



Industry Bulletin



SPOTLIGHT ON TRAINING

We are pleased to provide the following training opportunities in the month of July. Please visit the [Event Center](#) on the FedLoan Servicing Web site to learn more about the events or to register.

Date	Training Event Topic
July 2, 2013	Repayment Plans
July 9, 2013	Public Service Loan Forgiveness
July 11, 2013	Creating a Default Prevention Plan
July 18, 2013	Promoting Financial Literacy on Your Campus
July 24, 2013	Town Hall

NCHER TPD BEST PRACTICES Q&A

The National Counsel of Higher Education Resources (NCHER) has distributed its Total and Permanent Disability Best Practices Q&A document. [Click here](#) to access the document.



NOTICE – INTENT TO ESTABLISH NEGOTIATED RULEMAKING COMMITTEE

A noticed was published in the Federal Register on June 12, 2013, of the U.S. Department of Education’s intent to establish a negotiated rulemaking committee to develop standards for programs that prepare students for gainful employment in a recognized occupation-specific to student loan programs authorized under Title IV of the Higher Education Act of 1965, as amended.

Interested parties must submit nominees for the negotiated rulemaking committee no later than July 12, 2013 to Wendy Macias at the U. S. Department of Education:

By Mail	1990 K Street NW., Room 8017 • Washington, DC 20006
By Telephone	202.502.7526
By Email	wendy.macias@ed.gov

- 2 [New Total and Permanent Disability Rules Effective July 1](#)
- [Violence Against Women Reauthorization Act of 2013](#)
- 3 [Modifications to Claim Form and Request for Reimbursement Due to Partial Discharge of Federal Consolidation Loan Form](#)
- 4 [Comment Period for Draft 2014-15 FSA Application Materials Ends July 5, 2013](#)
- 5 [Compliance Corner](#)
- 6 [Update on Reductions as a Result of Sequestration](#)
- [Private Education Loan Application Self-Certification Form Renewed](#)
- 7 [Now Available! Variable Interest Rates for July 1, 2013- June 30, 2014](#)
- [Reminder- Deadline for TEACH Grant Closeout Information](#)

NEW TOTAL AND PERMANENT DISABILITY RULES EFFECTIVE JULY 1

This is a reminder that the new Total and Permanent Disability (TPD) rules go into effect July 1, 2013. As we approach this date, the U.S. Department of Education (ED) has issued a series of Electronic Announcements to update the community on important information pertaining to the new process.

For a comprehensive discussion on the new TPD process, please read the [March 2013 issue of our Bulletin](#).

In the Electronic Announcement dated [May 17, 2013](#), ED discussed the basics of the new TPD process by providing a background and effective date for the changes as well as an overview of the new process. ED also briefly touched on the TPD Lender Notification File and basic information about their progress on the processes for assigning Federal Family Education Loan (FFEL) Program and Federal Perkins Loan (Perkins Loan) Program loans.

On [May 24, 2013](#), ED distributed a second Electronic Announcement to advise the community that it had changed the name of the TPD Lender Notification File to TPD Loan Holder Notification File (TPD LHN File). Attached to that Announcement is a TPD Loan Holder Notification File Overview that includes the complete file layout and reason codes.

ED distributed the TPD Assignment procedures for guaranty agencies and schools in separate Electronic Announcements on June 12, 2013. Included in the [Announcement for guaranty agencies](#) to assign FFEL

Program loans are the procedures as well as Appendix I through V which provide information on the following:

- Assignment File format
- Assignment form
- SAIG record specifications
- Manifest instructions
- Co-made loans and endorsers



The [Announcement for schools](#) to assign Perkins Loans included the revised procedures. Please be aware that the document includes the following revisions:

- Removed all steps related to the TPD application
- Included information about the TPD Loan Holder Notification File
- Updated the contact information/address for the assignment process
- Added a table of contents, removed the appendices by incorporating that text into the procedures, and renumbered the sections
- Removed the appendix for Veterans Disability Discharge

The last Announcement was distributed on [June 20, 2013](#), as a recap of the entire TPD process, including a discussion on previous guidance, directing borrowers to Nelnet TPD Servicer, the TPD Loan Holder Notification File, and contact information for the TPD process.

VIOLENCE AGAINST WOMEN REAUTHORIZATION ACT OF 2013

[The Violence Against Women Reauthorization Act of 2013 \(VAWA\) signed by President Obama on March 7, 2013](#), will require schools to compile statistics for crimes reported to campus security and local police such as: sexual assault, domestic violence, dating violence, and stalking. In addition, schools must provide in their Annual Security Report policies, procedures and programs related to such crimes.

Discussions centered on this topic during the negotiated rulemaking hearings on May 30 and June 4. As always, once the rulemaking process is completed, the U.S. Department of Education (ED) will issue proposed and final rules. In the interim, ED has provided the following guidelines for schools.

Under the Clery Act, schools must distribute to current and prospective students and employees an Annual Security Report that provides campus crime statistics for the last three calendar years and policies and procedures for campus security and safety. Section 304(b) of the VAWA provides that changes to the annual security report resulting from the new law are effective one year from the date the law was enacted. Therefore, the report issued by schools on October 1, 2014 (including crime statistics from 2011, 2012 and 2013), must include the new required information. And while the statutory changes have not been implemented, ED has said that it expects schools to make a good faith effort to comply with the new requirements.



MODIFICATIONS TO CLAIM FORM AND REQUEST FOR REIMBURSEMENT DUE TO PARTIAL DISCHARGE OF FEDERAL CONSOLIDATION LOAN FORM

The March 2013 issue of PHEAA Industry Bulletin included an article titled, "Changes to Total and Permanent Disability Discharge, Effective July 1, 2013." This article outlined several key changes to the Total and Permanent Disability (TPD) process. These changes impact the claim filing requirements. Therefore, changes have been made to the Claim Form instructions as well as the Request for Reimbursement Due to Partial Discharge of Federal Consolidation Form instructions.

Please be aware that lenders and servicers must begin using the new version of the Claim Form and Request for Reimbursement Due to Partial Discharge of Federal Consolidation Loan Form on July 1, 2013. A revised copy of both forms is available at www.aesSuccess.org. If you have any questions, please contact the Loan Assets Management Department at 1.800.892.7576.

Changes to both forms are summarized in the chart below.

CLAIM FORM

Reference	Change
Page 3, Section I, Field 2 - DCO	2. If Claim Type is "DI" (Disability – total and permanent), provide the date <u>you received a completed loan discharge application or, for DI claims based on the Department of Education's determination of discharge eligibility, the date you received official notification that the borrower's physician certified the borrower to be totally and permanently disabled</u> disability discharge application has been approved.
Page 4, Section VI, Field 37b - \$ DI Refund	37b. \$ DI Refund: For DI claims only, provide the total amount of payments made by or on behalf of the borrower that were received by the lender/servicer after the date the physician certified the total and permanent disability discharge application. Do not complete for DI claims based on a Department of Veterans Affairs (VA) determination of disability or for any DI claims based on the Department of Education's determination of eligibility for discharge (regulations effective 7/1/2013).
Page 4, Section VII, Field 46 - Prin Repaid	46. Prin Repaid: Provide (and subtract) the total principal (only) repaid on the borrower's account before and after entering repayment, including any cancellations after disbursement, post-withdrawal return of funds, third party payments, and prepayments to principal. (Not applicable for CS or FC claims that include Stafford, PLUS, Graduate PLUS, or SLS loans that have been paid in full as a result of a Consolidation loan.) For DI claims that are based on a Department of Veterans Affairs (VA) determination, do not include payments to principal made on or after the effective date of the grant of disability by the VA. For <u>all DI claims based on the Department of Education's determination of eligibility for discharge, do not include payments to principal made after, (on or after, for determinations based on VA documentation) the date of disability provided by the Department.</u> For repurchased loans (including rehabilitated loans), include only those payments applied to principal following the repurchase or rehabilitation.
Page 4, Section VII, Field 50 - Int-Paid-Through Dt:	50. Int-Paid-Through Dt: Provide the date through which interest was last paid satisfied. For DI claims that are based on a Department of Veterans Affairs (VA) determination, provide the date through which interest was last <u>paid satisfied after making all applicable balance adjustments for refundable borrower payments (if any), prior to the effective date of the grant of disability by the VA,</u> unless a subsidized deferment or capitalized interest applied to the claimed loan(s) requires adjustment to a later date. For CS or FC claims that include Stafford, PLUS, Graduate PLUS, or SLS loans that have been paid in full as a result of a Consolidation loan, this date will be the date of the consolidation, unless a subsidized deferment applied to the Consolidation loan requires adjustment to a later date.

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MODIFICATIONS TO CLAIM FORM AND REQUEST FOR REIMBURSEMENT DUE TO PARTIAL DISCHARGE OF FEDERAL CONSOLIDATION LOAN FORM

Reference	Change
Page 1, Required Documentation	<p>Required Documentation:</p> <p>Closed School (CS) = School Closure Loan Discharge Application</p> <p>Death (DE) = Original or Certified Copy of Death Certificate Disability (DI) = Total and Permanent Disability Loan Discharge Application <u>or, for all DI claims based on the Department of Education's determination of discharge eligibility, a copy of the official notification that the disability discharge application has been approved.</u></p> <p>False Certification (FC) = False Certification Loan Discharge Application</p>
Page 2, Section 1, Field 2 - DCO	<p>2. DCO: Date condition Occurred is defined by the Reason Type indicated in field 1. Provide the corresponding month, day, and year as follows:</p> <p>-If Reason Type is "DI" (Disability – total and permanent), provide the date you received <u>official notification that the borrower's physician certified the borrower to be totally and permanently disabled a completed loan discharge application or, for DI claims based on the Department of Education's determination of discharge eligibility, the date you received official notification that the borrower's disability discharge application has been approved.</u></p>
Page 2, Section II, Field 8 - Principal	<p>8. Principal: If the date of death or disability is on or after the date of consolidation, enter the total amount of principal outstanding on the Federal Consolidation loan as of the date the borrower or student died or the date the borrower became unable to work and earn money <u>disabled</u>. If the date of disability is prior to the date of consolidation, or the request Reason Type is CS or FC, enter the total amount paid by the consolidation lender to the prior holder(s) for all underlying loans. Total the principal amounts.</p>
Page 2, Section V, Field 17 - Eligible Payments	<p>17. Eligible Payments: For request Reason Types CS and FC, provide the total amount of all payments made by or on behalf of the borrower that were applied to the eligible underlying loan(s), prior to consolidation, if known. For request Reason Type DI, provide the total amount of all payments made by or on behalf of the borrower and received by the lender on or after <u>(on or after, for determinations based on VA documentation)</u> the date of disability, but prior to the date of the Federal Consolidation loan, which were applied to the underlying loan(s) eligible for discharge, if known.</p>

COMMENT PERIOD FOR DRAFT 2014-15 FSA APPLICATION MATERIALS ENDS JULY 5, 2013

This is a reminder that comments for the [2014-15 Federal Student Aid \(FSA\) application materials](#) must be submitted on or before July 5, 2013. Interested parties should submit comments through the following methods. (Comments submitted via fax or email and those submitted after the deadline will not be accepted.)

Electronically	Federal eRulemaking Portal: regulations.gov Select Docket ID number ED-2013-ICCD-0061
Mail, commercial or hand delivery	Director of the Information Collection Clearance Division U.S. Department of Education 400 Maryland Avenue SW., LBJ • Room 2E105 Washington, DC 20202-4537

The related materials can be retrieved from the regulations.gov website.

Question: Are there any requirements for what information must be included in the student's financial aid file?

Answer: Your school must determine what specific records to keep on file to demonstrate student eligibility. Guidance on record-keeping can be found in the following Federal Student Aid Handbook locations. Please keep in mind that the following is NOT a comprehensive list of items that may be necessary to demonstrate the student's eligibility.

The [2012-13 FSA Handbook](#) (Volume 2, Chapter 7, beginning on Page 2-123) provides the following information:

REQUIRED RECORDS

A school must keep comprehensive, accurate program and fiscal records related to its use of FSA program funds. The importance of maintaining complete, accurate records cannot be overemphasized. Program and fiscal records must demonstrate the school is capable of meeting the administrative and fiscal requirements for participating in the FSA programs. In addition, records must demonstrate proper administration of FSA program funds and must show a clear audit trail for FSA program expenditures. For example, records for each FSA recipient must clearly show that the student was eligible for the funds received, and that the funds were disbursed in accordance with program regulations.

In addition to the general institutional recordkeeping requirements discussed here, a school must also comply with all program-specific recordkeeping requirements contained in the individual FSA regulations.

Records relating to student eligibility

A school must keep records that substantiate the eligibility of students for FSA funds, such as:

- Cost of attendance information
- Documentation of a student's satisfactory academic progress (SAP)
- Documentation of student's program of study and the courses in which the student was enrolled
- Data used to establish student's admission, enrollment status, and period of enrollment
- Required student certification statements and supporting documentation
- Documents used to verify applicant data and resolve conflicting information
- Documentation of all professional judgment decisions
- Financial aid history information for transfer students

Fiscal records

A school must keep fiscal records to demonstrate its proper use of FSA funds. A school's fiscal records must provide a clear audit trail that shows that funds were received, managed, disbursed, and returned in accordance with federal requirements.

The fiscal records that a school must maintain include but are not limited to:

- Records of all FSA program transactions,
- Bank statements for all accounts containing FSA funds,
- Records of student accounts, including each student's institutional charges, cash payments, FSA payments, cash disbursements, refunds, returns, and overpayments required for each enrollment period,
- General ledger (control accounts) and related subsidiary ledgers that identify each FSA program transaction (FSA transactions must be separate from school's other financial transactions),
- Federal Work-Study payroll records, and
- FISOP portion of the FISAP.

In addition, the [2012-13 FSA Handbook](#) (Volume 6, Chapter 1, Page 6-29) provides the following.

CAMPUS-BASED RECORDKEEPING

A school must follow the recordkeeping requirements in the General Provisions (discussed in Volume 2) and those specific to the Campus-Based programs.

A school must keep financial records that reflect all Campus-Based program transactions and must keep all records supporting the school's application for Campus-Based funds. This documentation includes the applications and records of all students who applied for Campus-Based assistance for a specific award year and were included on the school's FISAP for that award year.

The school must also retain applications and records of students who applied for, but did not receive aid, either because the school had no more funds to award or because the school determined that the student did not need funds. The school must keep general ledger control accounts and related accounts that identify each program transaction and must separate those transactions from all other institutional financial activity. Fiscal records must be reconciled at least monthly. The Campus-Based records a school must maintain include, but are not limited to:

- The Student Aid Report (SAR) or Institutional Student Information Record (ISIR) used to determine a student's eligibility for Campus-Based program funds;

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COMPLIANCE CORNER

- Application data submitted to the Department or the school on behalf of the student;
- Documentation of the payment of any return of Title IV funds or overpayment to the FSA program fund or the Department;
- Documentation of the amount of a Perkins Loan, FSEOG or FWS award, its payment period, and the calculations used to determine the amount of the loan, grant, or FWS award;
- Documentation of each FSEOG or Perkins Loan disbursement and the date and amount of each payment of FWS wages;
- Documentation of the school's calculation of any refunds or overpayments due to, or on behalf of, the student and the amount, date, and basis of the school's calculation;
- Information collected at initial and exit loan counseling required by Perkins Loan regulations; and
- Reports and forms used by the school in its participation in a Campus-Based program, and any records needed to verify data that appear in those reports and forms.

UPDATE ON REDUCTIONS AS A RESULT OF SEQUESTRATION

In the [April/May issue of the PHEAA Industry Bulletin](#) we reported on reductions made to the TEACH Grant and Iraq-Afghanistan Service Grant as a result of sequestration. In the Electronic Announcement dated [April 26, 2013](#), the community was given revised figures for reducing TEACH Grant and Iraq-Afghanistan Service Grant awards first disbursed after March 1, 2013 by 7.1 percent and 10.0 percent respectively.

However, on [May 31, 2013](#), ED provided another update to inform the community that the TEACH Grant awards should in fact be reduced by 6.0 percent. The reduction in the Iraq-Afghanistan Service Grant still remains at 10.0 percent.

Schools that awarded TEACH Grant funds for students under the prior reduction percentages must revisit those awards and ensure that the student receives the maximum eligibility by disbursing any additional TEACH Grant funds for which the student is now eligible under the new reduction percentage (6.0 percent).

PRIVATE EDUCATION LOAN APPLICATION SELF-CERTIFICATION FORM RENEWED

On [June 12, 2013](#), the U.S. Department of Education (ED) announced that the Private Education Loan [Application Self-Certification Form](#) had been renewed. The form is required under section 487(a)(28) of the Higher Education Act of 1965, as amended, and section 128(e)(3) of the Truth-in-Lending Act (TILA). Under the TILA, a private education loan lender must obtain a completed/signed Self-Certification Form from the applicant (the enrolled or admitted student, or parent of an enrolled or admitted student) before it may make a private education loan for a student's attendance at a post-secondary school. Under the HEA, schools participating in Title IV programs must provide the Self-Certification form at the request of the applicant. This requirement is also included in regulations 34 CFR 601.11(d) and 668.14(b)(29). In addition, schools must provide the information (to the extent the school has the information) needed to complete Section 2 of the form.

The renewed form was issued under OMB Control Number 1845-0101 with an expiration date of 05/31/2016. This form replaces the previous version with an expiration date of 02/28/2013. Schools and private education lenders may begin distributing the new form immediately, but may continue to distribute the old form until July 31, 2013. The old form may be accepted until September 30, 2013.

The image shows a sample of the "Private Education Loan Applicant Self-Certification" form. The form is titled "Private Education Loan Applicant Self-Certification" and includes a header with the PHEAA logo and the text "Form number: 1845-0101-001".

SECTION 1: BORROWER INFORMATION

Free or lower-cost Title IV Federal, State, or other student financial aid must be available in place of, or in addition to, a private education loan. To apply for Title IV Federal grants, loans and awards, you must first submit a Free Application for Federal Student Aid (FAFSA) available at www.fafsa.gov, or by calling 1-800-4-FED-AID, or from the school's Financial Aid Office.

SECTION 2: COST OF ATTENDANCE AND ESTIMATED FINANCIAL ASSISTANCE

A. Student's cost of attendance for the period of enrollment covered by the loan: \$ _____

B. Estimated financial assistance for the period of enrollment covered by the loan: \$ _____

C. Difference between amounts in A and B: \$ _____

SECTION 3: APPLICANT INFORMATION

Full name and address of Student: _____

Applicant Name (last, first, MI): _____

Permanent Home Address: _____

City, State, Zip Code: _____

Area Code / Telephone Number: Name: _____

Student's Email Address: _____

Phone Number (Home, Cell, or Work): _____

Signature of Applicant: _____

NOW AVAILABLE! VARIABLE INTEREST RATES FOR JULY 1, 2013- JUNE 30, 2014

On [May 31, 2013](#), the U.S. Department of Education distributed the [variable rate chart](#) for the period of July 1, 2013 to June 30, 2014. These rates are applicable to Federal Stafford, Federal SLS, Federal PLUS, and Federal Consolidation loan program loans.

REMINDER- DEADLINE FOR TEACH GRANT CLOSEOUT INFORMATION



The deadline to submit closeout information for the 2012-13 award year for TEACH Grants is September 30, 2013. Schools who have successfully closed out the 2012-13 award year should show a \$0 ending cash balance and \$0 total net unbooked disbursements on their TEACH Grant School Account Statement (SAS). Schools with an outstanding balance after September 30, 2013 will be billed. Please refer to the Electronic Announcement distributed on [June 7, 2013](#) for further information.

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

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LC-INDBN
062813

