

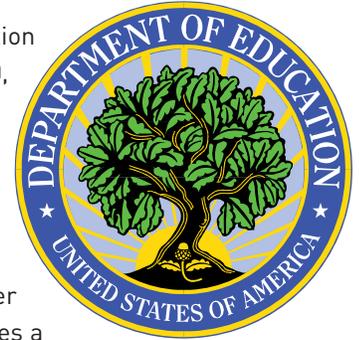
PHEAASM Industry Bulletin

Formerly Known as Loan Notes

- 2 Gainful Employment Corner
Announcement! New Street Address for Mailing Paper Master Promissory Notes and Endorser Addenda
- 3 Reminder to Schools for Reporting Direct Loan Disbursements, Disbursement Adjustments and Refunds
Industry Calendar
- 4 Dear Colleague Letters
- 6 Foreign School Assessment Update
Federal Student Aid (FSA) Handbook Announcements
- 7 Upgrade Planned for the Student Aid Internet Gateway (SAIG) System
CFPB Requests Comments from Community
- 8 Indemnification Agreements
- 9 Comment Period Planned for NSLDS Enrollment and Gainful Employment Reporting Data Standards
Updated ISIR Guide Now Available

Update on Total and Permanent Disability Discharge Application Processing

On [May 27, 2011](#), the U.S. Department of Education (ED) issued a revision to its September 10, 2010, announcement, Total and Permanent Disability Discharge Information-Guaranty Agency Assignment Procedures, Effective October 1, 2010, to clarify that a Total and Permanent Disability (TPD) Discharge application does NOT require an original borrower signature. Therefore, the loan holder may process a TPD Discharge application that includes a photocopy signature.



CHANGE TO PHEAA PROCESSING

In the July 2011, issue of our monthly bulletin we stated that as an industry standard we would not accept a facsimile of the TPD Discharge application but would accept a photocopy of the application. However, we have recently received additional clarification from ED indicating that we are permitted to accept a facsimile of the Total and Permanent Disability Discharge application.

Please note that going forward, PHEAA will conform to this guidance by accepting a facsimile of the TPD Discharge application.

You may visit the [Federal Student Aid \(FSA\)/Total and Permanent Disability Web site](#) for additional information regarding TPD Discharge application processing.

QUESTIONS AND CONTACT INFORMATION

If you have questions regarding the total and permanent disability discharge processing, please contact the Loan Assets Management Department - Claims & Reinsurance Unit at **800.892.7576**.

ELECTRONIC ANNOUNCEMENT #28- CONTINUED GE DATA REPORTING AND CORRECTIONS

In its announcement on [November 16, 2011](#), the U.S. Department of Education (ED) encouraged schools who did not meet the November 15 deadline for reporting Gainful Employment Program data to do so immediately. ED's Program Compliance teams will determine, on an individual basis, sanctions that may be imposed on schools for non-compliance with the deadline.

FILE ERRORS

Schools are reminded that they have 10 days from the date of receipt of a file error to make required corrections. However, ED recognizes that additional time may be required to correct Social Security Number (SSN) issues. The SSN Conflict Page is available in the National Student Loan Data System (NSLDS) to assist schools in resolving these conflicts.

CORRECTIONS TO RECORDS AFTER NOVEMBER 15 WILL NOT RESULT IN PENALTIES OR SANCTIONS.

GUIDES AND RESOURCES

Schools can submit GE Program data using the National Student Loan Data System (NSLDS) Web site. In addition, the [NSLDS Gainful Employment User Guide](#) is available as a resource to assist schools in using NSLDS to report GE Program data and enrollment for online access. Schools are also encouraged to review the [NSLDS Newsletter #34](#) for additional information on the reporting process.



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FEDERAL STUDENT AID



Announcement! New Street Address for Mailing Paper Master Promissory Notes and Endorser Addenda

Effective December 19, 2011, the street address for [mailing paper Master Promissory Notes \(MPNs\) and endorser addenda](#) using express or overnight delivery will change. The U.S. Department of Education (ED) anticipates that this change will have minimal impact on schools and students. While mail at the old address will be forwarded for a period of time, ED encourages schools to begin using the new mailing address as soon as possible after December 19, 2011.

NEW ADDRESS FOR EXPRESS OR OVERNIGHT DELIVERY

Department of Education
100 Capital Commerce Blvd.
Montgomery, AL. 36117

OLD STREET ADDRESS FOR EXPRESS OR OVERNIGHT DELIVERY

Department of Education
201 TechnaCenter Drive
Montgomery, AL. 36117

REGULAR POSTAL MAIL

The P.O. Box address for regular postal delivery will *not* change.

Department of Education
P.O. Box 5692
Montgomery, AL. 36103-5692

Reminder to Schools for Reporting Direct Loan Disbursements, Disbursement Adjustments and Refunds

On [November 21, 2011](#), the U.S. Department of Education (ED) published a reminder that Direct Loan disbursements, disbursement adjustments and refunds should be reported in whole dollar amounts. Schools are reminded that the use of cents in Direct Loan processing will impact the school's ability to complete monthly reconciliation because the Net Drawdown may not match the Net Disbursements as reported in the Common Origination and Disbursement (COD) system.

COD SYSTEM

The COD system will not process or store cents submitted as part of a Direct Loan award or disbursement. Rather, the system will truncate any cents that are part of a disbursement or disbursement adjustment. For example, a disbursement amount submitted as \$3267.32 will be processed in COD as \$3267.

REFUNDS

In addition, schools are reminded that refunds should only be made in whole dollar amounts. In the event that a Return of Title IV Funds (R2T4) results in a refund that includes cents, the school should round the amount to the nearest whole dollar using the standard rounding rules.

- **Round up to the next whole dollar if the amount after the decimal point is \$.50 or higher.**
Example: If the R2T4 calculation is \$1557.50, round up to the nearest whole dollar, \$1558, and return that amount to ED. Reduce the borrower's Direct Loan award by \$1558.
- **Truncate the cents if the amount after the decimal point is less than \$.50.**
Example: If the R2T4 calculation is \$1415.35, truncate the cents for a whole dollar amount of \$1415, and return that amount to ED. Reduce the borrower's Direct Loan award by \$1415.

Industry Calendar

DECEMBER

7	Direct Loans and FFEL Purchased Loans with multiple servicers are scheduled to be transferred as part of ED's borrower centric approach to servicing.
15	Deadline for schools to submit corrections for the Fiscal Operations Report for 2010-2011 and the Application to Participate for 2012-2013(FISAP) to the U.S. Department of Education.
15	Deadline for schools to report their Perkins Loan Program cash on hand as of October 31, 2011.
16	Rehabilitated/Reinstated Loans currently assigned to Department of Education Student Loan Servicing Center (ACS) will be transferred to Great Lakes Education Loan Services, Inc. (Great Lakes)
16	Last day to verify your school's TG number to maintain access to the Federal Student Aid data systems.
26	The Department of Education federal offices and some of the Title IV processors and call centers will be closed in observance of the Christmas Day federal holiday.

JANUARY

2	The Department of Education federal offices and some of the Title IV processors and call centers will be closed in observance of the New Year's Day federal holiday.
6	Deadline to submit 2011-2012 SAR and ISIR corrections in preparation for the 2012-2013 Renewal Reminder distribution
11	Deadline to submit comments for the Discharge Application for FFEL Program, Federal Direct Loan Program, Federal Perkins Loan Program, and TEACH Grant Program.



» REVISED LOAN DISCHARGE APPLICATION: UNPAID REFUNDS

On November 22, 2011, the U.S. Department of Education (ED) released [Dear Colleague Letter: GEN-11-19](#) to announce the availability of the revised Loan Discharge Application: Unpaid Refunds form. The form may be used by borrowers participating in the William D. Ford Federal Direct (Direct Loan) Program, Federal Family Education Loan (FFEL) Program, and Federal Perkins Loan (Perkins Loan) Program.

Borrowers may begin using the revised form immediately. Only the revised form may be distributed for use on/after March 12, 2012. For imaging technology purposes, the form instructs the borrower to sign the form in ink; however, a pencil signature will not invalidate the form.

Printing Instructions

The form must be printed on white paper with black ink. The typeface, point size, and general presentation may not be changed from the version approved by the Office of Management and Budget (OMB). However, the order of the program names on the form may be changed so that name of the program for which the form is being used appears first. The bold type in section headings may be removed and bold or italic type may be added to the instructions.

In addition, program participants should pre-print the address where the completed form should be sent, and include any appropriate contact information in the Where to Send the Completed Loan Discharge Application section of the form.

Copies for Reproduction

The revised form is available in both PDF and Microsoft Word format. In addition, the form is available in PDF format on the [National Council of Higher Education Loan Programs \(NCHERP\) Web site](#).

» FOREIGN SCHOOLS THAT DO NOT DIRECTLY AWARD RECOGNIZED EDUCATIONAL CREDENTIALS

On November 23, 2011, the U.S. Department of Education (ED) released [Dear Colleague Letter: GEN-11-20](#) to announce that, due to a change made by federal regulations, foreign schools that are not legally authorized by the country in which they are located to directly award educational credentials are no longer eligible to participate in the William D. Ford Federal Direct (Direct Loan) Program.

According to the definition of a foreign school in §600.52(1)(iv), the foreign school must:

- Be eligible to participate in the Direct Loan Program; and
- Award degrees, certificates, or other recognized credentials that are officially recognized by the country in which the school is located.

Ineligible Foreign Schools

Foreign schools that have lost eligibility to award Direct Loan funds as a result of the new rules are not permitted to issue Direct Loan funds to new students. However, those schools may issue Direct Loan funds to students who obtained a Direct Loan prior to the school's loss of eligibility and maintained continuous enrollment. Those students may receive Direct Loan funding for the academic year including July 1, 2011 and for the following academic year.

Questions and Contact Information

You may contact Federal Student Aid's (FSA's) Research and Customer Care Center staff with questions regarding this information. Staff is available Monday through Friday, 9 a.m. to 5 p.m., EST to assist you.

Foreign Schools Contact Information

Telephone: 202.377.3168

Email: fsa.foreign.schools.team@ed.gov

Domestic Schools Contact Information

Telephone: 800.433.7327

Email: fsa.customer.support@ed.gov



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EXPECTED FAMILY CONTRIBUTIONS OF \$99,999

On December 6, 2011, the U.S. Department of Education (ED) released [Dear Colleague Letter \(DCL\) GEN: 11-21](#) to describe the actions schools must take, beginning with the 2012-2013 Award Year, when a student's Expected Family Contribution (EFC) is reported as \$99,999 and/or the adjusted gross income is reported as \$999,999.

Expected Family Contribution

ED's Central Processing System (CPS), Institutional Student Information Record (ISIR), and Student Aid Report (SAR) can only store a five digit EFC. Therefore, in the past, if the EFC for a FAFSA filer was \$100,000 or more, the number stored in CPS and reported on the ISIR and SAR was \$99,999.

ED recognizes that in most instances an EFC reported as \$99,999 on the ISIR and SAR will not increase the potential for a student to be inadvertently awarded Title IV aid because most schools' cost of attendance (COA) are well below \$99,999. However, there could be instances where a student's COA exceeds an EFC of \$99,999.

Adjusted Gross Income and Income Earned from Work

The field length for the adjusted gross income and income earned from work on the FAFSA and FAFSA on the Web (FOTW) is limited to six digits. Because of this, some parents who earn \$1 million or more are instructed to report his or her income as \$999,999.

Interim Guidance for Schools

ED is considering system changes to address these issues, but recognizes that it will not be possible to make those changes in preparation for the 2012-2013 FAFSA processing year. While there is little likelihood that these issues will result in many students being inadvertently awarded subsidized Title IV aid, ED has provided interim guidance on how schools should address students whose EFC is reported on the ISIR and SAR as \$99,999.

Schools must follow the provided guidance when evaluating a student's eligibility for a Direct Subsidized Loan, Federal Work Study (FWS), Perkins Loans, and Federal Supplemental Education Opportunity Grants (FSEOG) Programs.

<p>Step 1 Determine if the student's COA for the period of enrollment for which aid is to be awarded is more or less than the reported EFC of \$99,999...</p>	<p>If the COA is...</p> <ul style="list-style-type: none"> • Less than the reported EFC, no action is required. • More than the reported EFC, proceed to Step 2.
<p>Step 2 Determine if any of the income or tax fields (AGI, income earned from work, taxes paid) on the ISIR or SAR are reported as \$999,999...</p>	<ul style="list-style-type: none"> • If not, proceed to Step 3. • If any of the fields are reported as \$999,999, request a copy of the applicant's relevant IRS tax return(s) to determine actual AGI, income earned from work, and taxes paid. Upon receipt of the documentation, proceed to Step 3.
<p>Step 3 Using Chapter 3 of the 2012-2013 Application Verification Guide, the student's ISIR, and/or the tax returns, calculate the student's EFC.</p>	<ul style="list-style-type: none"> • The school calculated EFC must be used to consider the student's eligibility for Title IV aid. • Document the recalculated EFC for audit purposes. • When reporting an award of Direct Loan funds or a TEACH Grant on the COD Web site, use the transaction number of the ISIR from which information for the school EFC calculation was obtained.

Questions

Please direct questions regarding this information to Carney McCullough at carney.mccullough@ed.gov or Dan Klock at dan.klock@ed.gov.



Foreign School Assessment Update

In the [October 2011 issue of the PHEAA Industry Bulletin](#), we provided information regarding the availability of the Foreign School Assessment. On [November 16, 2011](#), the U.S. Department of Education (ED) announced that two additional updates were made to the Foreign Schools: Consumer Information Disclosures At A Glance document. The changes are as follows:

Page 3	Added a third row titled School and Program Accreditation, Approval, or Licensure
Page 9	Changed the title in the second row to Intercollegiate Athletic Program Participation Rates and Financial Support Data (Equity in Athletics Disclosure Act)

You can access the updated document and all Foreign School Assessments on the [Foreign School Information Page](#) on the Information for Financial Aid Professionals (IFAP) Web site.

Federal Student Aid (FSA) Handbook Announcements

INDEXED VERSION OF THE 2010-2011 FSA HANDBOOK RELEASED

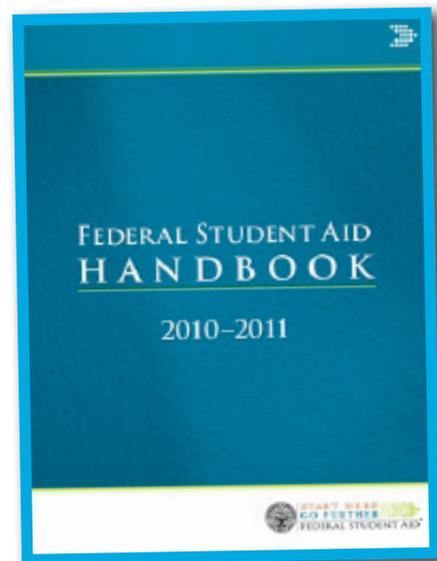
On December 5, 2011, Federal Student Aid (FSA) announced the availability of the indexed version of the 2010-2011 FSA Handbook. The Handbook is available on the Information for Financial Aid Professionals (IFAP) Web site.

VOLUME 2 (SCHOOL ELIGIBILITY AND OPERATIONS) OF THE 2011-2012 FSA HANDBOOK RELEASED

On December 5, 2011, FSA announced the availability of Volume 2 of the 2011-2012 FSA [Handbook](#). Currently posted volumes of the 2011-2012 Handbook may be accessed on the [iLibrary - Federal Student Aid Handbook](#) Page of the Information for Financial Aid Professionals (IFAP) Web site.

ERRATA AND UPDATES TO VOLUME 5 (OVERAWARDS, OVERPAYMENTS & WITHDRAWAL CALCULATIONS) OF THE 2011-2012 FSA HANDBOOK

On December 5, 2011, FSA announced several substantive [revisions to Volume 5 of the 2011-2012 FSA Handbook](#). The changes are as follows:



Page 5-33 and page 5-100	A new sidebar has been added to clarify that schools that offer programs in a non-term format should recalculate a student's Title IV aid before performing a Return calculation.
Page 5-71	The fourth paragraph, Title IV Aid Disbursed, has been revised to provide clear guidance on the difference between: <ul style="list-style-type: none"> • Aid that is considered disbursed; and • Aid that is considered Aid that could have been disbursed because it was an inadvertent overpayment.
Page 5-143	The section, Returning Funds from FFEL Loans Purchased/Service By the Department, has been revised to provide instructions applicable to returning funds for FFEL and Direct Loans.

Upgrade Planned for the Student Aid Internet Gateway (SAIG) System

On November 18, 2011, Federal Student Aid (FSA) announced that an upgrade is planned for the Student Aid Internet Gateway (SAIG) System for February 2012. The system includes: TDNgine, TDClient, TDCommunity Manager (SAIG Portal), and EDconnect.

The upgrade, being done as part of a government mandated security requirement, will impact the SAIG system in the following ways:

- Limit connection to only Federal Student Aid servers;
- Expand compatibility, including Linux for TDClient users and Windows 7 for EDconnect users; and
- Integration of EDconnect with Federal Student Aid's Access Identity Management System (AIMS)

SCHOOL ACTION

While FSA commented that schools do not need to take any immediate action, it did provide a list of actions that schools will be required to take after the February 2012 upgrade, including:

- All TDClient and EDconnect users will be required to upgrade to TDClient 3.2 and EDconnect 8.0; and
- All EDconnect users will be required to enroll for an FSA User id and password.

Please note that the installation of EDconnect 8.0 will require the input of user information as part of the installation process.

An updated message class table will be distributed by FSA at the time of the system upgrade. FSA will provide more detailed information regarding the upgrade in future communications.

QUESTIONS

If you have questions about the system upgrade, please contact CPS/SAIG Technical Support at **800.330.5947** (TDD/TTY **800.511.5806**) or by e-mail at CPSSAIG@ed.gov.

CFPB Requests Comments from the Community

On November 17, 2011, the Bureau of Consumer Financial Protection (CFPB) posted a notice in the Federal Register requesting comments from the community on Private Education Loans and related consumer financial products and services used to finance postsecondary education.

Section 1077 of the Dodd-Frank Act requires that the CFPB prepare a report on Private Education Loans and Private Education Lenders. In addition, it mandates that the report address a list of questions, most of which can be answered with quantitative data. However, the CFPB is requesting information from sources both inside and outside the financial services industry, such as consumers, financial service providers, schools, organizations, and other members of the public in an effort to capture qualitative data.

Please review the announcement in the [Federal Register](#) for the list of questions the CFPB is seeking comments on.

INFORMATION TO INCLUDE WITH COMMENTS

The deadline to submit comments is January 17, 2012; however, the CFPB encourages all interested parties to submit their comments as early as possible. All submissions must include the following information:

- Docket Title (Request for Information Regarding Private Education Loans and Private Educational Lenders);
- Docket Number (Docket No. CFPB-2011-0037); and
- The number of the question to which you are responding at the top of each response.

Personal information, such as account numbers and Social Security numbers should not be included. Comments will not be edited to remove identifying or contact information.

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Indemnification Agreements

As a reminder, FFELP lenders and loan servicers that file a claim with PHEAA should only submit an [Indemnification Agreement](#) (IA) when the (a) original promissory note, or a (b) true and exact copy of the promissory note, (d) Master Promissory Note (MPN), or (d) promissory note/MPN addendum(s) is:

Insufficient; Altered;
Lost (does not apply to E- signature);
Destroyed; or
Damaged.

If the lender submits an IA for a lost or destroyed note and/or addendum(s), the lender is certifying that it has made a diligent effort to locate the original or a true and exact copy of the promissory note and/or promissory note addendum(s) and has been unsuccessful in locating such documents.

Please note that PHEAA does not permit the use of an IA when the borrower did not sign the promissory note, MPN and/or addendum.

INSUFFICIENT NOTES AND ADDENDUMS

Some reasons a promissory note, MPN and/or addendum may be considered “insufficient” include, but are not limited to:

- The promissory note or MPN is missing a reference or the reference section is incomplete.
- The promissory note does not contain the requested loan amount. (Note: An IA is not required for an MPN because it does not contain a field for the requested loan amount.)
- The promissory note, MPN, and/or addendum is a faxed copy.
- The promissory note, MPN, and/or addendum was signed in pencil.

MISSING OR ERRONEOUS BORROWER SIGNATURE DATES

A promissory note or MPN is not considered “insufficient” if the borrower’s signature date is missing or is erroneous (i.e. the signature date is the borrower’s birth date or the year is misprinted). Subsection 7.2.A of the Common Manual states that if a borrower fails to date the promissory note or provides an erroneous date, the date on which the lender received the note may be used. Thus, the agency considers the note valid and an IA is not required.

QUESTIONS AND CONTACT INFORMATION

If you have questions regarding the Indemnification Agreement, please contact the Loan Assets Management Department - Claims & Reinsurance Unit at **800.892.7576**.

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CFPB Requests Comments from the Community

SUBMISSION OF COMMENTS

Comments may be submitted using one of the following methods:

WEB SITE:
www.regulations.gov

EMAIL:
CFPB_StudentsFedReg@cfpb.gov

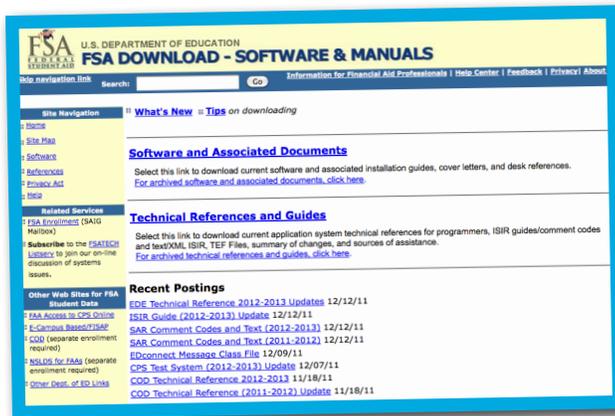
MAIL:
Monica Jackson, Office of the Executive Secretary,
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue N.W. (Attn. 1801 L Street)
Washington, DC. 20220

HAND DELIVERY/COURIER:
Monica Jackson, Office of the Executive Secretary,
Consumer Financial Protection Bureau
1500 Pennsylvania Avenue N.W. (Attn. 1801 L Street)
Washington, DC. 20006



Comments will be posted to regulations.gov Web site and will also be available for public inspection and copying at 1700 G Street N.W. Washington, DC 20006, on official business days between the hours of 10 a.m. and 5 p.m.

Updated ISIR Guide Now Available



The updated 2012-2013 ISIR Guide is now available on the Information for Financial Aid Professionals (IFAP) Web site. In addition, the guide will also be available on the [Federal Student Aid Download \(FSAdownload\) Web site](#). The guide provides assistance to financial aid administrators in interpreting student data on the Institutional Student Information Record (ISIR).

Questions

If you have questions about the guide, please contact CPS/SAIG Technical Support at 800.330.5947 (TDD/TYY 800.511.5806) or by e-mail at CPSSAIG@ed.gov.

Comment Period Planned for NSLDS Enrollment and Gainful Employment Reporting Data Standards

On [December 2, 2011](#), Pamela Eliadis, Service Director, System Operations & Aid Delivery Management at Federal Student Aid (FSA) announced that a public comment period will be available in 2012 to allow the community an opportunity to comment on National Student Loan Data Systems (NSLDS) reporting data standards, including Extensible Markup Language (XML) schema for enrollment and gainful employment reporting.

FSA is working with the Postsecondary Electronic Standards Council (PESC) to offer XML as an NSLDS reporting option for schools in the coming year.

Interested parties are encouraged to monitor the PESC Web site for the release of the documents for public comment.

Created in 1963 by the Pennsylvania General Assembly, the Pennsylvania Higher Education Assistance Agency (PHEAA) has evolved into one of the nation's leading student aid organizations. Today, PHEAA is a national provider of student financial aid services, serving millions of students and thousands of schools through its loan guaranty, loan servicing, financial aid processing, outreach and other student aid programs.

PHEAA's earnings are used to support its public service mission and to pay its operating costs, including administration of the Pennsylvania State Grant and other state-funded student aid programs. PHEAA continues to devote its energy, resources and imagination to developing innovative ways to ease the financial burden of higher education for students, families, schools and taxpayers.

PHEAA conducts its student loan servicing activities nationally as American Education Services (AES) and FedLoan Servicing.

CONTACT

**BUSINESS DEVELOPMENT
& OPERATION/LOAN GUARANTY**
Mon - Fri, 7:30 am to 9:00 pm ET

**STUDENT/PARENT
GRANT & LOAN INQUIRIES**
800.692.7392
granthelp@aesSuccess.org
studentloans@aesSuccess.org

SCHOOL/LENDER INQUIRIES
800.443.0646
loanhelp@aesSuccess.org

These materials have been developed and paid for by the Pennsylvania Higher Education Assistance Agency (PHEAA) for informational purposes. Although the information contained in this document is believed to be accurate at the time of printing, PHEAA does not guarantee its accuracy. You should independently verify that this information is correct.

LC-INDBN
DECEMBER 2011

