HERA Updates
Technical Update GA-2007-01

February 15, 2007

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

The purpose of this Technical Update is to inform Guaranty Agencies (GAs) of National Student Loan Data System (NSLDS) enhancements for compliance with the Higher Education Reconciliation Act of 2005 (HERA).

NSLDS began implementing the HERA requirements in a phased approach: Phase I changes were implemented on July 1, 2006, and Phase II was completed on January 12, 2007. Phase I details can be found in Technical Update GA-2006-03.

HERA Updates — Phase II

Federal PLUS Loans for Graduate or Professional Students
As noted in Technical Update GA-2006-03, NSLDS designated "GB" as the new code for Type of Loan (Field Code 024), in accordance with the new eligibility requirements under PLUS for Graduate/Professional borrowers. NSLDS would like to remind GAs that NSLDS will cease to accept the "PL" loan type with matching student and PLUS borrower identifiers (name, Social Security number, and date of birth) and a reported academic level of A or above as of March 31, 2007. All GAs are required to use the "GB" loan type on their NSLDS extract/submittal file as of this date.

NSLDS began accepting the "D3" as the code for Type of Loan for the William D. Ford Federal Direct Loan Program (FDLP) for Graduate PLUS recipients on August 12, 2006. With Phase II of the HERA implementation, NSLDS will now receive and display the FDLP Master Promissory Note (MPN) information for "D3" from Common Services for Borrowers (CSB).

Beginning January 1, 2007, a borrower's Aggregate Loan Information dynamically displays PLUS Graduate/Professional Loan information separately from PLUS Loans on the NSLDS Financial Aid Professionals (FAP) Web site. The Aggregate Loan Outstanding Principal Balance

amount is the cumulative Outstanding Principal Balance of each individual PLUS Graduate Loan listed in the borrower's Loan Summary section.

NSLDS is sending the "GB" and "D3" loan types as follows:

1. For 2007–2008 Prescreening and Postscreening, Graduate PLUS Loans appear on the Student Aid Report (SAR) and Institutional Student Information Record (ISIR) as loan types "GB" and "D3" as appropriate. For 2006-2007 Prescreening and Postscreening, NSLDS will continue to report the Graduate PLUS loans as traditional PLUS Loan types with a reported graduate academic level (A, B, C, D or G).

2. For schools' Transfer Student Monitoring alerts, Financial Aid History requests, and GA Financial Aid Transcript (GA FAT) requests, NSLDS is reporting "GB" and "D3" as appropriate.

Fraud Loan Status
NSLDS has designated a new Loan Status code for loans obtained by borrowers convicted of fraud in obtaining Title IV aid. Loan Status code "FR" will be used by all data providers for all loan types.

NSLDS has also enhanced the Overpayment reporting function for schools and CSB Collections to report fraudulent grants.

In addition to displaying the reported fraud status associated with each loan or grant, NSLDS is also displaying a new Fraud flag on the FAP web site for each borrower/student with a loan or grant in a fraudulent status.

Academic Competitive and National Science and Mathematics to Retain Talent Grants
Common Origination and Disbursement (COD) began reporting the new Academic Competitive Grants (ACG) and National Science and Mathematics to Retain Talent (SMART) Grants on December 18, 2006.

NSLDS is displaying these new grants on the FAP web site in the Aid section along with Pell Grants. NSLDS has changed the "Pell Grant" tab to read as "Grant" to provide a single location to view all the grant types. Additionally, the "Pell Grant" information icon that displays on the Aid pages has been changed to be labeled "Grant" and is displaying if the student has any of the three grant types. NSLDS has added new Organization Contact types on the "Org" tab for each of the grant programs.

The new grants are not reported on GA FAT requests.

Annual Reasonability

NSLDS has enhanced the Annual Reasonability process to include the new Federal Default Fee (AR-19).

As with the pre-existing Annual Reasonability line items, the Federal Default Fee is comparing loan-level data on NSLDS to the aggregated data reported on the Guaranty Agency Financial Report (GAFR).   The formula is as follows: 1% of the Principal Amount of the Loan (Total Disbursement * 0.01) for loans guaranteed after July 1, 2006.

Attached are the updated Annual Reasonability Calculation Logic, an Annual Reasonability Sample Report, and the Annual Reasonability Back-Up Detail Record Layout.

HERA Updates to the GA DPI

NSLDS has updated the GA Data Provider Instructions (DPI) to reflect the reporting requirements for the new Fraud loan status.

While the GA DPI appendixes include new edits associated with fields specifically being changed, there are many references throughout the GA DPI appendixes that will not be issued as change-pages. These minor changes will be made with the next release of the GA DPI.

Attached are updated DPI pages to reflect these changes. Please insert these pages into your existing GA DPI.

Attachments: **A.** *Appendix A: Data Dictionary updates*
                 B. *Appendix B: GA Coding Tables updates*
                 C. *Annual Reasonability Calculation Logic*
                 D. *Annual Reasonability Sample Report*
                 E. *Annual Reasonability Back-Up Detail Layout*

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