



Industry Bulletin



SPOTLIGHT ON TRAINING

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

Date	Training Event Topic
October 1, 2013	CDR: Appeals and Adjustments
October 3, 2013	Creating a Default Prevention Plan
October 8, 2013	Public Service Loan Forgiveness
October 10, 2013	The FedLoan Experience
October 17, 2013	Resolving Student Loan Delinquencies
October 22, 2013	Eligibility: Financial Aid Fundamentals with Alyssa Dobson
October 23, 2013	Cost of Attendance for Graduate & Professional Students
October 29, 2013	Repayment Plans

2 [Update on Transfer of Loans from the Direct Loan Servicing Center \(ACS\) to Other Servicers](#)

[Prorating Subsidized Usage Periods for the 2013-14 Year](#)

3 [Activities and Deadlines Associated with the End of Federal Fiscal Year 2013](#)

[Total and Permanent Disability \(TPD\) Post-Discharge Payment Refund and Notification to the Department](#)

4 [Compliance Corner](#)

[Reach FSA Telephone Number Now Available!](#)

5 [Now Available!](#)

[Interest Rate Information for the Direct Loan Master Promissory Note and TEACH Grant Agreement to Serve](#)

REMINDER: DEADLINE TO SUBMIT FISAP IS OCTOBER 1, 2013



This is a reminder that the deadline to submit the Fiscal Operations Report for 2012-13 and the Application to Participate for 2014-15 (FISAP) is October 1, 2013. Schools that wish to participate in Campus-Based programs for the 2014-15 award year and those that have expenditures for the 2012-13 award year, must submit the electronic FISAP on the eCB Web site no later than 11:59 PM on October 1, 2013. (Transmissions must be completed by midnight.) Schools must also mail a signed copy of the combined certifications and Signature Pages to the U.S. Department of Education (ED).

Schools can make corrections to a previously submitted FISAP until midnight on December 13, 2013. Changes should be saved and then submitted to ED. Changes that need to be made to the FISAP after December 13 will be approved on a limited basis.

UPDATE ON TRANSFER OF LOANS FROM THE DIRECT LOAN SERVICING CENTER (ACS) TO OTHER SERVICERS

DIRECT LOANS

The U.S. Department of Education (ED) finalized the transfer of Direct Loans from the Direct Loan Servicing Center (ACS) to FedLoan Servicing (PHEAA), Great Lakes Educational Loan Services, Inc., Nelnet, and Sallie Mae. New status change requests will be forwarded by Direct Loan Servicing Center to the new servicer until September 30, 2013. New status change requests submitted to Direct Loan Servicing Center on/after October 1, 2013, will be discarded.

Impacted borrowers will be notified of the transfer and provided with the new servicer's contact information. Borrowers and schools can also use the National Student Loan Data System (NSLDS) to view the new servicer information.

On August 30, the Direct Loan Servicing Center began reducing its contact center hours to: Monday through Friday, 8 AM – 5:30 PM. (ET). Beginning October 1, the Direct Loan Servicing Center will offer only informational messaging. That support is scheduled to end on November 16, 2013.

PERKINS LOANS

Over the next few months, ED will be working to transition the servicing of Federal Perkins Loans (Perkins Loans) to a new servicer, ECSI Federal Perkins Loan Servicer. The transfer of Perkins Loans is scheduled for November 1, 2013. Impacted borrowers will be notified of the transfer and provided with contact information for ECSI. Borrowers and schools can also use the National Student Loan Data System (NSLDS) to view the new servicer information.

Beginning October 1, 2013, schools should submit new Perkins Loans assignments and resubmissions (assignments rejected by ED, but not resubmitted prior to October 1, 2013) to ECSI Federal Perkins Loan Servicer in Coraopolis, PA. Please remember to use the new OMB-approved form (expiration date 11/30/2015) to submit assignments and resubmissions to ECSI.

PRORATING SUBSIDIZED USAGE PERIODS FOR THE 2013-14 YEAR

The Moving Ahead for Progress in the 21st Century Act (MAP) enacted on July 6, 2012, added a new provision to the Direct Loan statutory requirements to limit a first-time borrower's eligibility for Direct Subsidized Loans to 150% of the length of his educational program. [Electronic Announcement #3](#) provides interim guidance while the U.S. Department of Education (ED) works to make permanent changes to the Common Origination and Disbursement (COD) System, the National Student Loan Data System (NSLDS), and the Central Processing System (CPS). One of the changes includes adding "tags" to COD to capture the borrower's enrollment status and the payment period begin date of the loan that will be used to prorate a borrower's subsidized usage period when his enrollment is less than full time. In addition to the reporting statuses currently available on NSLDS, ED plans

to add a status for three-quarter-time enrollment. However, these changes will not be implemented until spring 2014.

In the meantime, ED implemented an alternate method to prorate a borrower's subsidized loan usage by utilizing enrollment status information reported to NSLDS. For the 2013-14 year, ED will prorate to a half time status any portion of the loan's loan period reported to NSLDS as "at least half-time but less than full-time" (enrollment status H). The initial calculations are expected to begin in March 2014. Subsidized usage periods will be recalculated for borrowers whose schools provide updated enrollment information after the initial calculation has taken place, or if the initial calculation was delayed or incorrectly reported.

ACTIVITIES AND DEADLINES ASSOCIATED WITH THE END OF FEDERAL FISCAL YEAR 2013



The 2013 Federal Fiscal Year ends on September 30, 2013. While the U.S. Department of Education (ED) finalizes its processing and accounting for Fiscal Year 2013, several of its core financial systems will be on a modified schedule. This modified schedule will impact processing of data and availability of funds in the Common Origination and Disbursement (COD) System. During the modified schedule (September 30, 2013 through October 2, 2013), the COD System will still accept records for the Federal Pell Grant (Pell Grant), Campus-Based programs, Iraq and Afghanistan Service Grant, Teacher Education Assistance for College and Higher Education (TEACH) Grant, and William D. Ford Federal Direct Loan Program. However, schools will be unable to draw down funds in G5 for the Pell Grant, Campus-Based programs, Iraq and Afghanistan Service Grant, TEACH Grant, or Direct Loan program beginning at 9 PM on September 30, 2013 through 5 PM on October 1, 2013.

TEACH GRANT CLOSEOUT INFORMATION FOR 2012-13 AWARD YEAR

There are two deadlines associated with the processing of TEACH Grant awards for the 2012-13 award year.

- TEACH Grant awards and disbursement records must be submitted by 9 PM on September 30, 2013. (Records submitted after the deadline will be rejected and returned to the school.)
- To ensure actual disbursements generate at the proper funding level prior to the G5 shutdown, schools must submit disbursements to COD no later than 8 AM on September 30, 2013.

All drawdowns, drawdown adjustments, and refunds must also be requested by 9 PM on September 30, 2013. Schools are encouraged to request drawdowns as soon as possible to ensure processing prior to the closeout deadline. It takes approximately 7-9 days to process a refund through G5 and have it reflected in the COD system; therefore, refunds requested close to the closeout deadline may not be included in a school's final balance. Schools can access up-to-date cash balance information by visiting the COD system.

Schools that follow the existing regulatory requirements for drawing down funds should be able to reach the Zero Ending Cash Balance soon after making the final disbursements for the award year. A successful close out of the 2012-13 is indicated as an Ending Cash Balance of \$0 and Total Net Unbooked Disbursements of \$0 on the TEACH Grant School Account Statement (SAS) Report.

TOTAL AND PERMANENT DISABILITY (TPD) POST-DISCHARGE PAYMENT REFUND AND NOTIFICATION TO THE DEPARTMENT

Final Rules published in November 2012, provided requirements for issuing a TPD post-discharge payment refund(s) to the sender. The rule required lenders, after receiving claim payment from the guarantor, to return to the sender any payments received after the TPD date provided in the Department's official approval notification for the "standard" disability discharge or on or after the TPD date for the "veteran" disability discharge. The Department has stipulated in further guidance that lenders must report to the Department any payment refunds issued following the claim payment resulting from a "standard" TPD discharge. The Department has provided guidance advising that lenders have flexibility in the format used to provide this information. However, the notification must include the borrower's full name and Social Security number as well as confirmation of the borrower's mailing address.

This guidance is effective immediately for any TPD discharge processed after July 1, 2013. Refund information can be sent to the Department using one of the following methods:

By Postal Mail	U.S. Department of Education 121 South 13th Street, Suite 201 Lincoln, NE 68508
By Email	disabilityinformation@nelnet.net
By Fax	303.696.5250

QUESTION:

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

ANSWER:

Typically, a student's marital status is not changed after they complete the FAFSA except in "limited circumstances." Marital status is considered "as of today" – that is "the day the application is signed." You may reference, Chapter 2, page AVG - 10, in the 2013-14 Application and Verification Guide.

"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 following conditions:.

- 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, 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 the number in college is not required in a subsequent verification for the same year if the information has not changed."

Please reference, Chapter 4, page AVG - 85 in the 2013-14 Application and Verification Guide.

REACH FSA TELEPHONE NUMBER NOW AVAILABLE!

In response to requests from schools, Federal Student Aid (FSA) has created a brand new telephone line, Reach FSA (855.FSA.4.FAA), where schools can contact the below list of FSA School Contact Centers. This line is voice-activated only, so users can say the name of the Contact Center they wish to reach at any time. Please be aware that this telephone line is reserved for schools and should not be shared with students or borrowers.

- Campus-Based Call Center
- COD School Relations Center
- CPS/SAIG Technical Support
- eZ-Audit Help Desk
- Federal Student Aid Research and Customer Care Center (RCCC)
- Foreign Schools Participation Division
- G5 Hotline
- NSLDS Customer Support Center
- Nelnet Total and Permanent Disability Servicer
- School Eligibility Service Group

NOW AVAILABLE!

VOLUME 3 (CALCULATING AWARDS AND PACKAGING) 2013-14 FEDERAL STUDENT AID HANDBOOK

Volume 3 of the [2013-14 FSA Handbook](#) is now available on the Information for Financial Aid Professionals Website.

LIST OF PARTICIPATING SCHOOLS FOR 2013-14

The [2013-14 list of federal school codes for participating schools](#) is available on the Information for Financial Aid Professionals Website. The list is available in electronic versions: PDF and Microsoft Excel (XLS file). To update your school's information, use the [Electronic Application for Approval to Participate in the Federal Student Aid Programs \(E-App\)](#).

COMMON ORIGATION AND DISBURSEMENT (COD) PROCESSING UPDATE

The new edition of the COD Processing Update is now available on the [COD Website](#). The Processing Update includes information on COD related topics news and Updates, current issues, and reminders.

FY 2011 2-YEAR OFFICIAL COHORT DEFAULT RATES

Each eligible domestic and foreign school enrolled in the Electronic Cohort Default Rate (eCDR) process should have received their [FY 2011 2-Year Official Cohort Default Rates](#) in their Student Aid Internet Gateway (SAIG) mailbox. The eCDR package should include the following items: Cover Letter, Reader-Friendly Loan Record Detail Report, and Extract-Type Loan Record Detail Report.



INTEREST RATE INFORMATION FOR THE DIRECT LOAN MASTER PROMISSORY NOTE AND TEACH GRANT AGREEMENT TO SERVE

On [September 13, 2013](#), Federal Student Aid (FSA) published an Electronic Announcement to clarify that Direct Loan Master Promissory Notes (MPNs) signed by borrowers that include information for interest rates prior to July 1, 2013 remain valid for use. If the first disbursement of a loan made under such an MPN occurred on or after July 1, 2013, the loan is subject to the new interest rates published on [August 9, 2013](#) - regardless of the interest rate information provided on the MPN.

In addition, FSA wishes to remind schools of the following points for borrowers whose TEACH Grants convert to a Direct Unsubsidized Loan:

- Interest will be charged from the date the TEACH Grant was first disbursed, and
- The interest rate applied to the Direct Unsubsidized Loan will be the rate in effect for Direct Unsubsidized Loans on the date the TEACH Grant was first disbursed.

FSA is in the process of updating the Direct Loan MPN and TEACH Grant Agreement to Serve to include information about the new interest rates. Borrowers can continue to use the current versions of these forms until the revised forms are approved by the Office of Management and Budget (OMB).

INTEREST RATE INFORMATION FOR THE DIRECT LOAN MASTER PROMISSORY NOTE AND TEACH GRANT AGREEMENT TO SERVE

As a reminder, below is the chart showing how interest rates, effective for loans with a first disbursement on or after July 1, 2013 through June 30, 2014, will be calculated. The Bipartisan Student Loan Certainty Act of 2013 made changes to Section 455(b) of the Higher Education Act of 1965, as amended (the HEA). This Section is specific to determining interest rates for Direct Loans, including: Direct Unsubsidized Loans, Direct Subsidized Loans, Direct PLUS Loans for both parents and graduate/professional students, and Direct Consolidation Loans. The formula for calculating the new interest rates is the sum of a uniform "index rate" plus an "add-on."

FEDERAL DIRECT STUDENT LOANS 2013-14 INTEREST RATES • EFFECTIVE FOR LOANS WITH A FIRST DISBURSEMENT ON OR AFTER JULY 1, 2013							
Loan Type	Student Grade Level	Cohort		Index Rate	Add-On	2013-14 Fixed Interest Rate	Interest Rate Cap
		First Disbursed On/After	First Disbursed Before	10-Year Treasury Note Index			
Direct Subsidized Loans	Undergraduate Students	7/1/13	7/1/14	1.81%	2.05%	3.86%	8.25%
Direct Unsubsidized Loans	Undergraduate Students	7/1/13	7/1/14	1.81%	2.05%	3.86%	8.25%
Direct Unsubsidized Loans	Graduate/Professional Students	7/1/13	7/1/14	1.81%	3.60%	5.41%	9.50%
Direct PLUS Loans	Parents of Dependent Undergraduate Students and Graduate/Professional Students	7/1/13	7/1/14	1.81%	4.60%	6.41%	10.50%
Direct Consolidation Loans	N/A	Consolidation Loan Application Received on or after July 1, 2013		Interest rate remains the weighted average of the interest rates of the loans included in the consolidation, rounded up to the next higher one-eighth of one percent. New law removes the 8.25% cap.			

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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