

**Available in Spanish!**

Select the Spanish link to access the publication.



# INDUSTRY BULLETIN

## Marital Status and Tax Filing Status Inconsistencies

On [May 15, 2014](#), the US Department of Education (ED) published an Electronic Announcement (EA) to provide guidance on how to address the new Institutional Student Information Record (ISIR) codes 361 through 368, which were created in response to the new marital questions added to the 2014-2015 FAFSA. The codes are designed to alert schools of a possible error between the marital status and tax filing status reported on the FAFSA for a student or parent. While not required by the regulatory resolution requirements (§668.16(f)) to do so, schools are strongly encouraged to review these ISIR codes to resolve any potential discrepancy in information.

Schools are reminded that there may be instances where it appears there is an error; however, further research produces information to resolve the code. The EA provides the example of an applicant who was unmarried at the end of the tax year, but married before the FAFSA was completed. In this situation, the reported information does not represent a discrepancy; however, it should prompt the school to determine whether the applicant included his/her spouse's tax return information.

Information that is determined to have been reported correctly must only be noted as such in the student's file or in the school's record. However, information that is determined to be incorrect must be corrected by the school in the Central Processing System (CPS).

## 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.

- [Record Submission Deadline for 2012-2013 Direct Loan Program Year Closeout](#)
- [Gainful Employment Corner](#)  
[Recognized Equivalent of a High School Diploma](#)
- [2013-14 Verification Reporting and Verification Status Code "W" Warning Message](#)
- [Revised Income-Driven Repayment Plan Request Form](#)  
[Changes to Title IV Student Aid Programs as a Result of Sequestration](#)
- [Interest Rates for Direct Loans](#)  
[Blanket Agreement Forbearance After Delinquency of 270 Days](#)
- [Now Available!](#)
- [Special Allowance Rates for Federal Family Education Loan Program \(FFELP\) Stafford and PLUS Loans](#)

**MAY 2014**

# Record Submission Deadline for 2012-2013 Direct Loan Program Year Closeout

On [May 6, 2014](#), the Department of Education (ED) published an Electronic Announcement (EA) regarding the closeout deadline for the 2012-2013 Direct Loan Program Year. As mentioned in a previously released EA, the deadline is Thursday, July 31, 2014. All records must be submitted to the COD System no later than 8:00 P.M. (ET) on the deadline date. After July 31, 2014, records will not be accepted and schools will no longer have Direct Loan funds available to draw down for the 2012-2013 Award Year.

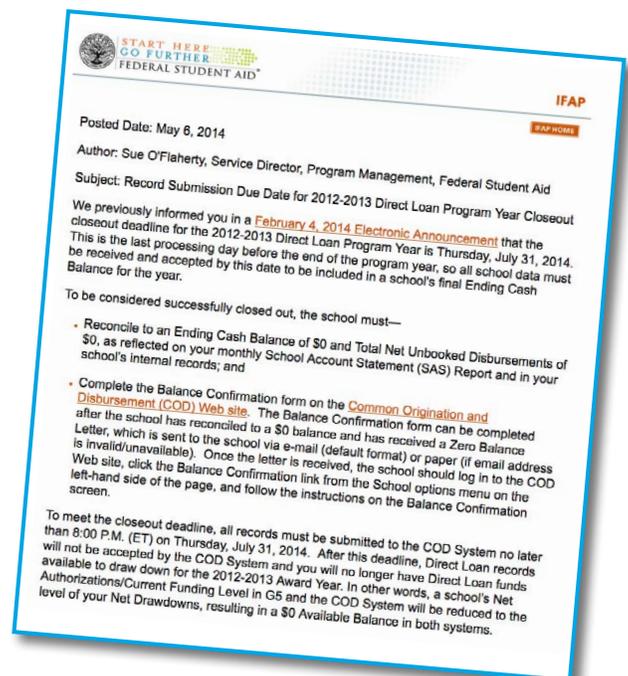
Records submitted prior to the deadline must be accepted by the COD System to be included in the school's final Ending Cash Balance for 2012-2013. Additionally, refunds of cash exchanges can take 7-9 days to process from G5 to the COD System to be included in the school's balance. Appropriate accommodations must be made so that these refunds of cash can be included in the school's Ending Cash Balance prior to the deadline. **Direct Loan funds are school, program, and award-year specific.**

There are two requirements for a school to be considered successfully closed out:

- Ending Cash Balance of \$0 and Total Net Un-booked Disbursements of \$0, as reflected in the monthly School Account Statement (SAS) Report and in the school's internal records; and
- The Balance Confirmation Form from the Common Origination and Disbursement (COD) Web site must be completed.
  - » This step is to be completed after the school has reconciled to a \$0 balance and has received the Zero Balance Letter.
  - » In addition, after the Zero Balance Letter is received, log into the COD Web site, click Balance Confirmation from the School options menu (left-hand side of page) and follow the instructions on the screen.

Schools should be able to reconcile to a zero Ending Cash Balance and close out soon after its final disbursements and should NOT wait until the closeout deadline.

Schools that require an extension of the processing period must contact the COD School Relations Center at [800.848.0978](tel:800.848.0978). Extension requests will be reviewed on a case-by-case basis.



# Gainful Employment Corner

## Updated Gainful Employment Information Page

On [May 1, 2014](#), the U.S. Department of Education (ED) published Gainful Employment Electronic Announcement (EA) #49 to announce updates made to the “Gainful Employment Information Page” on the Information for Financial Aid Professionals (IFAP) Website.

The new page, renamed “[Gainful Employment Information Page 2014](#)”, will ensure that the most accurate and current information regarding gainful employment requirements is readily available to the community. Links to relevant Federal Register notices, Dear Colleague Letters, EA’s, and other useful resources will continue to be available on the “Gainful Employment Information Page 2014.” To access the new page, go to the IFAP home page and select “Information Page” in the Gainful Employment box on the right-hand side of the home page. Archived materials from the previous GE Information page can be located on the “[Archived GE Information Page](#).”

## Recognized Equivalent of a High School Diploma

On [April 11, 2014](#), the U.S. Department of Education (ED) published Dear Colleague Letter (DCL): GEN-14-06, to provide information to schools regarding state-authorized examinations that were released in January 2014. The DCL also explained how an applicant for Federal student aid should answer the high school completion status question on the 2013-2014 and 2014-2015 Free Application for Federal Student Aid (FAFSA).

There are two recognized equivalents of a high school diploma outlined in 34 CFR 600.2:

- ✓ General Educational Development Certificate (GED)
- ✓ State certificate received by a student after the student has passed a State-authorized examination that the State recognizes as the equivalent of a high school diploma.

Although the GED has historically been the accepted state-authorized examination, several States have recently approved alternative tests for evaluating high school equivalency. Two examples of the approved tests are the High School Equivalency Test (HiSET) and the Test Assessing Secondary Completion (TASC). Effective January 2014, some States have given students a choice of several state-authorized examinations; others have replaced the GED with a different state-authorized examination. All of the issued tests, evaluated on a pass-fail system, grant a high school equivalency certificate to passing students.

The instructions below are intended for a FAFSA applicant who completed and passed the HiSET, TASC, GED, or other state-authorized examination and is answering Question 26 on the FAFSA application.

- On the 2013-2014 FAFSA:
  - » Select Option 2, “General Educational Development (GED) certificate. **Skip to question 28**”
- On the 2014-2015 FAFSA:
  - » Select Option 2, “General Educational Development (GED) certificate or State equivalent test. **Skip to question 28.**”

### Contact Information

Students should contact the [State education authority](#) where they took, or plan to take, a state-authorized examination to determine which examinations are approved by the State and the eligibility requirements for each examination.

For more information on the recognized equivalents of a high school diploma, see [Volume 1, Chapter 1, of the Federal Student Aid Handbook](#). Questions regarding State-authorized examinations should be directed to Aaron Washington at [202.502.7478](tel:202.502.7478) or via e-mail at [aaron.washington@ed.gov](mailto:aaron.washington@ed.gov).

# 2013-14 Verification Reporting and Verification Status Code “W” Warning Message

On [April 8, 2014](#), the U.S. Department of Education (ED) issued an Electronic Announcement (EA) detailing information on the 2013-2014 Verification Reporting and Verification Status Code “W” Warning Message.

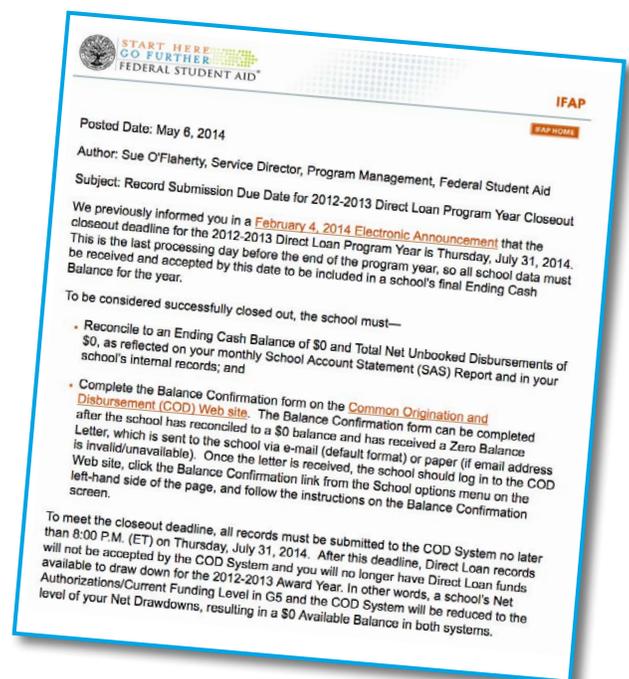
A school must report each Federal Pell Grant (Pell Grant) award disbursed to a student selected for verification via the Common Origination and Disbursement (COD) System. To do this, the school should include a verification status code (“W”, “V”, or “S”) in the Common Record document that is submitted to the COD System via batch processing or when the award is created online via the COD Website.

A school that has made an interim Pell Grant disbursement to a student selected for verification should conclude verification activities and change the student’s verification status code from “W” to “V” or “S”, as appropriate. On April 7, 2014, ED began sending a message to schools that have one or more 2013-2014 student records still reported with a verification status code of “W”. The message is a warning that disbursements to all students with a verification status code of “W” will be considered overawards and reduced to a zero dollar amount (\$0.00), even though the disbursements were previously accepted in the COD System. The reduction of the affected disbursements was scheduled to occur on April 21, 2014.

ED sent the April 7, 2014 warning message to schools’ Student Aid Internet Gateway (SAIG) mailboxes in the message class PGTX14OP. Additionally, ED sent a file of 2013-2014 student records reported to the COD System with a verification status code of “W” in the Reconciliation Report message class PGRC14OP. Schools that received the warning message should have reviewed the accompanying Reconciliation Report and submitted the appropriate changes to the verification status codes for affected students before April 21, 2014.

Some of the student records included in the Reconciliation Report may have been for students who are still within the allowable timeframe for submitting verification documentation/completing the verification process by the deadlines specified in the “Notice; 2013-2014 Deadline Dates for Reports and Other Records” published in the Federal Register on July 8, 2013.

Schools that need additional time to complete verification for an individual student in accordance with the allowable timeframe in the Federal Register notice have until September 30, 2014, to resubmit a disbursement record with a value greater than zero (\$0.00). After September 30, 2014, the COD System will no longer accept “W” as a valid verification status code for 2013-2014 Pell Grant awards.



# Revised Income-Driven Repayment Plan Request Form

On [April 18, 2014](#), the U.S. Department of Education (ED) issued Dear Colleague Letter (DCL): GEN-14-08, detailing the revised Income-Driven Repayment Plan Request form used by lenders and servicers in the Direct Loan and Federal Family Education Loan (FFEL) programs. The new form which expires on November 30, 2015, replaces the previous version of the form. The new form may be used immediately. The previous version may continue to be distributed to borrowers until September 30, 2014, and may continue to be accepted by lenders and servicers after that date.

The main alterations to the form include:

- Renaming of the form, and
- Addition of information specific to the changes to the Income Based Repayment plan's terms and conditions, which will be effective for new borrowers on or after July 1, 2014.

ED encourages borrowers to complete and submit this form, and all other loan servicing forms, electronically, to the extent practicable, and will make information about electronic submission widely available to borrowers.

To improve accessibility for visually impaired borrowers, the revised Income-Driven Repayment Plan Request form is provided only in PDF format as an attachment to this letter. Loan holders and guaranty agencies are responsible for ensuring that the form they use is the form approved by OMB. No changes may be made to the form except that loan holders and servicers may use any blank spaces at the top, bottom, or sides of the form for bar coding or other lender- or servicer-specific information. Loan holders and servicers may also pre-populate their contact and submission information in the section of the form designed for that purpose.

**INCOME-DRIVEN REPAYMENT PLAN REQUEST:**  
Income-Based Repayment (IBR), Pay As You Earn, and Income-Contingent Repayment (ICR) plans for the William D. Ford Federal Direct Loan (Direct Loan) Program and Federal Family Education Loan (FFEL) Program

OMB No. 1845-0102  
Form Approved  
Exp. Date 11/30/2015

**WARNING:** Any person who knowingly makes a false statement or misrepresentation on this form or on any accompanying document is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

**SECTION 1: BORROWER IDENTIFICATION**

Please enter or correct the following information.  
 Check this box if any of your information has changed.

SSN \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
City, State, Zip \_\_\_\_\_  
Telephone - Primary (\_\_\_\_) \_\_\_\_\_  
Telephone - Alternate (\_\_\_\_) \_\_\_\_\_  
E-mail (optional) \_\_\_\_\_

**SECTION 2: REPAYMENT PLAN OR RECERTIFICATION REQUEST**

Before completing this form, carefully read the entire form. Return the completed form and any required documentation to the address shown in Section 7. You may be able to complete your request online by visiting [StudentAid.gov](#).

Other repayment plans may be available and may offer a lower monthly payment amount. You may pay more interest over time under an income-driven plan and may have to pay federal income tax on any loan amount forgiven under an income-driven plan. A calculator is available at [StudentAid.gov/repayment-estimator](#) to estimate your payment amounts under all available repayment plans.

1.  I am selecting the reason that you are completing this request by checking box a, b, or c, below.

a.  I am requesting a repayment plan based on my income - Check the plan(s) you are requesting below and then continue to Item 2.

Income-Driven Repayment Plan	Direct Loan Program Loans	FFEL Program Loans
IBR	<input type="checkbox"/>	<input type="checkbox"/>
Pay As You Earn	<input type="checkbox"/>	Not Available
ICR	<input type="checkbox"/>	Not Available

I request that my loan holder determine which of the above plans I am eligible for, and place me on the plan with the lowest monthly payment amount.  Only IBR is available for FFEL Program loans.

Your request will apply to all of your loans that are eligible for the plan you choose. You will need to choose a different repayment plan for loans that are not eligible for an income-driven repayment plan (see section 3) or those loans will be placed on the standard repayment plan.

b.  I am submitting annual documentation for the recalculation of my monthly payment amount under my current repayment plan - Continue to Item 2.

c.  I am requesting that my loan holder recalculate my current monthly payment amount because my circumstances have changed - Continue to Item 2.

2.  Check this box if you owe eligible loans to more than one loan holder. You must submit a separate request to each holder of the loans you want to repay under the IBR, Pay As You Earn, or ICR plan.

You must promptly submit to your loan holder this completed form and a copy of your most recent federal income tax return or federal income tax return transcript (see Section 4), or, if applicable, alternative documentation of your current income (see Section 5).

Page 1 of 10

## Changes to Title IV Student Aid Programs as a Result of Sequestration

As a result of sequestration, the U.S. Department of Education (ED) announced on [May 2, 2014](#), that the loan fees for Direct Loans first disbursed on or after October 1, 2014 and before October 1, 2015, will change to the following:

Loan Type	Loan Fee
Direct Subsidized Loans and Direct Unsubsidized Loans	1.073
Direct PLUS Loans for parents and graduate/professional students	4.292

ED provided the following changes, also as a result of sequestration, to the award amounts for Iraq-Afghanistan Service Grants and TEACH Grants first disbursed on or after October 1, 2014 and before October 1, 2015. The statutory award amounts for each of these grants must be reduced by 7.3%.

The Iraq-Afghanistan Service Grants statutory award amount of \$5,730 must be reduced by \$418.29 for an adjusted award amount of \$5,311.71. The TEACH Grant statutory award amount of \$4,000 must be reduced by \$292 for an adjusted award amount of \$3,708.

# Interest Rates for Direct Loans

On **May 15, 2014**, U.S. Department of Education (ED) announced that the interest rates for Direct Loans first disbursed on or after July 1, 2014 and before July 1, 2015 will change to the following:

Loan Type	Interest Rate
Direct Subsidized Loans and Direct Unsubsidized Loans for undergraduate students	4.66%
Direct Unsubsidized Loans for graduate/professional students	6.21%
Direct PLUS Loans for parents and graduate/professional students	7.21%

## Blanket Agreement Forbearance After Delinquency of 270 Days

In the Federal Register dated November 1, 2013, the U.S. Department of Education (ED) published the package 2 Loan Issues resulting from the negotiated rulemaking activities that concluded in early 2012. One of the final rules published pertained to forbearance after delinquency of 270 days for a Federal Family Education Loan Program (FFELP) borrower. According to the regulation, a guaranty agency may authorize a lender to grant a forbearance to permit a borrower or endorser to resume honoring the agreement to repay the debt after default but prior to claim payment. Based on this requirement, PHEAA is providing a blanket agreement for this forbearance which permits a lender to approve the forbearance without receiving approval from PHEAA.

The new rules regarding this forbearance are effective for forbearances granted on or after July 1, 2014, unless implemented earlier (as early as November 1, 2013). The Federal Register published in November 1, 2013 provided that the forbearance agreement with the borrower must include a new agreement to repay the debt signed by the borrower or endorser or a written or oral affirmation of the borrower's or endorser's obligation to repay the debt. If the forbearance is based on the borrower's or endorser's oral request and affirmation of the obligation to repay the debt—

- i. The forbearance period is limited to a period of 120 days;
- ii. Such a forbearance cannot be granted consecutively;
- iii. The lender must orally review with the borrower the terms and conditions of the forbearance, including the consequences of interest capitalization, and other repayment options available to the borrower; and
- iv. The lender must:
  - A. Send a notice to the borrower or endorser that confirms the terms of the forbearance and the borrower's or endorser's affirmation of the obligation to repay the debt, and includes information on all other repayment options available to the borrower, and
  - B. Retain a record of the terms of the forbearance and affirmation in the borrower's or endorser's file.

## Now Available!

### 2014-2015 FAFSA Verification - IRS Tax Return Transcript Matrix

The matrix has been made available to schools as a tool to assist with matching data from the 2013 tax return to the FAFSA-ISIR data since the IRS Transcript does not have line or number items and the wording used may be different from that used on the FAFSA. Please review the Electronic Announcement distributed by the U.S. Department of Education (ED) on [April 17, 2014](#) to obtain the matrix.

### Financial Disclosure for Reasonable and Affordable Rehabilitation Payments Form

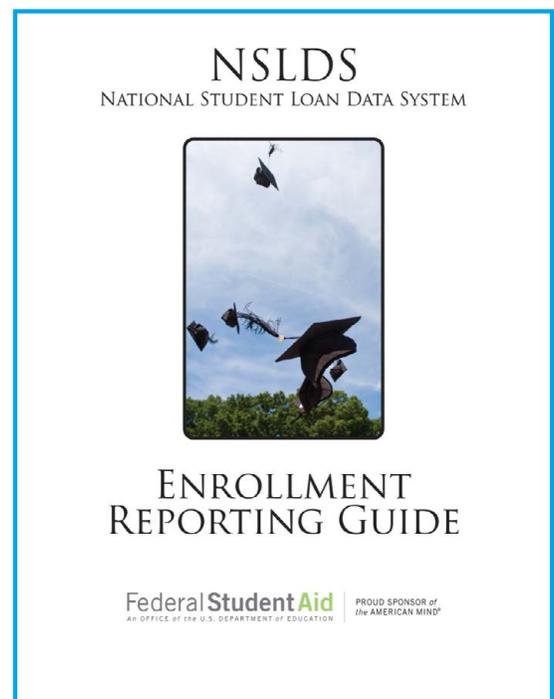
This form is made available to participants in the Direct Loan and Federal Family Education Loan (FFEL) Programs, who must begin using this form on July 1, 2014 for borrowers who request loan rehabilitation of defaulted loans on or after that date. The form is attached to the [Dear Colleague Letter \(DCL\): GEN-14-09](#), published by ED on April 18, 2014.

### 2014-2015 Federal School Code List of Participating Schools

On May 1, 2014, ED made available the list of schools participating in the Title IV federal student aid programs. Schools are reminded that they may have only one city and state assigned to each Federal School Code (FSC). In addition, schools are required to ensure their FSC information is update-to-date. Changes to a school's FSC should be made on the [Electronic Application for Approval to Participate in the Federal Student Financial Aid Programs \(E-App\) Website](#). Select Update your Federal School Code Addresses which are used by the FAFSA on the left side of the page under the Other Features section.

### New NSLDS Enrollment Reporting Guide

The new National Student Loan Data System ([NSLDS](#)) [Enrollment Reporting Guide](#) is now available. The Guide is designed as step-by-step instructions for schools to report enrollment information to NSLDS in both the batch and online reporting options. This latest version includes the most recent 150% Direct Subsidized Loan Limit enrollment requirements and changes.



# Special Allowance Rates for Federal Family Education Loan Program (FFELP) Stafford and PLUS Loans

## For the Quarter Ending March 31, 2014

The Treasury Bill (T-bill) rate for the quarter ending March 31, 2014, 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%	
3.15%	0.15%	0.0375%	SD
3.30%	0.00%	0.0000%	
7.00%	0.00%	0.00%	
8.00%	0.00%	0.00%	
3.15%	0.00%	0.0000%	SE
3.15%	0.00%	0.0000%	SG
3.23%	0.00%	0.00%	
2.55%	0.00%	0.0000%	SH
1.75%	0.50%	0.1250%	SJ
2.35%	0.50%	0.1250%	SK

For the quarter ending March 31, 2014, the average Commercial Paper (CP) rate – as calculated by the U.S. Department of Education (ED)– was .13%. 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*
1.75%	0.12%	0.0300%	CA
2.35%	0.12%	0.0300%	CB
3.15% (PLUS)	0.00%	0.00%	CD
1.75%	0.12%	0.0300%	CE
6.80%	(4.93%)	(1.2325%)	
2.35%	0.12%	0.0300%	CF
6.80%	(4.33%)	(1.0825%)	
3.15% (PLUS)	(0.38%)	(0.0950%)	CH
8.50% (PLUS)	(5.73%)	(1.4325%)	
5.6%	(4.28%)	(1.0700%)	CI
6.00%	(4.68%)	(1.1700%)	
6.80%	(5.48%)	(1.3700%)	
5.6%	(3.68%)	(0.9200%)	CJ
6.00%	(4.08%)	(1.0200%)	
6.80%	(4.88%)	(1.2200%)	
8.50% (PLUS)	(6.58%)	(1.6450%)	CM

# Special Allowance Rates for Federal Family Education Loan Program (FFELP) Stafford and PLUS Loans – continued

Beginning with the quarter ending June 30, 2013, lenders were given the option to use “the average of the bond equivalent rates of the quotes of the 1-month London InterBank Offered Rate (LIBOR) in effect for each of the days in such quarter as compiled and released by the British Bankers Association” in place of the Commercial Paper Rate.

- \* 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 ‘Financial Aid Products and Support for Schools’ on the left-hand side of the screen. Then click on ‘Common Manual Information.’ Select the most recent Common Manual under the Integrated Common Manual heading. 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 Web site. To access this archive, [CLICK HERE](#).

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.

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

LC-INDBN  
052814

## 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)