



**United States Department of Education
Office of Federal Student Aid
National Student Loan Data System**

**NSLDS Data Provider Update
Technical Update GUARANTY AGENCY–2005–01**

May 25, 2005

Multiple Topics

This information is intended for the person in your Guaranty Agency who is responsible for working with NSLDS. If that person is not you, please forward this update to the appropriate person.

Introduction:

This Technical Update provides information on the following topics:

- 1) When to apply the Abandon Loan (AL) and Presumed Paid in Full (PM) loan status codes
- 2) The new Data Provider code for the Conditional Disability Discharge Tracking System (CDDTS)
- 3) Clarification on the loan transfer process
- 4) Clarification on Technical Update GA 2004-05, “Code for Servicer”
- 5) Modification to Error Code 525

1) Guidelines for Applying the Abandoned Loan (AL) and Presumed Paid in Full (PM) Loan Status Codes:

The Guaranty Agency Data Provider Instructions previously stated that the AL loan status code should be applied to loans in a non-claim status with a date entered repayment of less than 12 years and balance information that has not been updated in 4 or more years. Now in addition to the above rule, the AL loan status code should be applied to loans in a non-claim status that have never entered repayment where the GA is aware that the borrower is no longer in school (based on the enrollment data, or the lack of enrollment data), the loan has been in grace or an in-school

status for 8 or more years, and the balance information has not been updated in four or more years. Please refer to the AL table in Figure 1 below for additional information on reporting the AL loan status code. This AL guideline clarifies the definition in the GA Data Provider Instructions, Appendix B, dated March 1, 2004.

Code	Status	Definition	Report This Date in Date of Loan Status Field	Open/Closed Balance Requirements
AL	Abandoned loan	<p>Loans in a non-claim status with a date entered repayment of less than 12 years and balance information that has not been updated in 4 or more years.</p> <p>The status includes loans where the 12- and 4-year requirements are met AND one of the following:</p> <ul style="list-style-type: none"> • A loan holder cannot be determined (for example, loans purchased by RTC, FDIC, or other party for which the lender is not known), or • A loan holder is known, but refuses to provide status and balance information on a loan <p>OR</p> <p>In addition to the above rule, the AL loan status code should be applied to loans in a non-claim status that have never entered repayment where the GA is aware that the borrower is no longer in school (based on the enrollment data, or the lack of enrollment data), the loan has been in grace or an in-school status for 8 or more years, and the balance information has not been updated in 4 or more years.</p> <p>Status should be updated if the loan is “found,” paid by borrower, or discharged to reestablish the borrower’s eligibility.</p> <p>Note: The loan should be updated to a PM status after the appropriate number of years of repayment has elapsed.</p>	<p>Report either the date the status applies, that is, the date the GA determined the loan holder cannot be found, the date the GA learns that the loan holder refuses to provide status and balance information, or the date the 8-year and 4-year requirements are met.</p> <p>Date of Outstanding Principal Balance should be the date the balance was actually reported; if no OPB has been reported, then report the last disbursement date as the date of Outstanding Principal Balance.</p>	<p>OPEN</p> <p>STUDENT ELIGIBLE</p> <p>Report Amount of Outstanding Principal Balance in the following preferential order:</p> <ol style="list-style-type: none"> 1) Last reported outstanding principal balance, if available 2) Total amount Disbursed 3) Net Guaranty (Guaranty Amount minus Total Cancellations)

Figure 1

The Guaranty Agency Data Provider Instructions previously stated that the PM loan status code could be applied to loan records in a non-claim status with a date entered repayment of 12 years or more and balance information has not been updated in 4 or more years. There was not a distinction between loan types. Now, Consolidation Loans (CL) will follow the same rules but with a longer repayment term of up to a maximum of 17 years. For CLs, the PM loan status code could be applied to loan records in a non-claim status with a date entered repayment from 12 to 17 or more years and balance information has not been updated in 4 or more years. Please see the PM table below in Figure 2 for more information on reporting the PM loan status code.

PM	Presumed paid-in-full	<p>Non-consolidation loan records in a non-claim status with a date entered repayment of 12 years or more and balance information has not been updated in 4 or more years.</p> <p>Consolidation Loans in a non-claim status with a date entered repayment of 12 to 17 or more years and the balance information has not been updated for 4 or more years</p> <p>This includes loans where the 12- and 4-year, and 12-17- and 4-year requirements are met and one of the following:</p> <ul style="list-style-type: none"> • A loan holder cannot be determined (for example, loans purchased by RTC, FDIC, or other party for which the lender is not known) – A loan holder is known but refuses to provide status and balance information 	<p>Report the day that is 12 years from the Date Entered Repayment.</p> <p>For Consolidation Loans, report the day that is at least 12 years and no more than 17 years from the Date Entered Repayment.</p>	<p>CLOSED</p> <p>STUDENT ELIGIBLE</p> <p>Amount of Outstanding Principal Balance and Amount of Outstanding Accrued Interest Balance must be zero.</p>
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Figure 2

At any point the GA reestablishes contact and reporting with the proper lender for a loan previously placed in an AL or PM status, the GA should report the appropriate, current status and balance information for the loan.

2) New Conditional Disability Discharge Tracking System (CDDTS) Data Provider Code

Starting April 1, 2005, the CDDTS was established as a new NSLDS data provider reporting on Disability Discharged Loans. CDDTS reports to NSLDS using the agency code of 575.

Guaranty Agencies are not required to make any changes to the current method of reporting disability loans to NSLDS. GAs may continue to report the loans with either DI or DS loan status code or a zero balance. However, if a GA chooses, it may now use the NSLDS loan transfer process, reporting AE in the Loan Status Code field and 575 in the Code for Lender Servicer field to indicate the agency to which the loan is transferring. Under the NSLDS loan transfer process, the GA may continue to report zero as a balance for OPB, OIB, and Other Fees or report the current balances for these fields. If the GA chooses to report zero balances, NSLDS will keep the current balances on NSLDS when informed of the transfer. If the GA submits a combined balance greater than zero, then the NSLDS will store the new balance information.

When disability loans are found not to be eligible for discharge or when the borrower receives a new loan within the 3-year conditional period, CDDTS will transfer the loan(s) from the disability tracking system and move them into its full servicing system, which will be identified on NSLDS as data provider code 577.

3) Transferring Loans

This section clarifies the instructions on loan transfers between Guaranty Agencies and loan transfers between a Guaranty Agency and DCS (555), ECMC (927) or the CDDTS (575).

To transfer a loan from one Guaranty Agency to another Guaranty Agency, the current Guaranty Agency must report AE as the loan status code; report the Date of Servicer Responsibility; report the Loan Status Date, which is the date the transferred loan was accepted by the new data provider; and the Code for Servicer populated with the new Guaranty Agency code. The receiving agency must then report the same identifiers, Code for Servicer, Date of Servicer Responsibility and Guaranty Transfer Date. Once the new Guaranty Agency updates the loan successfully on NSLDS, the loan is considered transferred. NSLDS refers to this process as the “handshake.” If the original Guaranty Agency would like to transfer a loan back to its portfolio, a “handshake” must take place again. The Guaranty Agency must report a new Date of Servicer Responsibility in this case.

For DCS (555), ECMC (927), and CDDTS (575), a “handshake” is not required to take place before these three agencies can report on loans owned by other Guaranty Agencies. If DCS, ECMC, or CDDTS is returning a loan to a Guaranty Agency, then the “handshake” process must take place. For instance, if DCS would like to transfer a loan to a Guaranty Agency, DCS must report AE as the loan status code. DCS must also provide the Date of Servicer Responsibility; the Loan Status Date, which is the date the loan was transferred; and the Code for Servicer

populated with the new Guaranty Agency code. The receiving agency must then report all the exact identifiers, Code for Servicer, Date of Servicer Responsibility, and Guaranty Transfer Date to complete the “handshake.”

Please note that if you are the receiving agency and you change any of the key identifiers for the loan, you may create a duplicate record that could impact student eligibility.

4) Clarification to Technical Update GA 2004-05 “Code for Servicer”

Lender Servicers, Lenders, and Guaranty Agencies requested that language in Technical Update GA 2004-01, “Code for Servicer” be clarified. The following sentences have been updated:

The U.S. Department of Education would like Guaranty Agencies to remind lender servicers who service their own loans and have a Department of Education-approved Servicer Code, that the Lender must report both their Lender Code and Code for Servicer when they report detailed loan information to the Guaranty Agency. Guaranty Agencies are required to report this information to NSLDS. This will ensure proper tracking of loans and to distinguish self-serviced loans from loans serviced by other lenders.

If the lender servicer no longer services a loan, the Guaranty Agency should follow the instruction in the Guaranty Agency DPI and report all zeros in both the Code for Servicer and the Date of Servicer Responsibility fields.

The corresponding field definition from the Guaranty Agency DPI is attached.

5) Modification to Error Code 525 on Disbursement Data

NSLDS performs a date sequence edit on Date of Disbursement to ensure that the date reported is not earlier than any disbursement dates previously reported. This edit was designed to catch errors such as the accidental reporting of the date of first disbursement instead of the date of the last disbursement. The edit is bypassed if NSLDS can recognize that the data being reported was not accidental by confirming that: (a) a decrease in Amount of Disbursement is offset by an increase in Amount of Cancellation; or (b) Amount of Disbursement equals Amount of Guaranty minus Amount of Cancellation. The bypass logic has been enhanced to include a \$5 tolerance when evaluating if Amount of Disbursement equals Amount of Guaranty minus Amount of Cancellation. As a result of implementing a \$5 tolerance, amounts with minor differences in rounding logic will not be prevented from loading to the NSLDS.

If you have any questions, please contact the NSLDS Customer Service Center at (800) 999-8219 or e-mail nslds@pearson.com.