

## REMINDERS

### **Keep School Contact Information Current in the COD System (8/9/13)**

We remind schools and third party servicers that contact information in the COD System must be kept current. Contact information is extremely important for us to be able to reach the right people at the school, particularly about program-specific issues. The e-mail addresses for the President, Financial Aid Administrator, Pell Grant Financial Aid Officer, and Direct Loan Financial Aid Officer are used to deliver time-sensitive materials and critical COD processing information to the school.

Having current contact information for the Pell Grant Financial Aid Officer and Direct Loan Financial Aid Officer is most critical for a school that is an additional location to a main campus. The information allows us to contact those officers directly at the additional location rather than needing to contact the main campus.

For more information on updating School Contact Information, please refer to [the December 20, 2012 Electronic Announcement posted on the Information for Financial Aid Professionals \(IFAP\) Web site.](#)