

Additional COD System Processing Function Enhancements and Modifications for 2012-2013
Attachment to November 2012 Electronic Announcement

This document highlights the processing function enhancements and modifications we will implement during the November 9-11, 2012 period. We cover information in the following order:

- Changes Impacting All Programs
- Changes Impacting the Direct Loan Program
- Changes Impacting the StudentLoans.gov Web Site
- Changes Impacting the Pell Grant Program

If you have any questions about this document, contact the COD School Relations Center at 800/474-7268 for Grants or 800/848-0978 for Direct Loans. You may also e-mail CODSupport@acs-inc.com.

Changes Impacting All Programs

The following changes will impact the COD System processing of Iraq and Afghanistan Service Grant, Federal Pell Grant (Pell Grant), Teacher Education Assistance for College and Higher Education (TEACH) Grant, and William D. Ford Federal Direct Loan (Direct Loan) awards.

Experimental Sites

The Department of Education (the Department) has approved select schools to participate in one or more new experiments under the Experimental Sites Initiative (ESI), as authorized by Section 487A(b) of the HEA.

There were seven new experiments approved under the ESI. Of those, five will require a change to the COD System. Beginning November 11, 2012, we will modify the COD System to recognize the schools approved to participate in these five experiments. The COD System will use different business rules for processing awards submitted by schools participating in such experiments.

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.

Elimination of Interest Rebate and Implementation of Editing for Direct PLUS Loan Awards

As explained in an [April 5, 2012 Electronic Announcement](#), we implemented a change to the COD System to address the elimination of the up-front interest rebate for Direct Loan awards first disbursed on or after July 1, 2012.

Beginning November 11, 2012, we will further modify the COD System to **require** a Direct PLUS Loan award to have a value of zero for the Interest Rebate Percent and the Interest Rebate Amount if the earliest disbursement date is on or after July 1, 2012. If a school submits a Direct PLUS Loan award with an incorrect interest rebate percent or amount, it will receive COD Reject Edit 140 (Incorrect Origination Fee Percent and/or Interest Rebate Percent on New Awards) or COD Reject Edit 143 (Disbursement Net, Fee, and/or Rebate Amounts are Incorrect based upon the Origination Fee Percentage and/or Interest Rebate Percent).

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If a school has submitted Direct PLUS Loan awards with an incorrect interest rebate, it must correct those records. Once the edits are in place, subsequent disbursements for the incorrect awards will be rejected. In addition, *if* a school needs to submit a new award to correct the situation, a new credit check will be completed if the credit check on file is more than 90 days in the past. If the Direct PLUS Loan has an endorser, the borrower will need to complete a new Master Promissory Note (MPN) and the endorser will need to complete a new Endorser Addendum.

A school can identify the incorrect awards by referring to the Interest Rebate Percentage Report sent to the school's Direct Loan Reporting Newsbox on the COD Web site.

Elimination of COD Warning Edit 111

Currently, if a school submits a first actual disbursement less than 5 days prior to the first disbursement date without an indication that the school printed/provided a disclosure statement, it will receive COD Warning Edit 111.

Beginning November 11, 2012, the COD System will no longer return COD Warning Edit 111 to schools in the Common Record response or on the COD Web site. Even though we are no longer returning the warning edit, a school that is required to send the disclosure statement must still do so.

New Endorser Addendum Search Capability Added to COD Web Site

Beginning November 11, 2012, COD Web site users will be able to search for completed Endorser Addenda. Users will be able to search for an Endorser Addendum by the student's SSN, borrower's SSN, or endorser's SSN.

Search results will display all Endorser Addenda associated with that student, borrower, or endorser. If the Endorser Addendum was completed electronically, the user will be able to open and view HTML and PDF versions of the document.

Applicant Services E-mail Address Expanded to All Borrowers

In a [July 11, 2012 electronic announcement](#), we explained that we began to pilot a new e-mail address, StudentLoanSupport@ed.gov, for some borrowers who contacted the COD School Relations Center's Applicant Services Department. Beginning November 11, 2012, we will begin to use the new e-mail address with all borrowers. Over the next several months (with expected completion in March 2013), we will update our printed materials and borrower correspondence with the new e-mail address.

Changes Impacting the StudentLoans.gov Web Site

E-SIGN Requirements for StudentLoans.gov Web Site

Currently, StudentLoans.gov Web site users set their Language Preference via the links on the top navigation bar of the Web site and set their Electronic Correspondence preference via the Personal Information box on the Profile Page.

Beginning November 11, 2012, we will modify the StudentLoans.gov Web site to include a new "My Preferences Page" where all users will select their Language and Electronic Correspondence preferences. First-time users and existing users who do not have one or both of the preferences selected will be

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directed to the “My Preferences Page” to make those selections. If the user already has *both* preferences selected, the user will also be directed to the “My Preferences Page” to review and confirm information.

Once a user’s preferences are set and saved, the user will no longer be directed to this page upon future login. However, the user can edit the preferences at any time by navigating to the “My Preferences Page.”

In addition to the new “My Preferences Page,” we will modify the top navigation bar of the StudentLoans.gov Web site. The existing “Home” tab (seen before a user logs in) or “My Profile” tab (seen after a user logs in) will be changed to the “My Account” tab.

Revised Master Promissory Note for Direct Subsidized Loans and Direct Unsubsidized Loans

Beginning November 11, 2012, we will update the Master Promissory Note (MPN) for Direct Subsidized Loans and Direct Unsubsidized Loans on the StudentLoans.gov Web site.

For guidance to schools using *paper* MPNs, refer to an [October 19, 2012 electronic announcement](#) posted on the Information for Financial Aid Professionals (IFAP) Web site.

Note: In an [October 22, 2012 electronic announcement](#), we provided information about changes to printing options for paper MPNs. Specifically, we will modify the COD System to no longer print or mail paper MPNs to a borrower or school. Refer to this announcement for further information.

MPN Addendum Added to StudentLoans.gov Web site

The Consolidated Appropriations Act of 2012 included a provision that eliminated the interest subsidy during the grace period on Direct Subsidized Loan awards first disbursed on or after July 1, 2012 and before July 1, 2014.

Beginning November 11, 2012, we will modify the COD System and StudentLoans.gov Web site to include a one page MPN addendum that explains the temporary elimination of the interest subsidy during the grace period.

We will include the addendum in all Direct Subsidized/Unsubsidized Loan Disclosure Statement packages in both English and Spanish. We will also add the addendum to Step 3 (Terms and Conditions) of the English and Spanish versions of the MPN process on the StudentLoans.gov Web site.

Changes Impacting the Pell Grant Program

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

Consistent Display of Pell Grant Lifetime Eligibility Used (LEU) Percentage

Beginning November 11, 2012, we will consistently display the Pell Grant LEU percentage to three decimal places in Common Record responses, on all applicable reports, and on all applicable COD Web site screens. As a reminder, we truncate all values after the third decimal place. For example, 450.12573 percent will display as 450.125.