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SPOTLIGHT ON TRAINING

Did you know that we offer free training events on a variety of topics? Visit the [Training Calendar](#) on the FedLoan Servicing Web site to learn more about the events or to register.

DEPARTMENT BEGINS CONTACTING BORROWERS ABOUT REPAYMENT OPTIONS

In November, the U.S. Department of Education (ED) kicked off a campaign to ensure borrowers have the information needed to choose the right repayment plan to fit their needs. The [e-mail campaign](#) which continued into December focused on:

- Borrowers whose grace periods are about to expire,
- Borrowers who are behind in their payments,
- Borrowers with higher-than-average debts,
- Borrowers in deferment or forbearance due to financial hardship or unemployment.

ED has provided a [sample of the e-mail communication](#) sent to borrowers whose grace periods are about to expire.

REMINDER: UPDATE APPLICANTS' E-MAIL ADDRESSES BY JANUARY 13, 2014

Schools are reminded to update the 2013-14 Student Aid Report (SAR) and Institutional Student Information Record (ISIR) by January 13, 2014, for students who have a valid e-mail address on file at their school. Renewal-eligible students with a valid e-mail address will receive an e-mail reminder between January 16 and January 22, 2014, to complete the 2014-15 Renewal Free Application for Federal Student Aid (FAFSA). (Applicants who completed the Spanish 2013-14 FAFSA will receive a reminder to complete the Spanish 2014-15 Renewal FAFSA.)



NEW DIRECT CONSOLIDATION LOAN PROCESS TO BEGIN IN 2014

On [November 27, 2013](#), the U.S. Department of Education (ED) announced that it will bring the current loan consolidation process to a close in 2014. ED will be transitioning to a new Direct Consolidation Loan process. The first phase, scheduled to begin in January of 2014, will direct all consolidation applicants, except those with one or more defaulted loans assigned to ED, to use the new Direct Consolidation Loan process. This includes borrowers with no defaulted loans and those with one or more defaulted loans assigned to a servicer other than ED. The second phase of the transition is scheduled to take place in the spring of 2014 and will direct ALL borrowers to the new Direct Consolidation Loan application process.

The new Direct Consolidation Loan process is a five-step application intended to streamline the process by bringing several steps together. In addition, borrowers will now have the opportunity to select from a list of four loan servicers (FedLoan Servicing (PHEAA), Great Lakes Educational Loan Services, Inc., Nelnet, and Sallie Mae) to complete the consolidation. Borrowers will be able to access the new application on [StudentLoans.gov](#) using their personal identifiers and Federal

Student Aid PIN to electronically complete the application and promissory note. The new application process includes the following features:

- A loan “lookup” in National Student Loan Data System (NSLDS) to capture the borrower’s loan data. (The borrower will have the ability to add additional loans.)
- The option for a borrower who has at least one loan that is still in the grace period to delay processing of his application until closer to the end of the grace period.
- Ability to select the federal loan servicer the applicant would like to complete the consolidation.
- Repayment plan selection, including the ability to select an income-driven repayment plan.

ED plans to communicate important information about the new Direct Consolidation Loan process in subsequent announcements. Stayed tuned for additional information in the PHEAA Industry Bulletin!

NOW AVAILABLE! SUGGESTED TEXT FOR 2014-15 VERIFICATION PROCESS

On [November 8, 2013](#), the U.S. Department of Education (ED) released its suggested text for the 2014-15 verification process. Because ED has implemented a customized verification process, schools no longer need to use the standard verification worksheets for all applicants. As you may recall, the standard worksheets requested that applicants provide information for all elements of the verification process. Whereas, the suggested text helps schools to customize worksheets and collect information specific to the applicants’ Verification Tracking Groups (V1 through V6). Please be aware that schools are not required to use ED’s suggested verification text; they are welcome to develop their own text, documents, statements, and certifications for the verification process. However, schools are required to use the exact language provided by ED for the Statement of Educational Purpose. The required text is located in Appendix A of the Electronic Announcement.

REPAYMENT PLAN INFORMATION TO BE SHARED BEGINNING JANUARY 2014

As a follow-up to the [Electronic Announcement](#) published on April 5, 2013, the U.S. Department of Education (ED) recently announced that on January 1, 2014, it will begin sharing borrower repayment plan preference information collected during the exit counseling process. The information will be provided to federal loan servicers, Federal Family Education Loan Program (FFELP) lenders, lender servicers and guaranty agencies through the National Student Loan Data Systems (NSLDS) on loan exit counseling completion reports. In addition, ED has said that the repayment plan information for borrowers who completed Exit Counseling session on StudentLoans.gov prior to January 1 will be available to the lending community. Please review the NSLDS Reference Materials section of the [Information for Financial Aid Professional \(IFAP\) Web site](#) for more information.



THE U.S. DEPARTMENT OF EDUCATION EXTENDS GUIDANCE ON ACCEPTING ALTERNATIVE DOCUMENTATION FOR 2013-14 AWARD YEAR VERIFICATION

The U.S. Department of Education (ED) recently issued an [Electronic Announcement](#) that extended the guidance on accepting signed income tax returns for 2013-14 award year verification. In addition to the circumstances outlined in the [September 2012 PHEAA Industry Bulletin](#), ED has said that schools may now accept the following alternative documentation in cases where the applicant attempted, but was unsuccessful in obtaining an IRS tax return transcript:

1. A signed copy of the relevant (i.e., applicant, spouse, or parent) 2012 IRS tax return (IRS Form 1040, 1040A, or 1040EZ); and
2. For tax filers who attempted to request an IRS Tax Return Transcript using:
 - a. IRS Form 4506T-EZ or Form 4506-T, a copy of the IRS response mailed to the tax filer informing the tax filer that the IRS could not provide the requested transcript. The copy of the IRS response must be signed by the tax filer; or
 - b. The IRS online transcript request process, a signed and dated copy of a screen print from the official IRS Web page that displays a message indicating that the transcript request was unsuccessful.

ACTION THE SCHOOL MUST TAKE

Unless the school has reason to believe information on the income tax return is inaccurate, it may file the completed 4506-EZ or 4506-T form rather than submit it to the IRS. However, if the school believes the information on the income tax return may be inaccurate, it must mail the completed 4506-EZ or 4506-T form to the IRS and await receipt of the IRS Tax Return Transcript or confirmation from the IRS that the transcript cannot be located prior to completing verification.

ADDITIONAL ACTION THE TAX FILER MUST TAKE

Tax filers who provide the above documentation must also provide the school with a completed and signed copy of the IRS paper Form 4506-EZ or Form 4506-T and include the name, address and telephone number of the school (as a third party to whom the IRS may provide the transcript) on line 5 of the form.

IRS INCOME TAX RETURN TRANSCRIPT REQUESTS MADE BY TELEPHONE

The IRS does not provide written confirmation of a failure to meet a transcript request that was made by telephone. There is no alternative documentation that can be provided to demonstrate that request process. Therefore, a tax filer who requested but was unsuccessful in receiving an IRS Income Tax Return Transcript by telephone must make a subsequent Tax Return Transcript request using the IRS paper Form 4506-EZ or Form 4506-T, or the IRS on-line transcript process.

VERIFICATION REPORTING REQUIREMENT FOR 2014-15 FAFSA PROCESSING YEAR

Beginning with the 2014-15 FAFSA processing year, schools will be required to report the identity and high school completion status for students in Verification Tracking Groups V4 and V5. Schools will use the new Identity Verification Results feature in the Central Processing System (CPS) to report this information. Please note that this requirement does not apply to students selected for verification by their school.

WHEN AND HOW TO REPORT

For specific details on the deadline for reporting this information, schools are encouraged to review the Federal Register published annually that includes the deadline dates for receipt of documents and other information from schools for Title IV programs. Please see the Electronic Announcement published on [November 13, 2013](#) for the step-by-step instructions for reporting this information through CPS.

DEPARTMENT AMENDS JUNE 12, 2013 ANNOUNCEMENT ON TOTAL AND PERMANENT DISABILITY DISCHARGE REGULATIONS

On [October 30, 2013](#), the U.S. Department of Education (ED) issued a revision to the June 12, 2013 Announcement regarding the Total and Permanent Disability Discharge process. This is the third in a series of Electronic Announcements regarding the Total and Disability Discharge (TPD) regulations. This Announcement, originally published June 12, 2013, provided instructions to Federal Family Education Loan (FFEL) Program guaranty agencies on submitting TPD discharge assignments to the Nelnet Total and Permanent Disability Servicer (Nelnet) and also provided information regarding policy and procedures in the handling of joint consolidation loans, co-made PLUS loans, and endorsers who are disabled. In the original announcement, ED provided the assignment procedures, broken into six sections. In this recent re-publication, ED made revisions to these sections, including the following.

Note to loan holders: Please review **Appendix V** for revised language regarding joint consolidation loans, co-made PLUS loans and endorsers who are disabled. **Appendix V** can be found on the [AES website](#).

Document	Changes
<p>Guaranty Agency Total and Permanent Disability Discharge Assignment Procedures</p>	<ul style="list-style-type: none"> • Modified title of Appendix I to be “Assignment & Referral File Format” to reflect long-standing dual-use of the file format. • Modified title of Appendix II to be “Assignment & Referral Form” to reflect that the assignment form has been combined with the referral form. • Modified the last paragraph of page 3 to better reflect the regulatory requirement that is the subject of the sentence, which provides that the guaranty agency’s 45 days to assign the loan to the Department does not attach until the guaranty agency pays the lender’s claim and the guaranty agency has received its reimbursement payment from the Department. The prior version of the document did not contain language concerning the reimbursement payment. • Deleted a parenthetical reference “(no stamped signatures)” in the first paragraph of page 11 of Section 5.A, which had been included in error. • Deleted the third sentence of the paragraph on page 11 following the example declaratory language in Section 5.A, which was an example of the circumstance described in the second sentence of the same paragraph as the deleted text.
<p>Appendix I (Assignment File Format)</p>	<ul style="list-style-type: none"> • Modified title of Appendix I to be “Assignment & Referral File Format” to reflect long-standing dual-use of the file format. • Modified the header of the document to reflect the long-standing dual-use of the file format. • Modified the second paragraph on page 13 of the “Description and Remarks” column to remove references to veterans and combine the sentence regarding PLUS co-borrowers with the sentence regarding Joint Consolidation Loans.
<p>Appendix II (Assignment Form)</p>	<ul style="list-style-type: none"> • Mostly minor edits and corrections. • Modified the introductory text on page 2 under the header row of the table to reflect the new dual-use of the form; added checkboxes for “assignment” and “referral” to reflect the new dual-use of the form. • In “Description and Remarks” column on page 22, added a second paragraph reflecting that for endorser, PLUS co-borrower, and Joint Consolidation Loan accounts, the Current Principal Balance of the loan must be reported as “\$1.00”.
<p>Appendix V (Co-made Loans and Endorsers)</p>	<ul style="list-style-type: none"> • Replaced entire document with a reformatted document that provides updated, clarifying guidance on the procedures governing the discharge of a co-borrower or endorser’s obligation on a loan due to total and permanent disabilities and the servicing of the loan or portion of the loan that remains the borrowers’ responsibilities.

GAINFUL EMPLOYMENT - ELECTRONIC ANNOUNCEMENT #46

On [November 22, 2013](#), the U.S. Department of Education (ED) published Electronic Announcement #46 to make the Gainful Employment (GE) Disclosure Template available to schools. According to regulations 668.6(b)(2)(iv), schools are required to use the template to disclose the required GE information. Schools must implement the template no later than January 31, 2014. [Click here](#) to access the template.

The GE Disclosure Template meets the following objectives:

- Produces an output document for institutions that includes all of the required GE disclosures;
- Provides build-in compliance with the requirement in the regulations that the disclosures be made in “an open format that is platform-independent, machine-readable, and made available to the public without restrictions that would impede the reuse of that information”;
- Ensures that the output document will be accessible to individuals with disabilities (i.e., compliant with section 508 of the Rehabilitation Act);
- Provides optional context boxes for the institution to provide additional explanations and clarifications;
- Simplifies the process for institutional determination of applicable Standard Occupational Classification (SOC) codes and allows institutions to automatically link to the appropriate O*NET occupational profiles; and
- Offers a bulk upload option for institutions with multiple GE Programs.

We strongly encourage all schools with GE programs to review the Electronic Announcement for specific instructions on how to use the GE Disclosure Template.

TEACH GRANT REPORTING FOR 2012-13 AWARD YEAR

This is a reminder that the U.S. Department of Education (ED) recently announced it is in need of additional data for 2012-13 TEACH Grant recipients in order to complete its annual progress report to Congress. As you may be aware, the Central Processing System (CPS) and Common Origination and Disbursement (COD) System contain most of the information needed for this report. However, ED has said that it also requires the following two pieces of data:

- Classification of Instructional Program (CIP) for the program in which the student was enrolled when the TEACH Grant was received; and
- The student's cost of attendance (COA) for the period the TEACH Grant was received.

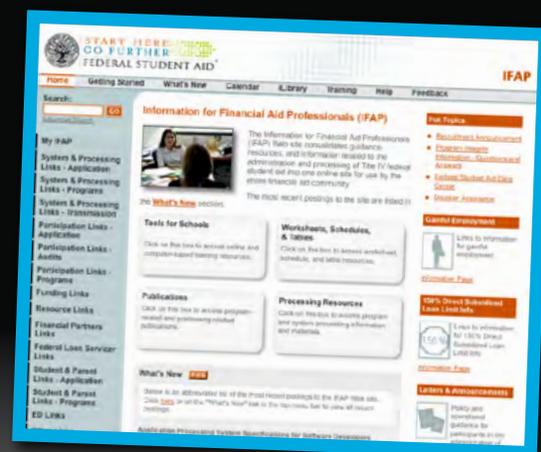
ED has developed an online data collection tool to assist schools with the reporting of this additional information. TEACH Grant participating schools should have received information during the first week of November on how to: log in to the site, submit student data, and submit the completed report. Schools have 60 days to submit the requested data.

NEW PAGE ADDED TO IFAP WEB SITE FOR 150 PERCENT DIRECT SUBSIDIZED LOAN LIMIT RULE

The U.S. Department of Education (ED) recently added a new page to the [Information for Financial Aid Professionals \(IFAP\) Web site](#) specific to the new rule that limits a first-time borrower's eligibility for Direct Subsidized Loans to 150 percent of the length of his educational program. In addition, first-time borrowers who exceed the 150 percent limit may lose interest subsidy on their Direct Subsidized Loans.

Please visit the page to review information distributed on this topic, including:

- Federal registers,
- Electronic Announcements,
- Dear Colleague Letters,
- Training, and
- Other resource materials.



2013-14 FEDERAL STUDENT AID HANDBOOK

The active index version of the 2013-14 Federal Student Aid (FSA) Handbook is now available on the [Information for Financial Aid Professionals \(IFAP\) Web site](#).

[Errata and Updates to Volumes 1 and 3 of the 2013-14 FSA Handbook](#) have been completed. See below for a detailed explanation of the changes:

Volume 1: Student Eligibility

- **Updated Files Posted October 24, 2013** - Chapter 1, P. 1-15. One of the three approved means of regaining Title IV eligibility after an indefinite loss of eligibility due to drug-related convictions was inappropriately removed. The three approved methods are: having the conviction reversed, set aside, or removed from the student's record so that fewer than two convictions for sale or fewer than three convictions for possession remain on the record; successfully completing an approved rehabilitation program, which includes passing two unannounced drug tests from the program; or completing two unannounced drug tests that are part of an approved rehab program, without completing the rest of the program.

Volume 3: Calculating Awards and Packaging

- **Updated Files Posted November 6, 2013** - Chapter 1, P. 3-7. In the paragraph under the subheading "Programs using standard terms or substantially equal nonstandard terms (term-based)," the second sentence ("For Direct Loans, these terms...") should be disregarded; the guidance does not apply.
- **Updated Files Posted October 24, 2013** - Chapter 5, P. 3-91. In the 5th paragraph, the third sentence, which begins "A student enrolled in preparatory coursework..." should be disregarded; it contains incorrect guidance. The annual loan limit for undergraduate-level preparatory coursework is \$2,625, as stated elsewhere in the chapter. The annual loan limit for preparatory coursework for enrollment in a graduate or professional program is \$5,500, as stated elsewhere in the chapter.
- **Updated Files Posted October 24, 2013** - Chapter 5, P. 3-95. In the last paragraph in the left-hand column, the word "defined" should be replaced with "denied."
- **Updated Files Posted October 24, 2013** - Chapter 5, P. 3-109. Guidance on assuming the beginning date of an academic year at a prior school when information was unavailable should be disregarded—since academic year dates are available from COD, it is no longer permissible to use the assumption method. Schools must use the data available on the "award detail information page" in the COD web interface.

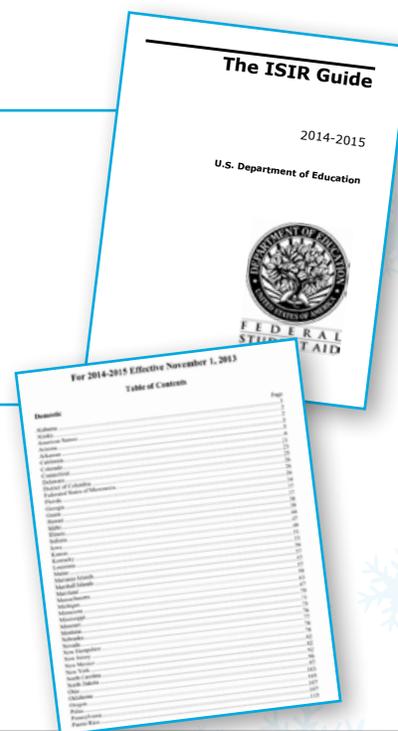
2014-15 ISIR GUIDE

The [2014-15 Institutional Student Information Record \(ISIR\) Guide](#) is now available. The Guide is intended to assist Financial Aid Administrators with interpreting the information contained in the ISIR. The Guide is available on the [Information for Financial Aid Professionals \(IFAP\) Web site](#) and the [Federal Student Aid Download \(FSADownload\) Web site](#).

2014-15 FEDERAL SCHOOL CODE LIST OF PARTICIPATING SCHOOLS

The [2014-15 Federal School Code List of Participating Schools](#) is now available. The list contains the unique codes assigned to schools by the U.S. Department of Education (ED). The list is available electronically as a PDF or in a Microsoft Excel (XLS) file.

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NOW AVAILABLE!

Updates to your school's Federal School Code (FSC) information can be made directly on the [Electronic Application for Approval to Participate in the Federal Student Financial Aid Programs \(E-App\) Web site](#). Select "Update your Federal School Code Addresses which are used by the FAFSA" under Other Features to get started.

Only one city and state may be listed for each FSC. In addition, schools are reminded that changes made to a school's name or address on the E-App Web site do not update any other ED database. Changes to your school's official name or address must be submitted as an "Update" through the E-App Web site.

2014-15 CPS TEST SYSTEM USER GUIDE AVAILABLE

The 2014-15 Central Processing System (CPS) Test System User Guide is now available on the [Federal Student Aid Download \(FSADownload\) Web site](#). The Guide is intended for use by schools who want to test their system with the CPS outside of production.

FINANCIAL AID TOOLKIT

[Federal Student Aid has created a financial aid toolkit](#) for counselors, college access professionals and those in the community who provide help to prepare students and families financially for higher education. [The toolkit is available online](#) and includes information on the entire financial aid lifecycle. Also included in the toolkit are materials that can be used for financial aid events, such as: presentations, brochures, videos and sample tweets and Facebook posts.





QUESTION:

Can a dependent student change his dependency status based on his marriage after the FAFSA was completed?

ANSWER:

Except in limited circumstances, a student's marital status cannot be changed after he completes the FAFSA. According to the 2013-14 Application and Verification Guide (AVG) - Chapter 2 (page 10), when the student completes the FAFSA, he is providing his Marital status as of "the day the application is signed."

Chapter 4, (page 85) of the 2013-14 AVG, provides further instruction on the limited circumstances, whereby a student's marital status may be updated: *"Generally, a student cannot update information that was correct as of the date the application was signed, because the FAFSA is considered to be a "snapshot" of the family's financial situation as of that date. After the FAFSA is signed, only certain items can be updated under the conditions given below."*

1. *All applicants whose dependency status changes, must update that status and the associated FAFSA information throughout the award year, except when the update is caused by a change in the student's marital status.*
2. *All applicants selected by the Department or a school for verification of household size or number in college, must update those numbers to be correct, as of the date of verification, unless the update is due to a change in the student's marital status.*

"At your discretion you may update under either 1 or 2 even when the update is due to a change in the student's marital status if you deem it necessary to address an inequity or to reflect more accurately the applicant's ability to pay. Such a decision must be on a case-by-case basis, and you must document your reasons for it. You must also update all other pertinent information, such as spousal income and taxes paid. Your school may have a policy of not considering such updates after a specific census date. Note, however, that you cannot update the marital status of an already independent student whose dependency status has not changed because of her marriage or divorce and who was not selected for verification. In such a case you must select the student for verification if you want to exercise your discretion to update her marital status and all other associated information.

Documenting household size or number in college is not required in a subsequent verification in the same year if the information has not changed."

If you have a compliance question that you'd like us to answer, you may submit it to cmpolicy@aessuccess.org.

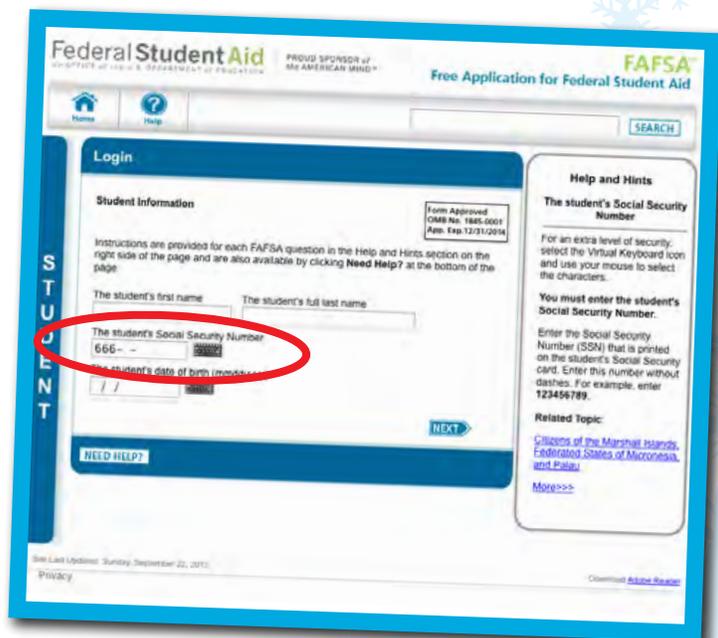
CLARIFICATION ON ASSIGNING PSEUDO SSNS TO PACIFIC ISLANDERS

The U.S. Department of Education (ED) wishes to clarify its [guidance on the use of pseudo Social Security Numbers \(SSNs\) for students from one of the Pacific Islands](#) who complete the Free Application for Federal Student Aid (FAFSA).

Pacific Islander students who do not have an SSN and are first time FAFSA filers should input "666" into the first three digits of the SSN field. The Central Processing System (CPS) will assign a full nine-digit pseudo SSN to the student upon receipt of his completed FAFSA.

Please be aware that returning FAFSA filers should use the pseudo SSN assigned by CPS during the prior FAFSA filing process. Students and Financial Aid Administrators (FAAs) should not input "666" into the first three digits of the SSN for returning FAFSA filers. Doing so will cause CPS to assign a new pseudo SSN to the student and will also result in issues with calculating the student's Pell Grant lifetime eligibility.

ED is currently exploring ways to communicate this information through both the web-based and paper FAFSA processes. In the meantime, ED strongly encourages FAAs to follow this guidance when submitting application data through the FAA Access to CPS Online Web site and to share this guidance with Pacific Islander students.



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

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