



# LoanNotes

COURTESY OF  
AMERICAN EDUCATION  
SERVICES



## Compliance Spotlight:

### Gainful Employment- Debt Measures Final Rules (Part 1)

On June 13, 2011, the U.S. Department of Education (ED) published final rules entitled Gainful Employment-Debt Measures in the Federal Register (Vol. 76, No. 113). These final rules will become effective July 1, 2012. Over the next several months, AES will discuss these regulations in a series of three articles.

#### WHAT ARE DEBT MEASURES?

Debt measures are the collective loan repayment rates and debt-to-earnings ratios used to determine whether the education received by the student and the earnings rate for an associated profession allows the student to successfully repay the student loan debt resulting from their education.

A program is considered to provide training that leads to gainful employment in a recognized occupation if it meets one of the following thresholds:

- The program's annual loan repayment rate is at least 35 percent; or
- The program's annual loan payment is less than or equal to:
  - » 30 percent of discretionary income (discretionary income threshold); or
  - » 12 percent of annual earnings (actual earnings threshold).

A program is also considered to meet these minimum standards if the data needed to determine whether that program would meet the standards is not available to the Secretary.

#### WHAT LOANS ARE INCLUDED IN THE DEBT MEASURES CALCULATION?

ED will use data provided by schools and the Social Security Administration (SSA), or another federal agency, on an annual basis to determine if a program meets the debt measures requirements. ED considers student loan debt to include Title IV, HEA program loans (other than parent PLUS loans and TEACH Grant loans), private education loans, and debt obligations arising from an institutional financing plan. However, as discussed in the final rules, Section 668.7(b) has been revised to exclude the original outstanding principal balance (OOPB) of loans:

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American Education Services

## Gainful Employment- Debt Measures Final Rules (Part 1)



- In an in-school or military-related deferment status during any part of the fiscal year (FY);
- Discharged due to the death of the borrower under 34 CFR 682.402(b) or 34 CFR 685.212(a);
- Assigned or transferred to ED and ED is considering the loans for discharge or has discharged the loans on the basis of the total and permanent disability of the borrower; or
- For a student who is enrolled in any other eligible program at the school or a different school during the same calendar year.

ED will only include loan debt incurred for the highest credentialed program completed by the student. Loan debt does not include any other debt incurred by the student in programs at other schools; however, the Secretary may include this debt if the schools are under common ownership or control, or are otherwise related.

### PROGRAMS, CIP CODES AND CREDENTIAL LEVELS

For purposes of our discussion, it is important to note that ED defines a program as:

- Any certificate or degree program offered by a proprietary school or postsecondary school (not including programs that lead to a baccalaureate degree in liberal arts if the school is accredited by a regional accrediting agency since at least January 1, 2009); or
- A program at a school that is at least one academic year in length; and is identified by the school's six-digit OPEID number, a six-digit Classification of Instructional Programs (CIP) code assigned by the school or ED, and a credential level.

A school must report to ED the CIP code for each borrower that attends a program at the school whose FFEL or Direct Loans entered repayment in the previous four federal fiscal years (FFY). The FFY encompasses the twelve month period beginning October 1 and ending September 30.

The credential levels for programs are: undergraduate certificate (01), associate's degree (02), bachelor's degree (03), post-baccalaureate and post-graduate certificate (04), master's degree (05), doctoral degree (06), and first-professional degree (07). The Secretary will determine whether the school has correctly assigned the program's CIP code based on the classification and program code created by the National Center for Education Statistics (NCES).

Look for our next article in the August issue of Loan Notes where we will explore the debt measure calculations.

## Update on the Dodd-Frank Act

On July 6, 2011, the Federal Reserve Board (FRB) and the Federal Trade Commission (FTC) issued final rules to implement the credit score disclosure requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act. As of July 14, 2011, the [final rules](#) have not been published in the Federal Register. However, you may read the final rules by visiting the Board of Governors of the Federal Reserve System Website. Although these regulations will not be effective until 30 days after their publication in the Federal Register, the compliance date for institutions to comply with the requirements on the Dodd-Frank Act remains July 21, 2011 as indicated in the statute.

## Reminder: Fiscal Operations Report and Application to Participate (FISAP) Due by September 30, 2011

As a reminder to schools, on June 20, 2011, the U.S. Department of Education (ED) distributed the Electronic Announcement, "Final Form and Instructions for FISAP Due by September 30, 2011," to advise that the Fiscal Operations Report for 2010- 2011 and the Application to Participate for 2012-2013 have been approved by the Office of Management and Budget (OMB) and are now available.

Schools are reminded that the FISAP is due on September 30, 2011. Note: The date changed this year to fall on the last weekday prior to October 1.

# Social Security Number Changes and the Impact on Application Processing

On June 23, 2011, the U.S. Department of Education (ED) released Electronic Announcement, [“Social Security Number \(SSN\) Assignment Change and Impact On Application Processing”](#) to advise that the Social Security Administration (SSA) has implemented new guidelines for assigning Social Security Numbers, effective June 25, 2011. The SSA will begin assigning Social Security Numbers in previously unused numeric ranges, including the range beginning with “8”.

The change will impact Federal Student Aid’s processing for assigning pseudo SSNs beginning with “888” to students from the Pacific Islands who do not have a Social Security Number. Students who fall into this category are assigned a pseudo SSN when they complete the Free Application for Federal Student Aid (FAFSA) by FAFSA on the Web, FAA Access on CPS Online, or by another third party or mainframe system.

ED will not update the process for Pacific Islander students who are applying for federal aid for the first time until October 2011. At that time, ED will implement a new process to assign these students a pseudo SSN using a different numeric range. Students who are currently assigned a pseudo “888” SSN can continue to access Federal Student Aid (FSA) systems using this SSN until the system update is completed in October 2011.

Under the new guidelines, there is a risk that a student could be assigned a valid “888” SSN by the SSA that is the same as a pseudo SSN assigned by FSA to a Pacific Island student. ED is currently searching for an interim solution for non-Pacific Islander students who may be assigned a valid SSN beginning with “888” by SSA on or after June 25, 2011 and who need to file the 2011-2012 FAFSA prior to the system updates in October. ED expects to distribute additional information on this topic in the near future.

On July 8, 2011, ED released Electronic Announcement [“2011-2012 FAFSA Submission Guidance for Students Impacted by New SSA Guidelines”](#) as a follow up to the initial announcement dated June 23, 2011. In the announcement, ED provides interim guidelines on how to process 2011-2012 FAFSA applications for students assigned an SSN after June 25, 2011.

<b>Students Assigned an SSN that falls within the previously unused numeric ranges except “888”</b>
Based on editing rules in place for FAFSA on the Web and FAA Access to CPS Online Web sites, students assigned an SSN that falls within the previously unused numeric ranges will not be able to use the FAFSA on the Web to submit their applications until October 23, 2011. In addition, schools will not be able to submit applications on the student’s behalf using the FAA Access to CPS Online Website. These students should be instructed to complete a paper FAFSA. After the FAFSA has been submitted, the student should apply for a PIN using the Federal Student Aid’s PIN Web site ( <a href="http://pin.ed.gov">pin.ed.gov</a> ). Once the paper FAFSA has been processed, the student should be able to interact with ED’s web sites to view their FAFSA, review their processed application, make corrections, and other online options.
<b>Students who are Pacific Islanders</b>
Schools can continue to submit all Pacific Islander applications using the current “888” pseudo SSN process. When ED updates their system on October 23, 2011, they will convert all Pacific Islander records from the 2004-2005 cycle year through the 2011-2012 cycle to a new pseudo SSN range beginning with “666”. All Pacific Island students from the 2011-2012 cycle year who are impacted by this change will receive a new SAR and their school will receive a new ISIR. Additional details of this process will be distributed by ED in future communications.
<b>Students who are randomly assigned a new SSN by the SSA that begins with “888”</b>
Beginning June 25, 2011, students may be randomly assigned an SSN beginning with “888”. Until October 23, 2011, these students will not be able to submit a FAFSA using either FAFSA on the Web or a paper FAFSA. Additionally, schools will not be able to submit the FAFSA on the student’s behalf. Students in this situation should be directed to contact the FSAIC for special handling.

ED is in the process of adding messages to the FAFSA on the Web site to advise students who were recently assigned an SSN by the SSA, and are having log in issues, to contact the Federal Student Aid Information Center (FSAIC).

## FSAIC CONTACT INFORMATION

Toll Free: 1-800-4-FEDAID

TDD/TTY: 1-800-730-8913

E-mail: [FederalStudentAidCustomerService@ed.gov](mailto:FederalStudentAidCustomerService@ed.gov)



## GAINFUL EMPLOYMENT ELECTRONIC ANNOUNCEMENT #5 - PROCEDURES FOR REPORTING NEW EDUCATIONAL PROGRAMS THAT PREPARE STUDENTS FOR GAINFUL EMPLOYMENT IN A RECOGNIZED OCCUPATION

On June 1, 2011, The U.S. Department of Education (ED) released [Electronic Announcement #5](#) as a reminder to schools of the deadlines surrounding the new regulations for an institution that intends to add a new gainful employment program to its list of Title IV-eligible programs. Schools are required to notify ED at least 90 days prior to the first day of class of the proposed program.

### NEW PROGRAMS BEGINNING ON OR AFTER JULY 1, 2011 AND BEFORE OCTOBER 1, 2011

Schools that intend to offer a new program that has a first day of class that falls on or after July 1, 2011, and before October 1, 2011, must notify ED no later than July 1, 2011, of its intent to offer the program. Schools that do not provide ED with the required notification by July 1, 2011, must wait for ED approval before disbursing funds to the students who are enrolled in the program. The school is also required to notify the enrolled students that the program has not been approved by ED and; therefore, is not currently eligible for federal student aid.

### NEW PROGRAMS BEGINNING ON OR AFTER OCTOBER 1, 2011

Schools that offer new gainful employment programs with a first day of class that begins on or after October 1, 2011, must provide notification to ED at least 90 days prior to the start of class. Schools that do not provide ED with the required notification must wait for ED approval before disbursing funds to the students who are enrolled in the program. In addition, the school must inform the students that the program is not approved by ED and; therefore, is not currently eligible for federal student aid.

### NOTIFICATION TO ED

The required notification must demonstrate that the program meets the requirements of an eligible program as specified in the regulations at 34 CFR 668.8. In addition, the school must provide ED with information to support why the new gainful employment program is needed as specified in the regulations at 34 CFR 600.20 (d)(2). The school must describe how it arrived at the determination that the program is needed and how the program is designed to meet local market needs. For an online course, regional or national market needs must be used.

In addition, the notification must include any wage analysis the school may have performed, including any consideration of Bureau of Labor and Statistics information related to the program. The school must also describe how the program was reviewed, approved, or developed in conjunction with business advisory committees, program integrity boards, public or private oversight or regulatory agencies, and business that would likely employ graduates of the program. The school must also submit documentation showing that the program has been approved by its accrediting agency or comparable documentation if the school is a public postsecondary vocational school approved by a recognized State agency for the approval of postsecondary vocational education.

ED has provided [Procedures for Institutional Notification to the Department of New GE Programs](#) and the [Notice Format for Intent to Offer an Educational Program](#) documents to aid schools with the process of school notification to ED of a new gainful employment program.

## GAINFUL EMPLOYMENT ELECTRONIC ANNOUNCEMENT #6- UNOFFICIAL DRAFT REGULATIONS ON METRICS FOR GAINFUL EMPLOYMENT PROGRAMS

On June 2, 2011, ED released [Electronic Announcement #6](#) to make available to schools a [pre-publication copy of the final regulations on the metrics for determining the eligibility of an educational program that leads to gainful employment in a recognized occupation](#).

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## GAINFUL EMPLOYMENT ELECTRONIC ANNOUNCEMENT #7 - UPDATED NSLDS GAINFUL EMPLOYMENT USER GUIDE

On June 3, 2011, ED released [Electronic Announcement #7](#) to announce the availability of the updated [NSLDS Gainful Employment User Guide](#). After further review, ED has determined that it is not able to offer the XML format as an option for the initial reporting year. Therefore, the XML format has been removed from the user guide. ED plans to work with the community to explore the option of gainful employment reporting using XML standards for the future. ED anticipates that the two formats initially offered will be: fixed width format and comma separated values format. Record layouts for each format can be found in the updated NSLDS Gainful Employment User Guide.

Based on the regulations released on June 2, 2011, the field titled "Reserved for Future Use" has been replaced by "Tuition and Fees".

Schools should use the information provided in the updated NSLDS Gainful Employment User Guide to prepare their systems to report required gainful employment information to ED.

## GAINFUL EMPLOYMENT ELECTRONIC ANNOUNCEMENT #8 - FINAL REGULATIONS ON GAINFUL EMPLOYMENT DEBT MEASURES

On June 14, 2011, ED released [Electronic Announcement #8](#) to notify the community that two internet links found within the [Program Integrity: Gainful Employment-Debt Measures](#) final regulations do not function correctly.

### CORRECT LINKS

PAGE	LINK NAME	CORRECT LINK
34435	College Navigator	<a href="http://www.collegenavigator.gov">www.collegenavigator.gov</a>
34485	OMB Circular A-4	<a href="http://www.whitehouse.gov/omb/circulars_a004_a-4">www.whitehouse.gov/omb/circulars_a004_a-4</a> (Note: what appear to be spaces are single underscores)

## GAINFUL EMPLOYMENT ELECTRONIC ANNOUNCEMENT #10 - AVAILABILITY OF GAINFUL EMPLOYMENT WEBINAR #1

On June 24, 2011, ED released [Electronic Announcement #10](#) to announce the availability of the May webinars "Implementation of the Reporting and Disclosure Requirements of the October 29, 2010 Final Regulations Related to Gainful Employment Programs," including recordings on the IFAP website. [Click here](#) to access the materials.

## GAINFUL EMPLOYMENT ELECTRONIC ANNOUNCEMENT #11 - DETERMINING WHETHER AN EDUCATIONAL PROGRAM IS A GAINFUL EMPLOYMENT PROGRAM

On June 24, 2011, ED released [Electronic Announcement #11](#) in response to several requests they received from schools to determine whether an educational program is a Gainful Employment (GE) Program. In response to those requests, ED has compiled a series of questions and answers to assist schools in determining whether a particular educational program is a GE program.

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The full list of questions and answers can be reviewed in Electronic Announcement #11.

In addition, schools are encouraged to read Dear Colleague Letter ([GEN-11-10](#)), posted to [ifap.ed.gov](http://ifap.ed.gov) on April 20, 2011, that included information about which programs at a school are considered GE programs under the Higher Education Act (HEA). If an educational program is a GE program it is subject to the requirements for the GE programs as provided in:

- The final regulations published on October 29, 2010, which are generally effective July 1, 2011; and
- The final regulations related to the metrics that were published on June 13, 2011.

Note: [Gainful Employment Electronic Announcement #3](#) corrected information in GEN-11-10 related to teacher preparation programs.

## Programs Subject to Gainful Employment Regulations

- Virtually all educational programs offered by for-profit institutions
- Virtually all non-degree educational programs awarded by a public or private non-profit school

## GAINFUL EMPLOYMENT ELECTRONIC ANNOUNCEMENT #12 - CERTIFICATES AWARDED AS PART OF A DEGREE PROGRAM

On July 8, 2011, ED released [Electronic Announcement #12](#) as a follow up to Gainful Employment Electronic Announcement #11 in which ED provided information on how to determine whether an educational program is a Gainful Employment (GE) Program. Electronic Announcement #12 expands upon that information by providing guidance on the status of a degree program where the student may earn a certificate in addition to a degree.

- If students are enrolled only in a degree program, and not also enrolled in a separate certificate program, only the degree program must be evaluated using the guidance provided in Gainful Employment Electronic Announcement #11.
- If the school offers a separate certificate program, students enrolled only in the degree program should not be included in the disclosure or reporting for the separate certificate program.
- If students are enrolled in a certificate program, even if the program runs concurrently with a degree program, those students must be included in the certificate program's GE disclosure and reporting and also in the degree program's disclosure and reporting if the degree program is considered a GE program under the guidance provided in Gainful Employment Electronic Announcement #11.
- If a significant number of students enrolled in a degree program are awarded only a certificate and not a degree, then the students in the degree program must be included in the disclosure and reporting for a certificate GE program. If the school does not offer a separate certificate program, it must treat the degree program as a gainful employment certificate program. Therefore, the school is required to apply the gainful employment regulatory requirements for certificate programs to that degree program.



# June and July Dear Colleague Letters

Below is a list of Dear Colleague Letters (DCLs) distributed by the U.S. Department of Education (ED) from mid-June until mid-July.



## » TRIAL PERIODS OF ENROLLMENT

On June 7, 2011, ED released DCL: GEN-11-12 "[Trial Periods of Enrollment](#)" to provide information to schools that offer trial periods of enrollment to students. As provided in the 2010-2011 Federal Student Aid Handbook (pages 1-17), ED's guidance focuses on the eligibility of a student whose status changes during a payment or loan period, and was not provided as guidance on how programs could be structured for a group of students to ordinarily attend an eligible program on a trial basis. However, the intent of this letter is to provide guidance on those situations.

ED expects that a school's policies and procedures for a trial period of enrollment will specifically include information on which students are required to participate in a trial period of enrollment and which may participate at the student's option. Students who attend a trial period of enrollment and wish to receive Title IV, HEA program funds after becoming a regular student, must meet all of the other eligibility criteria as provided in regulations at 34 CFR 668.32.

In addition, ED expects that students participating in a trial period of enrollment would have been provided clear information on the trial program, including information that they are not eligible for Title IV, HEA program funds until the student is admitted as a regular student after the trial period. Once the student is determined to be a regular student, eligible students become eligible for Title IV, HEA program funds back to the beginning of the payment or loan period, as applicable, including the trial period.

It is also the school's responsibility to ensure that students enrolled for a trial period have the necessary books and materials to succeed during the trial period. ED expects that schools will provide students with the procedures for withdrawing after the trial period, and that the information would make clear that student enrolled during a trial period are not eligible for Title IV, HEA program funds. Finally, ED expects that students who do not attend beyond the trial period will not be charged beyond a nominal fee (an application fee) to participate in the trial period.

## » EDEXPRESS ONLINE TRAINING- RELEASE OF THIRD EDEXPRESS ONLINE TRAINING FOR 2011-2012 MODULE

On June 13, 2011, ED released DCL: ANN-11-15 "[EExpress Online Training- Release of Third EExpress Online Training for 2011-2012 Module](#)" to announce the release of the third module of EExpress Online Training for 2011-2012. The training module provides information on how to process Direct Loans in the EExpress software. This is a self-paced course aimed at financial aid staff who have day-to-day responsibilities involving the use of EExpress software.

ED expects to release a new training module on the Direct Loan Tools software product in early August 2011, and a full version of the EExpress Online Training for 2011-2012 that is compliant with Section 508 of the Americans with Disabilities Act in mid-September 2011

## » 2012-2013 AWARD YEAR FAFSA INFORMATION TO BE VERIFIED

On July 13, 2011, ED released DCL: GEN-11-13 "[2012-2013 Award Year: FAFSA Information to be Verified, and Acceptable Documentation](#)" to provide further guidance on the final regulations published in the Federal Register on October 29, 2010. Those regulations included a provision that the Secretary publish a notice in the Federal Register, for each award year, of the Free Application for Federal Student Aid (FAFSA) information an applicant and school may be required to verify for an applicant selected for verification. In addition, the notice will include a list of acceptable documentation for each piece of information. This DCL, dated July 13, 2011, is the notice for the 2012-2013 award year.

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# June and July Dear Colleague Letters



## 2012-2013 AWARD YEAR FAFSA INFORMATION TO BE VERIFIED (CONT.)

### List of FAFSA Information to be Verified for the 2012-2013 Award Year

The following is a list of FAFSA information for the 2012-2013 award year that an applicant, and his or her parent or spouse, if applicable, may be asked to verify if selected for verification.

Information for all applicants selected for verification	Information for tax filers when applicant selected for verification
<p>Number of household members Verification is <b>not</b> required if-</p> <ul style="list-style-type: none"> <li>• Applicant is dependent and applicant’s parent’s marital status is single, separated, divorced, or widowed, and family size reported on the FAFSA is two.</li> <li>• Applicant is dependent and applicant’s parents’ marital status is married, and family size reported on the FAFSA is three.</li> <li>• Applicants is independent and applicant’s marital status is single, separated, divorced, or widowed, and family size reported on the FAFSA is one.</li> <li>• Applicant is in dependent and the applicant’s marital status is married and the family size reported on the FAFSA is two.</li> </ul> <p>Number of household members enrolled at least half-time in eligible postsecondary school. Verification is <b>not</b> required if-</p> <ul style="list-style-type: none"> <li>• The number in college reported on the FAFSA is one.</li> <li>• Food Stamps- Supplemental Nutrition Assistance Program (SNAP)- if receipt is indicated on the 2012-2013 FAFSA.</li> <li>• Child support paid- if reported on the 2012-2013 FAFSA</li> </ul>	<ul style="list-style-type: none"> <li>• Adjusted gross income (AGI)</li> <li>• U.S. income tax paid</li> <li>• Untaxed income only following untaxed income if reported on the 2012-2013 FAFSA-                             <ul style="list-style-type: none"> <li>» Untaxed IRA distributions</li> <li>» Untaxed pensions</li> <li>» Education credits</li> <li>» IRA deductions</li> <li>» Tax exempt interest</li> </ul> </li> </ul>
	Information for non-tax filers when applicant selected for verification
	<p>Income earned from work</p>

### Acceptable Verification Documentation

Schools should review the [Federal Register](#) published on July 13, 2011 to determine what documentation, including information from the IRS Data Retrieval Process, is acceptable to verify the FAFSA information.

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# June and July Dear Colleague Letters

## 2012-2013 AWARD YEAR FAFSA INFORMATION TO BE VERIFIED (CONT.)

### 2012-2013 Verification Selection Process and ISIR Flags

For the 2012-2013 award year, ED will use a data-based statistical analysis to select applicants who have the highest probability of error on their FAFSA for verification. Student Aid Reports (SARs) and Institutional Student Information Reports (ISIRs) will include only one flag to indicate that the applicant has been selected for verification. An applicant whose ISIR is flagged for verification must provide the required verification documentation as indicated in the Federal Register published on July 13, 2011. Information retrieved using the IRS Data Retrieval Process, and not subsequently changed, is considered acceptable for IRS-related information.

### IRS Data Retrieval Process

The IRS Data Retrieval Process provides applicants with the fastest, easiest, and most secure way to meet the verification requirements. Applicants who use the IRS Data Retrieval Process to either add their income tax return information to the FAFSA using FAFSA on the Web (FOTW) or to make corrections to the FOTW will be considered to have met the requirement to verify IRS information (AGI, taxes paid, and any applicable untaxed income items) on the FAFSA. However, if the school has reason to believe that the transferred information may be inaccurate, or if the information has been altered, the applicant must provide another form of acceptable documentation as discussed in the Federal Register notice.

### IRS Tax Return Transcript Required

In some situations, applicants selected for verification will need to supply an IRS Tax Return Transcript of 2011 tax year information for the applicant, his or her spouse, and his or her parents, as applicable. Below are the conditions for the requirement to submit this documentation:

- Applicant (or parent) did not use the IRS Data Retrieval Process when submitting the FAFSA using FAFSA on the Web or making changes to the FAFSA through the FOTW correction process.
- Information retrieved from the IRS Data Retrieval Process, and included on the FAFSA, was subsequently changed
- A married and independent applicant and his or her spouse file separate tax returns
- The parents of a dependent student file separate tax returns
- An applicant or applicant's parents had a change in marital status after the end of the tax year ending December 31, 2011
- The applicant, parent, or spouse (as applicable) filed an amended tax return

ED encourages, but does not require, IRS Tax Return Transcripts be signed by the tax filer. A school may, in limited situations, accept a signed copy of the applicant's 2011 income tax return, in place of the IRS Tax Return Transcripts, and the school must document the reason for granting the exception.

## Spotlight Coming Next Month

Program Integrity:  
Gainful Employment -  
Debt Measures (Part 2)

# SPECIAL ALLOWANCE RATES FOR STAFFORD AND PLUS LOANS

## FOR THE QUARTER ENDING JUNE 30, 2011

The Treasury Bill (T-bill) rate for the quarter ending June 30, 2011 averaged .05%. The categories for which special allowance was paid on loans made or purchased with taxable funds are:

Loan Interest Rate	Special Allowance Annual Rate+	Special Allowance Quarterly Rate+	LaRS (Lender Reporting System) Part III: Special Allowance Category Column E*
7.00%	0.00%	0.00%	SA
7.00%	0.00%	0.00%	SB
8.00%	0.00%	0.00%	
3.27%	0.03%	0.0075%	SD
3.42%	0.00%	0.00%	
7.00%	0.00%	0.00%	
8.00%	0.00%	0.00%	
3.27%	0.00%	0.00%	SE
3.27%	0.00%	0.00%	SG
3.39%	0.00%	0.00%	
2.67%	0.00%	0.00%	SH
1.87%	0.38%	0.0950%	SJ
2.47%	0.38%	0.0950%	SK

For the quarter ending June 30, 2011, the average Commercial Paper (CP) rate – as calculated by the U.S. Department of Education – was .19%. When the special allowance formula results in a negative rate on a loan first disbursed on or after April 1, 2006, the lender must remit the excess interest to ED.

Loan Interest Rate	Special Allowance Annual Rate+	Special Allowance Quarterly Rate+	LaRS (Lender Reporting System) Part III: Special Allowance Category Column E*
1.87%	0.06%	0.0150%	CA
2.47%	0.06%	0.0150%	CB
3.27% (PLUS)	0.00%	0.00%	CD
1.87%	0.06%	0.0150%	CE
6.80%	(4.87%)	(1.2175%)	
2.47%	0.06%	0.0150%	CF
6.80%	(4.27%)	(1.0675%)	
3.27% (PLUS)	(0.44%)	(0.1100%)	CH
8.50% (PLUS)	(5.67%)	(1.4175%)	
5.60%	(4.22%)	(1.0550%)	CI
6.00%	(4.62%)	(1.1550%)	
6.80%	(5.42%)	(1.3550%)	
5.60%	(3.62%)	(0.9050%)	CJ
6.00%	(4.02%)	(1.0050%)	
6.80%	(4.82%)	(1.2050%)	
8.50% (PLUS)	(6.52%)	(1.6300%)	CM

\* For a detailed explanation of the Special Allowance codes, please visit the Common Manual at [aesSuccess.org](http://aesSuccess.org). To access the Manual, click on 'Solutions for Lenders' on the left-hand side of the screen. Then click on 'Access financial aid publications' under the heading 'More Lender Solutions,' which is located in the middle column on the screen. Then select the Common Manual. The Special Allowance codes are located in Appendix A, figure A-5.

+For entities approved as not-for-profit holders, Special Allowance payments will be based on another code that ED sets in the respective demographic profiles. Please see the March/April 2008 issue of Loan Notes for more information.

## RESOURCES:

The applicable Special Allowance Rates, including those for Consolidation loans and loans made or purchased with tax-exempt funds, are available at [www.ifap.ed.gov](http://www.ifap.ed.gov).

Rates for previous quarters may be found on the AES website. To access this archive, [CLICK HERE](#).

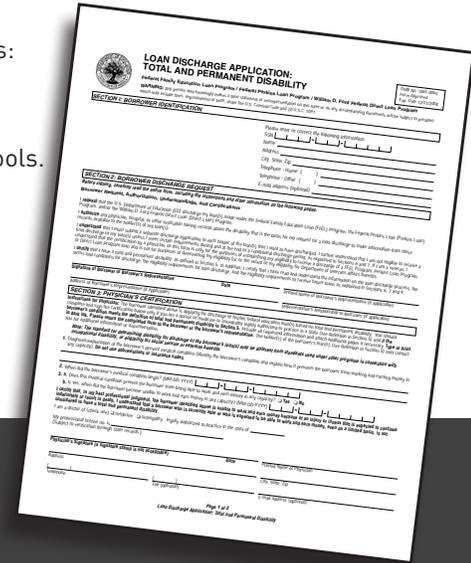
# Total and Permanent Disability Discharge Information

On July 7, 2011, the Department of Education (ED) released Electronic Announcement "[Total and Permanent Disability Discharge Information- Processing of Electronic Veterans Application Referrals by Nelnet Total and Permanent Disability Servicer Now Available](#)". ED wishes to remind the financial aid community that Nelnet Total and Permanent Disability Servicer is now the only entity that processes and services all total and permanent disability discharge assignments and referrals on behalf of ED.

## CONTACT INFORMATION

Contact information for Nelnet can be found on the following IFAP Contact Information pages:

- The [Total and Permanent Disability Discharge and Veterans Disability Discharge page](#) under Service Centers for Schools provides contact information for loan holders and schools.
- The [Total and Permanent Disability Discharge and Veterans Disability Discharge page](#) under Service Centers for Students provides contact information for borrowers.



## Reminder: Total and Permanent Disability Discharge Application Processing

On May 27, 2011, The U.S. Department of Education (ED) issued a revision to the September 10, 2010 announcement. "[Total and Permanent Disability Discharge Information-Guaranty Agency Assignment Procedures Effective October 1, 2010.](#)" The revised announcement included written clarification that a Total and Permanent Disability Discharge application does NOT have to contain an original borrower signature. ED determined that borrowers may provide the guarantor with a photocopy signature and process the application with the photocopy signature. However, as an industry standard, AES will not accept a faxed copy of this form.

American Education Services (AES) was created to guarantee and service a variety of Federal Family Education Loan Program (FFELP) and private student loan products for lending partners throughout the nation. AES is a national leader in providing quality customer service to millions of student loan borrowers through its highly-trained and experienced customer service representatives. For more information, visit [aesSuccess.org](http://aesSuccess.org).

The Pennsylvania Higher Education Assistance Agency (PHEAA) conducts its student loan servicing activities nationally as AES and FedLoan Servicing.



American Education Services

## 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](mailto:granthelp@aesSuccess.org)  
[studentloans@aesSuccess.org](mailto:studentloans@aesSuccess.org)

**SCHOOL/LENDER INQUIRIES**  
800.443.0646  
[loanhelp@aesSuccess.org](mailto:loanhelp@aesSuccess.org)

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