



U.S. Department of Education  
1998 Electronic Access Conferences



# Session 34

## ***Direct Loan Origination Center Update and 1999-2000 Changes***



# ***Business Operations - Warehouse***

	<b>Feb-98</b>	<b>Mar-98</b>	<b>Apr-98</b>	<b>May-98</b>	<b>Jun-98</b>
<b>Orders Received</b>	454	749	465	457	561
<b>Documents Shipped</b>	2,385,352	5,864,240	1,775,102	1,911,048	2,167,780
<b>1997 actuals</b>	2, 813,089	3,339,112	2,057,875	1,496,424	2,286,670
	<b>July-98</b>	<b>Aug-98</b>	<b>Sept-98</b>	<b>Oct-98</b>	<b>Nov-98</b>
<b>Orders Received</b>	550	390	455	1,073	170
<b>Documents Shipped</b>	2,330,843	2,298,205	1,776,519	962,889	395,622
<b>1997 actuals</b>	2,435,562	2,562,676	1,402,770	1,129,332	723,025



# ***Business Operations - Mailroom***

	<b>Feb-98</b>	<b>Mar-98</b>	<b>Apr-98</b>	<b>May-98</b>	<b>Jun-98</b>
<b>Doc's Received</b>	165,943	147,057	133,037	155,890	222,376
<b>Doc's Processes</b>	165,943	147,057	133,037	155,890	222,376
	<b>July-98</b>	<b>Aug-98</b>	<b>Sept-98</b>	<b>Oct-98</b>	<b>Nov-98</b>
<b>Doc's Received</b>	391,239	536,780	485,994	313,282	73,900
<b>Doc's Processes</b>	391,239	536,780	485,994	313,282	73,900



# ***Business Operations - Imaging***

Receipts of Stafford P-notes:


	<b>July</b>	<b>August</b>	<b>Sept</b>	<b>Oct</b>	<b>Nov</b>
<b>1998</b>	323,350	447,521	466,539	244,995	56,481
<b>1997</b>	256,488	443,089	479,420	367,686	184,598



# ***Total Program Statistics***

- Total Loans 9,448,714  
(does not include Consolidation)
- Total Disbursements \$30,335,068,320
- Total Number of Inbound Calls

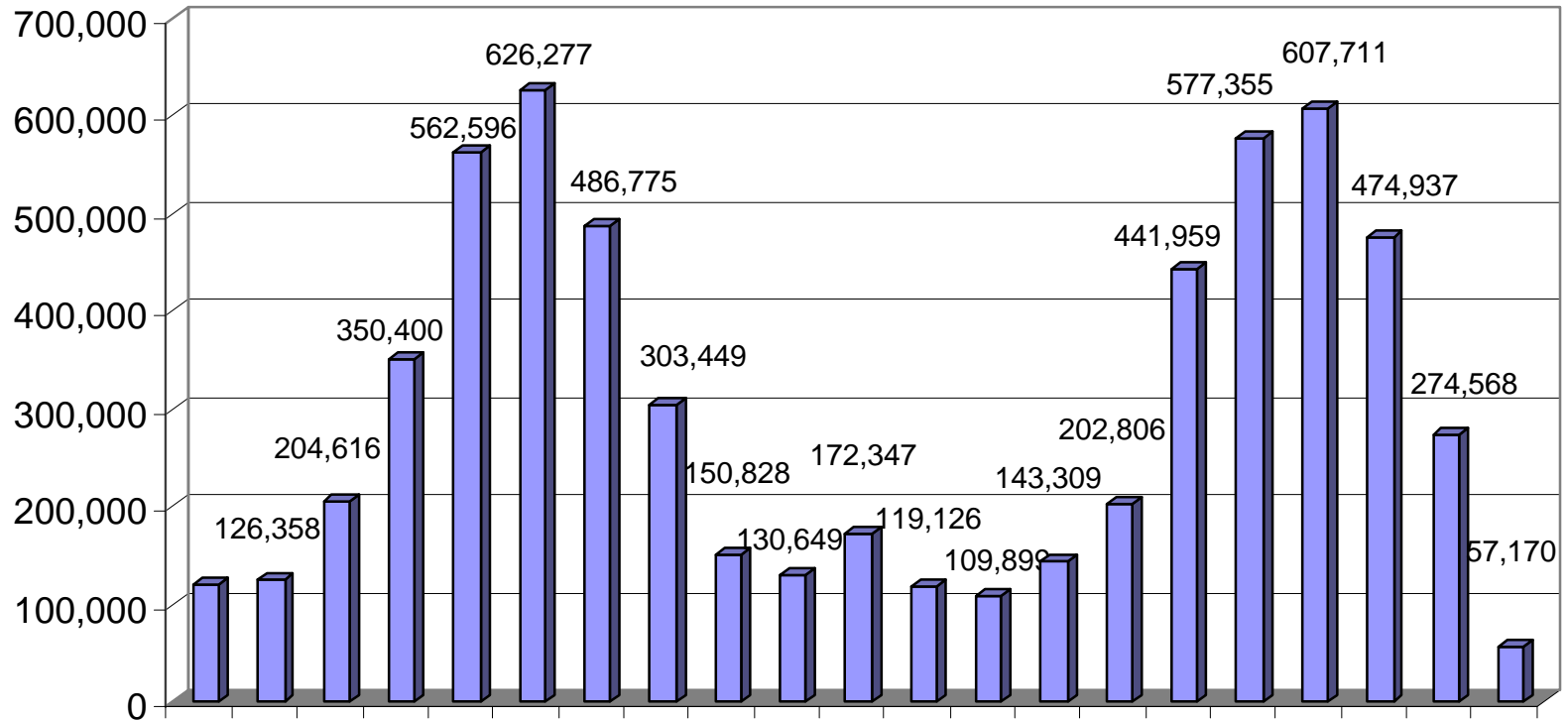


# ***Facility Statistics***

- Number of Schools in DL Program
- Customer Service/Mailroom 48,732 sq. ft.
- Warehouse 24,000 sq. ft.
- Imaging/Vault 34 84 (peak)
- Mailroom 30 55 (peak)
- Customer Service 142
- Technical Support 78



# ***LO Records Processed***







# ***LO Records Processed***

- LOC acknowledges 100% of all LO records
  - 93.37% of all LO records are accepted
- Duplicate Loan ID 28%
- Blank gross amount disbursement
- Duplicate borrower SSN
- Loan amount exceeds maximum
- Invalid date format
- Anticipated gross disbursement must > 0
- Loan amount must be > 0

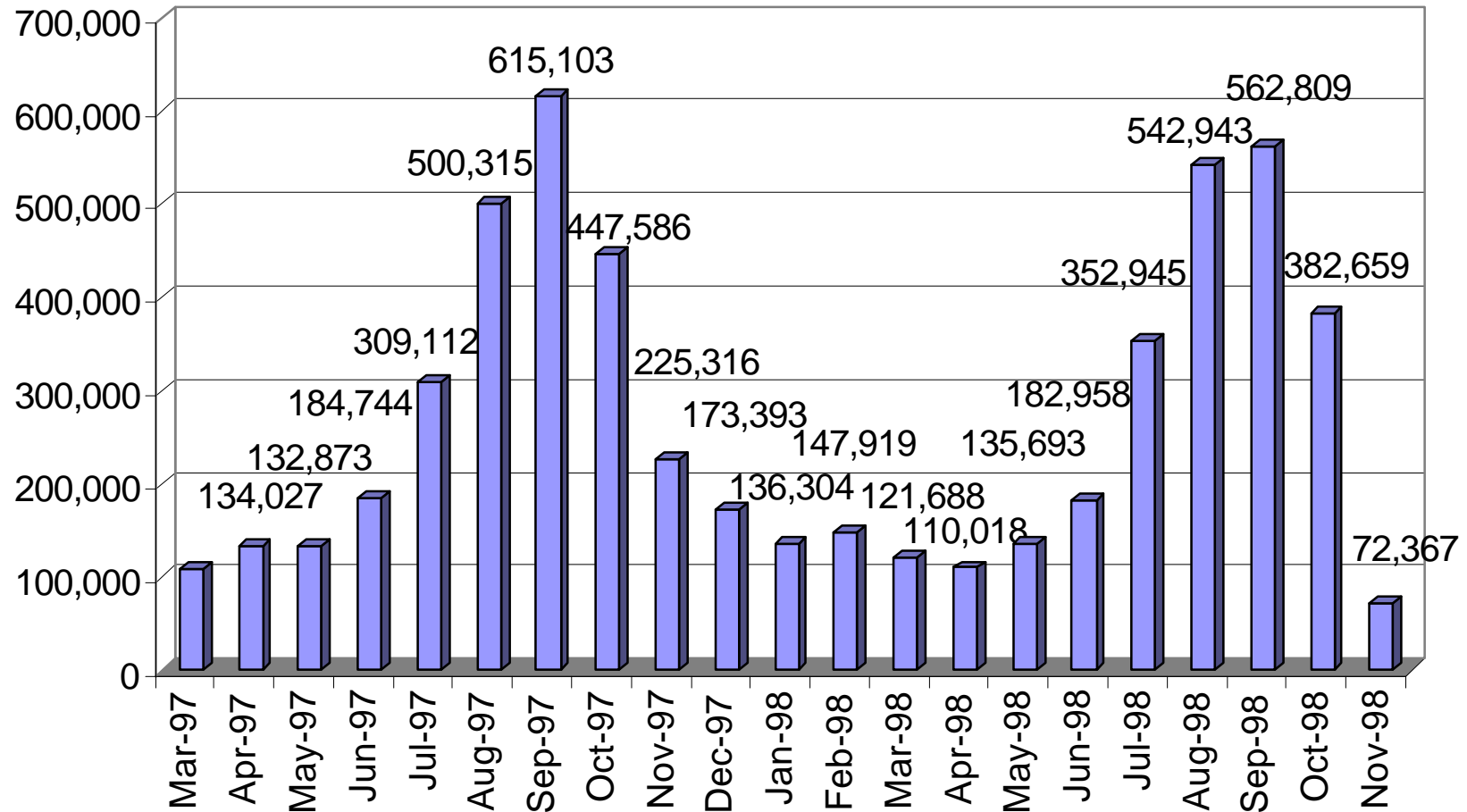


# ***PLUS Records Processed***

- LOC acknowledges 100% of all PLUS
  - 89.46% of all PLUS records are accepted
    - Duplicate borrower SSN 42%
    - Duplicate loan ID 10%
    - Borrower and Student SSN the same
    - Invalid borrower citizen code
    - Invalid student citizen code
    - Invalid loan level dependency
    - Invalid borrower default
    - Invalid former HEAL ind

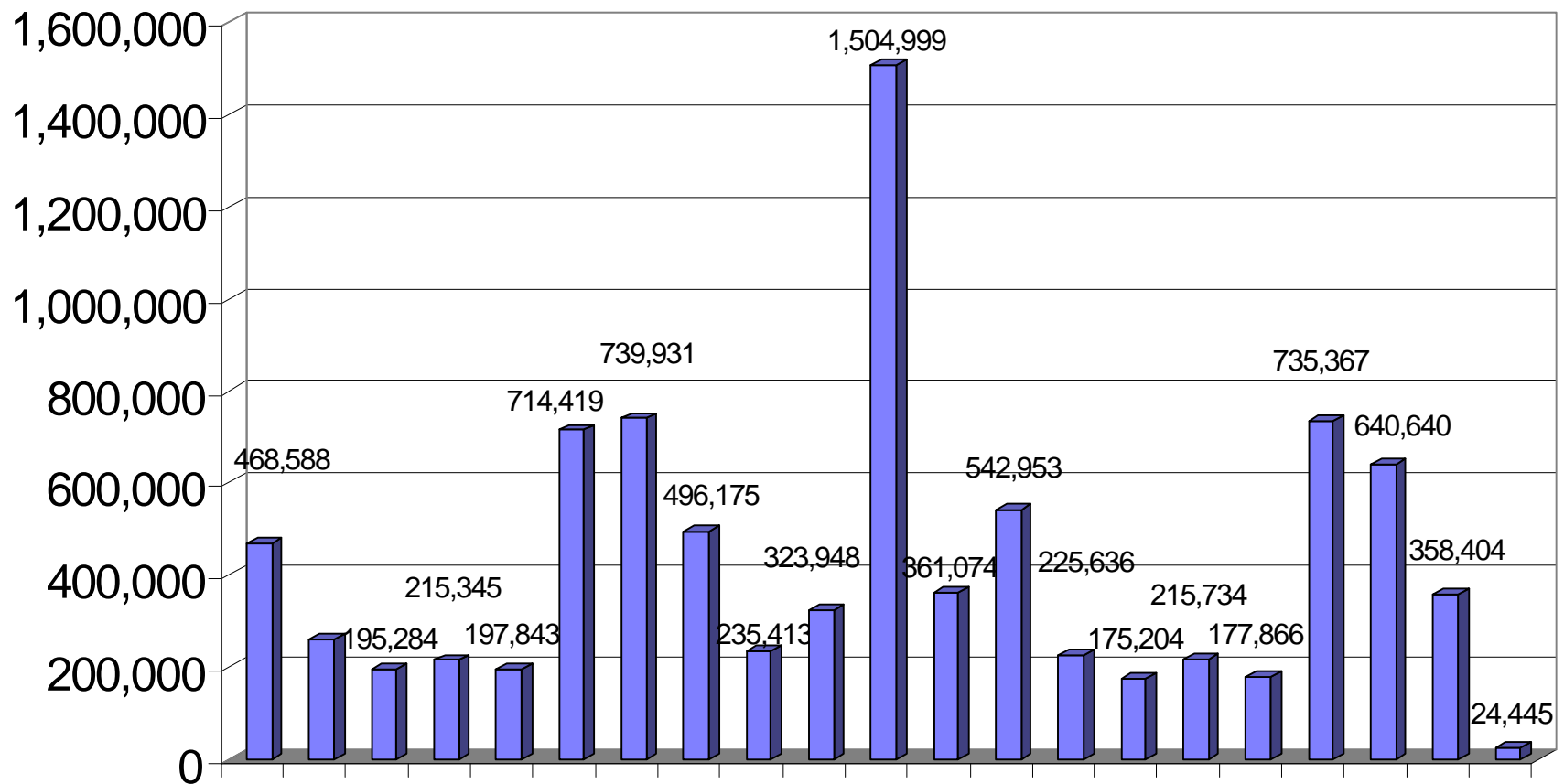


# Promissory Notes Processed





# ***Disbursements Processed***





## ***Disbursement Records Processed***

- LOC acknowledges 100% of all Disbursement records
  - 78.36% of all records are accepted

- Disbursement number missing 20%
- Duplicate disbursement 17%
- No change for canceled disbursement
- Gross Disbursement > loan amount approved/requested
- No disbursement record
- Loan ID does not exist



## ***Disbursement Records Processed***

### **– Common Errors - continued**

- P-notes missing loan origination record >

Adjustment value cannot be 0 or spaces      03%

- Disbursement date in the future

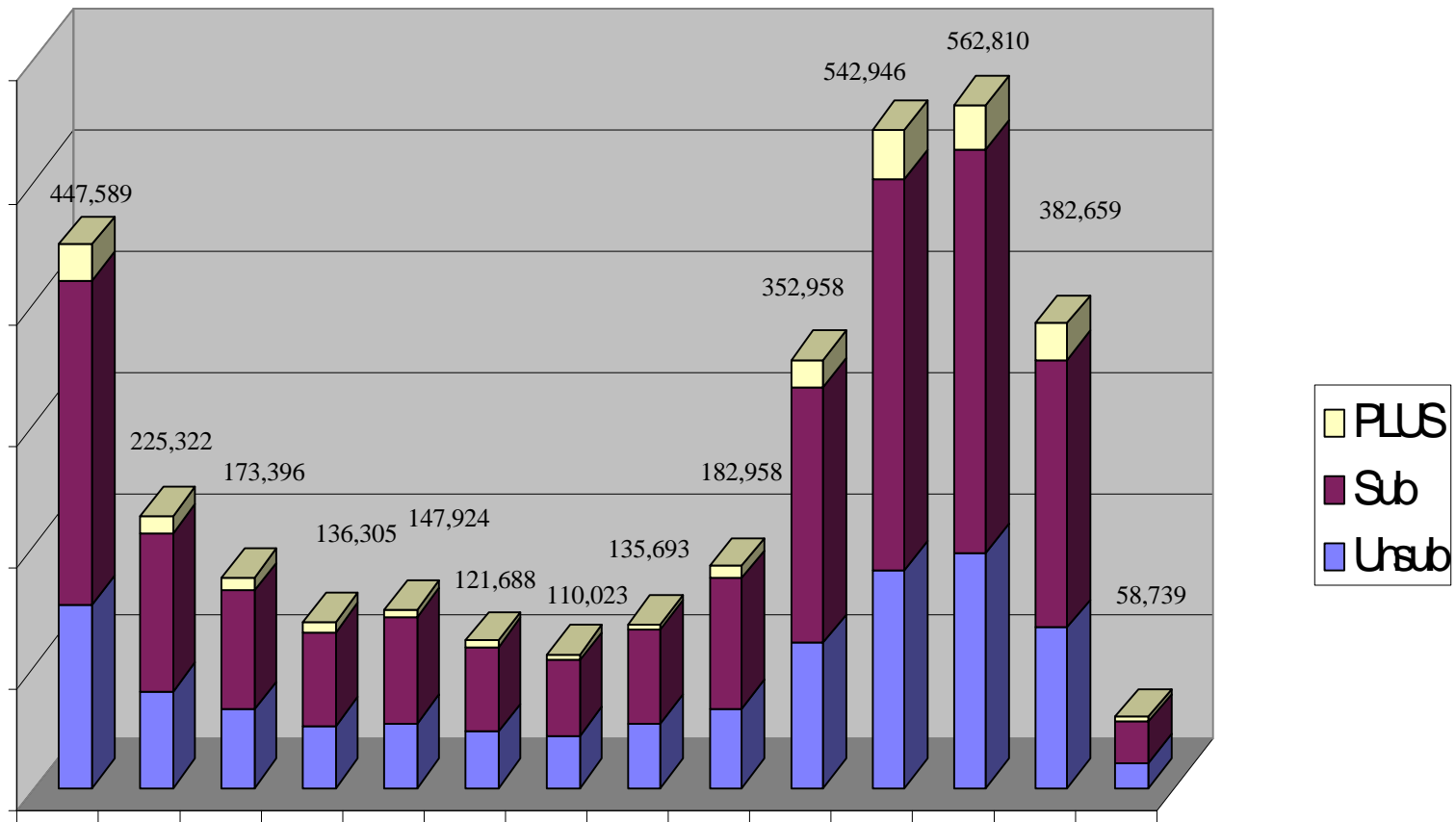
Unsatisfactory eligibility

Disbursement date not in chronological order

Invalid disbursement date



# Promissory Note by Type





# ***What's New for 1999-2000 Direct Loan Origination***





# ***Direct Loan Modifications 1999-2000***

The year of the:

- New Batch ID,
- Refined loan limit edits,
- Required Anticipated Completion Date,
- Eliminated Electronic Promissory Note



# ***Direct Loan Modifications 1999-2000 (continued)***

- \$0 adjustments for disbursements and
- New Adjusted Disbursement Date transaction,
- Refined DLSAS,
- Redesigned PLUS Promissory Note and
- New Master Promissory Note.



## ***New 23-Character Batch ID***

All Direct Loan files and record layouts must contain the new 23-character batch

- |                                 |         |
|---------------------------------|---------|
| ■ Batch Type                    | 2 bytes |
| ■ Cycle Year (Year 6 = 0)       | 1 byte  |
| ■ School Code                   | 6 bytes |
| ■ Batch Creation Date(CCYYMMDD) | 8 bytes |
| ■ Batch Creation Time (HHMMSS)  | 6 bytes |



## ***Loan Limit Edits***

- Will be performed on each Loan Origination and Change Record for a specific student borrower for loans at a **specific school**.
- Will be performed on each Disbursement Record for a specific student borrower for **all schools** which have made disbursements for that student borrower.



# ***Loan Limit Edits on Loan Origination and Change Records***

These edits are based on:

- Loan Amount Approved,
- Borrower's Academic Year Start and End Dates,
- Grade Level,
- Dependency Status,
- Additional Unsubsidized Eligibility for Dependent Student or for HEAL, and
- Loan Type.



# ***Loan Limit Edits on Actual Disbursement Records***

These edits are based on:

- Actual disbursement amounts reported and accepted at the LOC,
- Borrower's academic year start and end dates,
- Grade level,
- Dependency status,
- Additional unsubsidized eligibility for dependent students or for HEAL, and
- Loan type.





## ***To Update the Student Anticipated Completion Date***

- Change records for this field **will no longer** be accepted by the LOC.
- School must update or change this date through the SSCR process with NSLDS.





## ***Eliminate the “Electronic” Promissory Note Manifest***

- Schools (Options 1 and 2) **will** continue to provide a **paper** manifest with promissory notes when mailing to the LOC.
- **electronic** promissory note manifests to the LOC. The LOC will continue to acknowledge all promissory



## ***\$0 Adjustments to Disbursements***

- In Year 6, actual disbursements can be adjusted to \$0. Actual disbursements **cannot** be cancelled. Thus, disbursement cancellation transactions are eliminated.
- Future activity can occur on actual disbursements adjusted to \$0.  
**For Example:** An upward disbursement adjustment



## ***\$0 Adjustments to Loans***

- In Year 6, a loan can be adjusted to \$0. A loan can NOT be cancelled. Thus, loan cancellation and anticipated disbursement cancellation transactions are eliminated.
- Future activity can occur on a loan

**For Example:** The Loan Amount Approved may be increased as long as the accepted promissory note amount is not exceeded.



## ***Inactive Loans***

- The LOC will not report inactive loans on the 30 Day Warning Report. An optional, Inactive Loan Report, will be available.
- For these reports, an Inactive Loan is defined as a loan with:
  - All actual disbursements = \$0
  - All anticipated disbursements = \$0
  - Loan Amount Approved = \$0



## ***Adjusted Disbursement Date Transaction***

- In Year 6, a school can update the transaction date on a disbursement.
- The new disbursement activity is an **Adjusted Disbursement Date (“Q”)** and will be transmitted to the LOC via the Disbursement Record which will include the original transaction date as well as the



# ***Refined Direct Loan Account Statement (DLSAS)***

## **■ Cash Summary:**

- Redesigned
- Eliminated “Prior Month Unbooked”
- Added “Net Unbooked Disbursements Actual”
- Added “Net Unbooked Adjustments”
- Added “Total Unbooked Loan Detail”



## ***Refined DLSAS (continued)***

### **■ Cash Detail:**

- Added GAPS Control Number for cash receipts (drawdowns), *if available*
- Added Check Number for Excess Cash *if available*

### **■ Loan Detail:**

- Added Booked Date at the LOC for each disbursement activity



## ***The DLSAS will NOT report:***

- Pennies, OR
- Disbursements based on the new Adjusted Disbursement Date





## ***Redesigned PLUS Promissory Note***

- To expedite promissory note processing at the LOC, the design was enhanced for
- To address printing alignment issues at the schools, the design includes a large blank box in which the schools will print.



# ***Master Promissory Note***

- Master Promissory Notes will be used for all subsidized and unsubsidized Direct Stafford Loans processed for Year 6.
- This same Master Promissory Note will be used by the FFEL community.
- In the future, this promissory note may transition into a multiple-year note.



## ***In Year 6:***

- A Master Promissory Note will be for a student borrower at **one school** for **one subsidized and one unsubsidized** loan up to the combined annual maximum loan
- If a student transfers to a new school, a new master promissory note must be completed and signed.



# ***The Combined Annual Maximum Loan Amount***

**The information on this slide has changed since the Kansas City and Washington conferences.**

The new Master note will **NOT** print any dollar amounts. However your acknowledgment will default to the maximum. For example:

- 1st Year, dependent student = **\$2625**
- 1st Year, dependent student with additional unsubsidized eligibility = **\$6625**
- 1st Year, independent student = **\$6625**



# ***Accepted Promissory Note Amount...***

**The information on this slide has changed since the Kansas City and Washington conferences.**

- **IS** the lower of the maximum annual loan amount or the loan amount requested (altered) by the student on the note.
- Total loans linked to the Master Promissory Note may not exceed the Accepted Promissory Note amount.



# ***Disclosure Statements***

**The information on this slide has changed since the Kansas City and Washington conferences.**

- A disclosure statement will be mailed to each Stafford borrower's permanent address upon acceptance by the LOC of a Loan Origination record.
- This statement contains data items such as:

Loan Amount Approved

Anticipated Disbursement Dates

Net Disbursement Amount



## ***Printing and Mailing of the Disclosure Statement***

- All disclosure statements will be generated and mailed by the LOC **UNLESS**:
  - a school has received Department approval to print disclosure statements for their students.
- EDExpress will not be printing disclosure



# ***Affirmation Pilot***

“**Affirmation**” is the act of a borrower declaring that he/she authorized the disbursement of funds under the Master Promissory Note process.

- Borrower affirmations are conducted by the pilot schools using various methods.
- An affirmation flag is transmitted to the LOC by the pilot schools on the Disbursement Record.





## ***LOC Contacts***

- E-Mail Address:  
loan\_origination@mail.eds.com
- School Relations: 1-800-848-0978
- Customer Service Fax: 1-800-557-7396



# ***LOC Contacts***

- **LOC address for any overnight delivery:**

**U.S. Department of Education - LOC  
474 S. Court Street  
Montgomery, AL 36104-4102**

- **School Relations Correspondence:**

**U.S. Department of Education - LOC  
  
Montgomery, AL 36103-5692**

- **Applicant Services Correspondence**

**U.S. Department of Education - LOC  
Applicant Services**

**Montgomery, AL 36103-5691**