

**Examples of COD Reporting and Impacts to 150% Direct Subsidized Loan Limit Calculations  
Attachment to November 2014 Electronic Announcement**

The examples below describe various scenarios in which a student’s Subsidized Usage Period may reflect a higher usage when schools do not properly update previously-reported loan information. These examples *do not* represent all possible scenarios; however, they are intended to illustrate the concept of proper reporting for the most common scenarios and to serve as a guide for other scenarios.

**Note:** In some cases, until spring 2015, schools may need to follow the workaround provided in an [August 22, 2014 electronic announcement](#) to avoid triggering COD Reject Edit 205 (Payment Period Start Date is outside the Award Begin and End dates).

**Scenarios and Examples**

**Scenario 1:** School initially reports a student’s Direct Subsidized Loan information with a program length of four years. The school later determines the student is not eligible for Direct Loan funds for the second payment period. As a result, the 2nd disbursement must be reduced to \$0 and the loan period and award amount must be adjusted to reflect the first payment period only.

The initial loan information was reported as follows:

<b>Award Information</b>			
Grade Level	1		
Award Amount	\$2000		
Loan Period Start Date	01/01/2015		
Loan Period End Date	09/01/2015		
Academic Year Start Date	01/01/2015		
Academic Year End Date	09/01/2015		
<b>Disbursement Information</b>			
Disbursement 1 01/02/2015	DRI = true	\$1000	Enrollment = full-time
Disbursement 2 07/01/2015	DRI = false	\$1000	Enrollment = full-time

Loan Period Length	244 days
Academic Year Length	244 days
Actual Subsidized Usage	1.0 years
Maximum Subsidized Eligibility Period	6.0years
Remaining Actual Subsidized Usage	5.0 years

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**Example 1a (Incorrect)**

In this example, the school **incorrectly** only reduces the 2<sup>nd</sup> payment period's anticipated disbursement to \$0.

<b>Award Information</b>			
Grade Level	1		
Award Amount	\$2000		
Loan Period Start Date	01/01/2015		
Loan Period End Date	09/01/2015		
Academic Year Start Date	01/01/2015		
Academic Year End Date	09/01/2015		
<b>Disbursement Information</b>			
Disbursement 1 01/02/2015	DRI = true	\$1000	Enrollment = full-time
Disbursement 2 07/01/2015	DRI = false	\$0	Enrollment = full-time

Loan Period Length	244 days
Academic Year Length	244 days
Actual Subsidized Usage	1.0 years
Maximum Subsidized Eligibility Period	6.0 years
Remaining Actual Subsidized Usage	5.0 years

**Result:** The Subsidized Usage Period is generally calculated as the days in the loan period divided by the days in the academic year, prorated by enrollment status. Therefore, only reducing the 2<sup>nd</sup> payment period's anticipated disbursement to \$0 does not recalculate the student's Subsidized Usage Period and Remaining Subsidized Eligibility Period.

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**Example 1a (Correct)**

In this example, the school **correctly** reduces the 2nd payment period's anticipated disbursement to \$0, and updates the loan period and award amount to reflect the 1<sup>st</sup> payment period only.

<b>Award Information</b>			
Grade Level	1		
Award Amount	\$1000		
Loan Period Start Date	01/01/2015		
Loan Period End Date	06/01/2015		
Academic Year Start Date	01/01/2015		
Academic Year End Date	09/01/2015		
<b>Disbursement Information</b>			
Disbursement 1 01/02/2015	DRI = true	\$1000	Enrollment = full-time
Disbursement 2 07/01/2015	DRI = false	\$0	Enrollment = full-time

Loan Period Length	152 days
Academic Year Length	244 days
Actual Subsidized Usage	0.6 years
Maximum Subsidized Eligibility Period	6.0 years
Remaining Actual Subsidized Usage	5.4 years

**Result:** By reducing the 2<sup>nd</sup> payment period's anticipated disbursement to \$0 and updating the loan period the student's Subsidized Usage Period and Remaining Subsidized Eligibility Period are correctly recalculated.

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**Example 1b (Incorrect)**

In this example, the student was expected to attend full-time for the full academic year when the school originated the student's loan. However, when the school made the first disbursement of the loan for the 1<sup>st</sup> payment period, the student was only enrolled half-time. Moreover, the student has told the school that she will not attend the 2<sup>nd</sup> payment period. The school reduces the 2<sup>nd</sup> payment period's anticipated disbursement to \$0, updates the loan period to reflect the 1<sup>st</sup> payment period, and updates the award amount, but **incorrectly** does not update the student's enrollment status to reflect the student's enrollment status as of the date that the school made the first disbursement for the 1<sup>st</sup> payment period.

<b>Award Information</b>			
Grade Level	1		
Award Amount	\$1000		
Loan Period Start Date	01/01/2015		
Loan Period End Date	06/01/2015		
Academic Year Start Date	01/01/2015		
Academic Year End Date	09/01/2015		
<b>Disbursement Information</b>			
Disbursement 1 01/02/2015	DRI = true	\$1000	Enrollment = full-time
Disbursement 2 07/01/2015	DRI = false	\$0	Enrollment = full-time

Loan Period Length	152 days
Academic Year Length	244 days
Actual Subsidized Usage	0.6 years
Maximum Subsidized Eligibility Period	6.0 years
Remaining Actual Subsidized Usage	5.4 years

**Result:** By reducing the 2<sup>nd</sup> payment period's anticipated disbursement to \$0 and updating the loan period the student's Subsidized Usage Period and Remaining Subsidized Eligibility Period are recalculated but not properly prorated by the enrollment status.

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**Example 1b (Correct)**

As explained in the “incorrect” example 1b on the previous page, the student was only enrolled half-time at the time the school made the first disbursement for the 1<sup>st</sup> payment period did not enroll for the 2<sup>nd</sup> payment period. In this example, the school **correctly** reduces the 2<sup>nd</sup> payment period’s anticipated disbursement to \$0, updates the loan period and award amount to reflect the 1st payment period only, and updates the student’s enrollment status during the 1<sup>st</sup> payment period.

<b>Award Information</b>			
Grade Level	1		
Award Amount	\$1000		
Loan Period Start Date	01/01/2015		
Loan Period End Date	06/01/2015		
Academic Year Start Date	01/01/2015		
Academic Year End Date	09/01/2015		
<b>Disbursement Information</b>			
Disbursement 1 01/02/2015	DRI = true	\$1000	Enrollment = half-time
Disbursement 2 07/01/2015	DRI = false	\$0	Enrollment = full-time

Loan Period Length	152 days
Academic Year Length	244 days
Actual Subsidized Usage	0.3 years
Maximum Subsidized Eligibility Period	6.0 years
Remaining Actual Subsidized Usage	5.7 years

**Result:** By reducing the 2<sup>nd</sup> payment period’s anticipated disbursement to \$0, updating the loan period and updating the student’s enrollment status the student’s Subsidized Usage Period and Remaining Subsidized Eligibility Period are correctly recalculated.

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**Scenario 2:** The annual loan limit exception creates a Subsidized Usage Period of one year in cases where the student receives a Direct Subsidized Loan in the amount of the annual loan limit for a period of less than an academic year.

School initially reports a student’s Direct Subsidized Loan information with a loan period equal to the academic year, a program length of four years, and a loan amount equal to the full annual loan limit for the student’s grade level. The school later determines the student is not eligible for Direct Loan funds for the second payment period. As a result, the 2nd disbursement must be reduced to \$0 and the loan period and award amount must be adjusted to reflect the first payment period only (less than an academic year).

The initial loan information was reported as follows:

<b>Award Information</b>			
Grade Level	1		
Award Amount	\$3500		
Loan Period Start Date	01/01/2015		
Loan Period End Date	09/01/2015		
Academic Year Start Date	01/01/2015		
Academic Year End Date	09/01/2015		
<b>Disbursement Information</b>			
Disbursement 1 01/02/2015	DRI = true	\$1750	Enrollment = full-time
Disbursement 2 07/01/2015	DRI = false	\$1750	Enrollment = full-time

Loan Period Length	244 days
Academic Year Length	244 days
Actual Subsidized Usage	1.0 years
Maximum Subsidized Eligibility Period	6.0 years
Remaining Actual Subsidized Usage	5.0 years

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**Example 2a (Incorrect)**

In this example, the school reduces the 2nd payment period's anticipated disbursement to \$0 and updates the loan period to reflect the 1st payment period, but **incorrectly** does not reduce the award amount.

<b>Award Information</b>			
Grade Level	1		
Award Amount	\$3500		
Loan Period Start Date	01/01/2015		
Loan Period End Date	06/01/2015		
Academic Year Start Date	01/01/2015		
Academic Year End Date	09/01/2015		
<b>Disbursement Information</b>			
Disbursement 1 01/02/2015	DRI = true	\$1750	Enrollment = full-time
Disbursement 2 07/01/2015	DRI = false	\$0	Enrollment = full-time

Loan Period Length	152 days
Academic Year Length	244 days
Actual Subsidized Usage	1.0 years
Maximum Subsidized Eligibility Period	6.0 years
Remaining Actual Subsidized Usage	5.0 years

**Result:** Since the student's award amount still equals the annual loan limit, the Subsidized Usage Period will continue to be calculated as one year. By not reducing the award amount to reflect the amount the student actually received, the student's Subsidized Usage Period and Remaining Subsidized Eligibility Period is not recalculated even though the award now reflects a shorter loan period length. In other words, the school's reporting error is causing the annual loan limit exception to apply when it should not.

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**Example 2a (Correct)**

In this example, the school **correctly** reduces the 2nd payment period's anticipated disbursement to \$0, updates the loan period to reflect the 1st payment period only, and reduces the award amount to \$1750.

<b>Award Information</b>			
Grade Level	1		
Award Amount	\$1750		
Loan Period Start Date	01/01/2015		
Loan Period End Date	06/01/2015		
Academic Year Start Date	01/01/2015		
Academic Year End Date	09/01/2015		
<b>Disbursement Information</b>			
Disbursement 1 01/02/2015	DRI = true	\$1750	Enrollment = full-time
Disbursement 2 07/01/2015	DRI = false	\$0	Enrollment = full-time

Loan Period Length	152 days
Academic Year Length	244 days
Actual Subsidized Usage	0.6 years
Maximum Subsidized Eligibility Period	6.0 years
Remaining Actual Subsidized Usage	5.4 years

**Result:** Since the student's award amount no longer equals the annual loan limit, the Subsidized Usage Period and Remaining Subsidized Eligibility Period are correctly recalculated.

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**Scenario 3:** School initially reports a student’s Direct Subsidized Loan information with a program length of four years. After disbursing the loan, the school later determines the student is not eligible for any of the Direct Loan funds. As a result, the award and all disbursement amounts must be reduced to \$0.

The initial loan information was reported as follows:

<b>Award Information</b>			
Grade Level	1		
Award Amount	\$2000		
Loan Period Start Date	01/01/2015		
Loan Period End Date	09/01/2015		
Academic Year Start Date	01/01/2015		
Academic Year End Date	09/01/2015		
<b>Disbursement Information</b>			
Disbursement 1 01/02/2015	DRI = true	\$1000	Enrollment = full-time
Disbursement 2 07/01/2015	DRI = false	\$1000	Enrollment = full-time

Loan Period Length	244 days
Academic Year Length	244 days
Actual Subsidized Usage	1.0 years
Maximum Subsidized Eligibility Period	6.0 years
Remaining Actual Subsidized Usage	5.0 years

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**Example 3a (Incorrect)**

In this example, the school reduces the 1st payment period's actual disbursement amount to \$0, but **incorrectly** does not also reduce the award amount and anticipated disbursement amounts to \$0.

<b>Award Information</b>			
Grade Level	1		
Award Amount	\$2000		
Loan Period Start Date	01/01/2015		
Loan Period End Date	09/01/2015		
Academic Year Start Date	01/01/2015		
Academic Year End Date	09/01/2015		
<b>Disbursement Information</b>			
Disbursement 1 01/02/2015	DRI = true	\$0	Enrollment = full-time
Disbursement 2 07/01/2015	DRI = false	\$1000	Enrollment = full-time

Loan Period Length	244 days
Academic Year Length	244 days
Actual Subsidized Usage	1.0 years
Maximum Subsidized Eligibility Period	6.0 years
Remaining Actual Subsidized Usage	5.0 years

**Result:** Since the school did not reduce the award amount and anticipated disbursement amounts to \$0, only reducing the 1st payment period's actual disbursement to \$0 does not recalculate the student's Subsidized Usage Period and Remaining Subsidized Eligibility Period.

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**Example 3a (Correct)**

In this example, the school **correctly** reduces the award and *all* disbursement amounts to \$0.

<b>Award Information</b>			
Grade Level	1		
Award Amount	\$0		
Loan Period Start Date	01/01/2015		
Loan Period End Date	09/01/2015		
Academic Year Start Date	01/01/2015		
Academic Year End Date	09/01/2015		
<b>Disbursement Information</b>			
Disbursement 1 01/02/2015	DRI = true	\$0	Enrollment = full-time
Disbursement 2 07/01/2015	DRI = false	\$0	Enrollment = full-time

Loan Period Length	244 days
Academic Year Length	244 days
Actual Subsidized Usage	0.0 years
Maximum Subsidized Eligibility Period	6.0 years
Remaining Actual Subsidized Usage	6.0 years

**Result:** Since the student's award has been inactivated, it is no longer included in the Subsidized Usage Period and Remaining Subsidized Eligibility Period calculation so it is not necessary to update the loan period.