



U.S. Department of Education
1998 Electronic Access Conferences



Session 34

Direct Loan Origination Center Update and 1999-2000 Changes



Business Operations - Warehouse

	Feb-98	Mar-98	Apr-98	May-98	Jun-98
Orders Received	454	749	465	457	561
Documents Shipped	2,385,352	5,864,240	1,775,102	1,911,048	2,167,780
1997 actuals	2, 813,089	3,339,112	2,057,875	1,496,424	2,286,670
	July-98	Aug-98	Sept-98	Oct-98	Nov-98
Orders Received	550	390	455	1,073	170
Documents Shipped	2,330,843	2,298,205	1,776,519	962,889	395,622
1997 actuals	2,435,562	2,562,676	1,402,770	1,129,332	723,025



Business Operations - Mailroom

	Feb-98	Mar-98	Apr-98	May-98	Jun-98
Doc's Received	165,943	147,057	133,037	155,890	222,376
Doc's Processes	165,943	147,057	133,037	155,890	222,376
	July-98	Aug-98	Sept-98	Oct-98	Nov-98
Doc's Received	391,239	536,780	485,994	313,282	73,900
Doc's Processes	391,239	536,780	485,994	313,282	73,900



Business Operations - Imaging

Receipts of Stafford P-notes:

	July	August	Sept	Oct	Nov
1998	323,350	447,521	466,539	244,995	56,481
1997	256,488	443,089	479,420	367,686	184,598



Total Program Statistics

- Total Loans 9,448,714
(does not include Consolidation)
- Total Disbursements \$30,335,068,320
- Total Number of Inbound Calls



Facility Statistics

- Number of Schools in DL Program

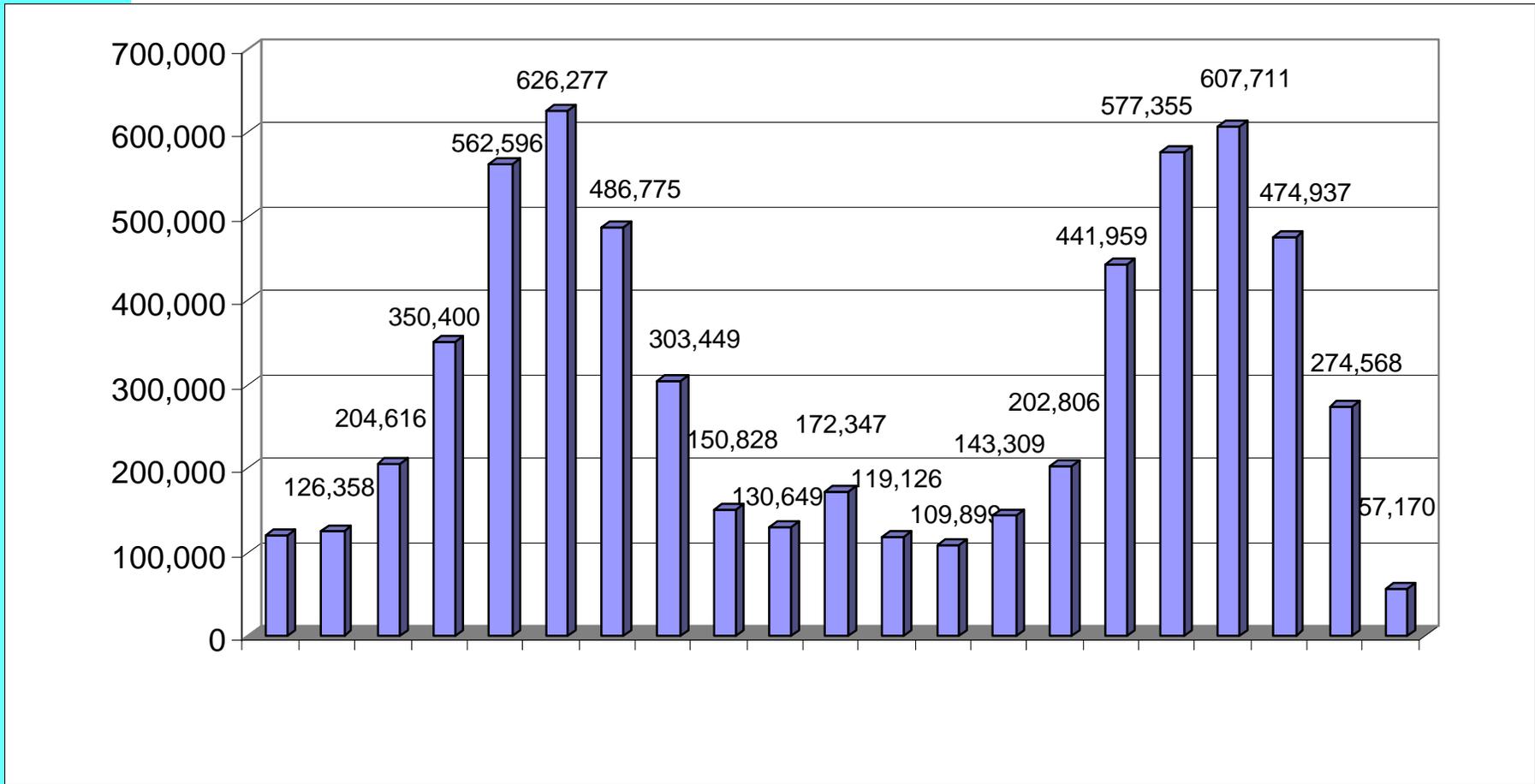
- Customer Service/Mailroom 48,732 sq. ft.
- Warehouse 24,000 sq. ft.

- Imaging/Vault 34 84 (peak)
- Mailroom 30 55 (peak)

- Customer Service 142
- Technical Support 78



LO Records Processed





LO Records Processed

- LOC acknowledges 100% of all LO records
 - 93.37% of all LO records are accepted

- Duplicate Loan ID 28%
- Blank gross amount disbursement
- Duplicate borrower SSN
- Loan amount exceeds maximum
- Invalid date format
- Anticipated gross disbursement must > 0
- Loan amount must be > 0

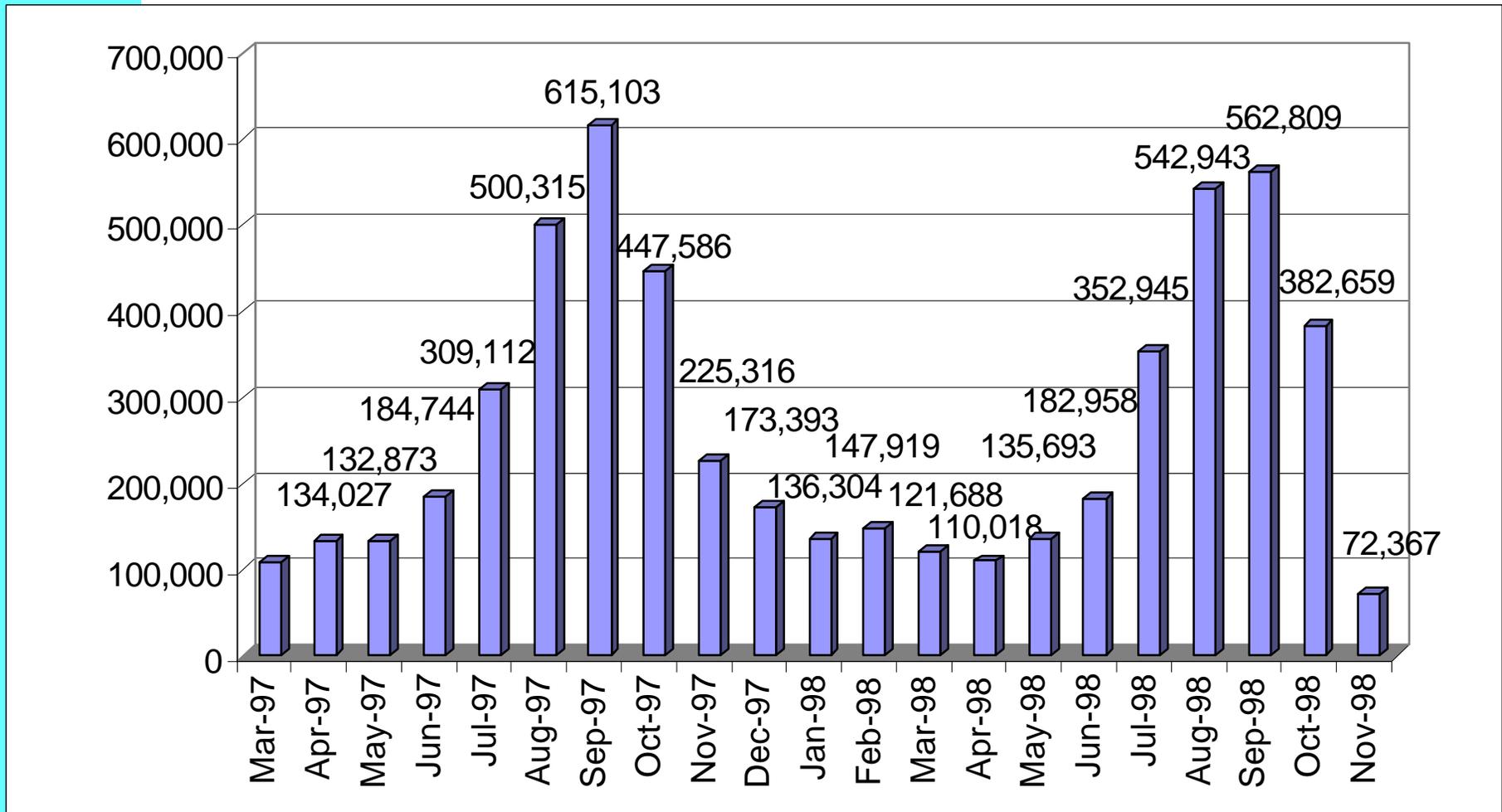


PLUS Records Processed

- LOC acknowledges 100% of all PLUS
 - 89.46% of all PLUS records are accepted
 - Duplicate borrower SSN 42%
 - Duplicate loan ID 10%
 - Borrower and Student SSN the same
 - Invalid borrower citizen code
 - Invalid student citizen code
 - Invalid loan level dependency
 - Invalid borrower default
 - Invalid former HEAL ind

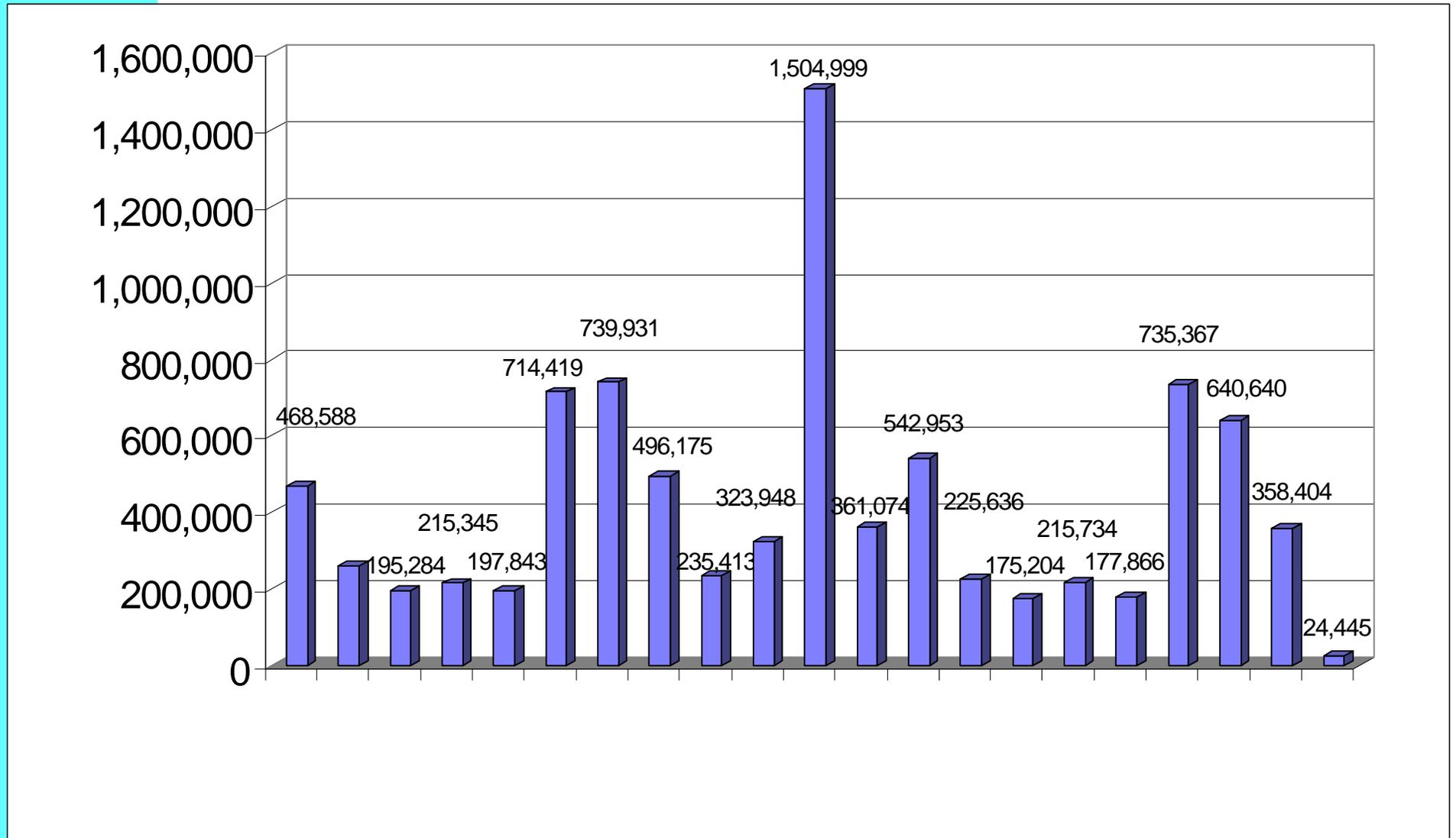


Promissory Notes Processed





Disbursements Processed





Disbursement Records Processed

- LOC acknowledges 100% of all Disbursement records
 - 78.36% of all records are accepted

- Disbursement number missing 20%
- Duplicate disbursement 17%
- No change for canceled disbursement
- Gross Disbursement > loan amount approved/requested
- No disbursement record
- Loan ID does not exist



Disbursement Records Processed

– Common Errors - continued

- P-notes missing loan origination record >

Adjustment value cannot be 0 or spaces 03%

- Disbursement date in the future

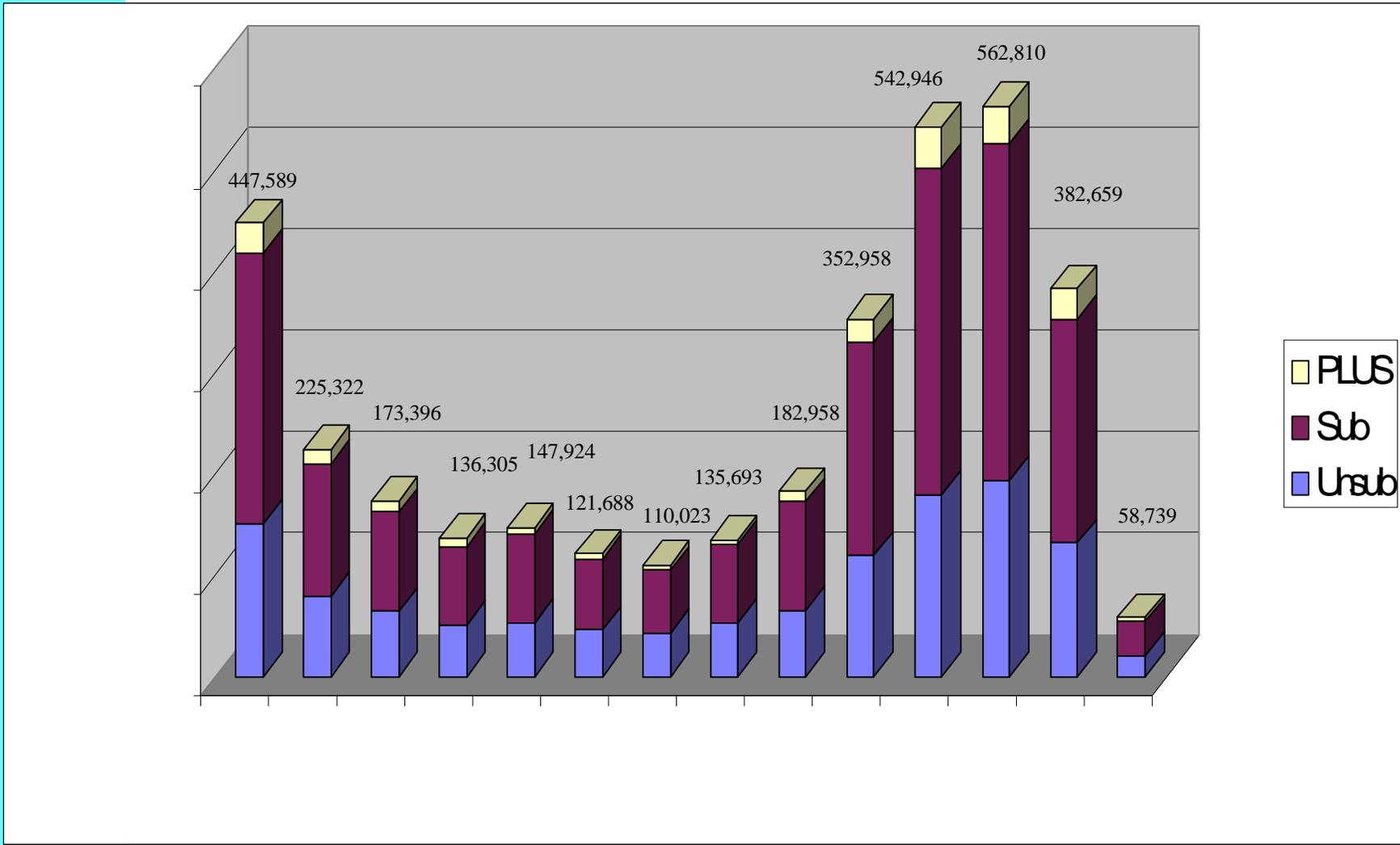
Unsatisfactory eligibility

Disbursement date not in chronological order

Invalid disbursement date



Promissory Note by Type





What's New for 1999-2000 Direct Loan Origination



Direct Loan Modifications 1999-2000

The year of the:

- New Batch ID,
- Refined loan limit edits,
- Required Anticipated Completion Date,
- Eliminated Electronic Promissory Note



Direct Loan Modifications 1999-2000 (continued)

- \$0 adjustments for disbursements and
- New Adjusted Disbursement Date transaction,
- Refined DLSAS,
- Redesigned PLUS Promissory Note and
- New Master Promissory Note.



New 23-Character Batch ID

All Direct Loan files and record layouts must contain the new 23-character batch

- Batch Type 2 bytes
- Cycle Year (Year 6 = 0) 1 byte
- School Code 6 bytes
- Batch Creation Date(CCYYMMDD) 8 bytes
- Batch Creation Time (HHMMSS) 6 bytes



Loan Limit Edits

- Will be performed on each Loan Origination and Change Record for a specific student borrower for loans at a **specific school**.
- Will be performed on each Disbursement Record for a specific student borrower for **all schools** which have made disbursements for that student borrower.



Loan Limit Edits on Loan Origination and Change Records

These edits are based on:

- Loan Amount Approved,
- Borrower's Academic Year Start and End Dates,
- Grade Level,
- Dependency Status,
- Additional Unsubsidized Eligibility for Dependent Student or for HEAL, and
- Loan Type.



Loan Limit Edits on Actual Disbursement Records

These edits are based on:

- Actual disbursement amounts reported and accepted at the LOC,
- Borrower's academic year start and end dates,
- Grade level,
- Dependency status,
- Additional unsubsidized eligibility for dependent students or for HEAL, and
- Loan type.





To Update the Student Anticipated Completion Date

- Change records for this field **will no longer** be accepted by the LOC.
- School must update or change this date through the SSCR process with NSLDS.



Eliminate the “Electronic” Promissory Note Manifest

- Schools (Options 1 and 2) **will** continue to provide a **paper** manifest with promissory notes when mailing to the LOC.
- **electronic** promissory note manifests to the LOC. The LOC will continue to acknowledge all promissory



\$0 Adjustments to Disbursements

- In Year 6, actual disbursements can be adjusted to \$0. Actual disbursements **cannot** be cancelled. Thus, disbursement cancellation transactions are eliminated.
- Future activity can occur on actual disbursements adjusted to \$0.
For Example: An upward disbursement adjustment



\$0 Adjustments to Loans

- In Year 6, a loan can be adjusted to \$0. A loan can NOT be cancelled. Thus, loan cancellation and anticipated disbursement cancellation transactions are eliminated.
- Future activity can occur on a loan

For Example: The Loan Amount Approved may be increased as long as the accepted promissory note amount is not exceeded.



Inactive Loans

- The LOC will not report inactive loans on the 30 Day Warning Report. An optional, Inactive Loan Report, will be available.
- For these reports, an Inactive Loan is defined as a loan with:
 - All actual disbursements = \$0
 - All anticipated disbursements = \$0
 - Loan Amount Approved = \$0



Adjusted Disbursement Date Transaction

- In Year 6, a school can update the transaction date on a disbursement.
- The new disbursement activity is an **Adjusted Disbursement Date (“Q”)** and will be transmitted to the LOC via the Disbursement Record which will include the original transaction date as well as the



Refined Direct Loan Account Statement (DLSAS)

■ **Cash Summary:**

- Redesigned
- Eliminated “Prior Month Unbooked”
- Added “Net Unbooked Disbursements Actual”
- Added “Net Unbooked Adjustments”
- Added “Total Unbooked Loan Detail”



Refined DLSAS (continued)

■ **Cash Detail:**

- Added GAPS Control Number for cash receipts (drawdowns), *if available*
- Added Check Number for Excess Cash *if available*

■ **Loan Detail:**

- Added Booked Date at the LOC for each disbursement activity



The DLSAS will NOT report:

- Pennies, OR
- Disbursements based on the new Adjusted Disbursement Date



Redesigned PLUS Promissory Note

- To expedite promissory note processing at the LOC, the design was enhanced for
- To address printing alignment issues at the schools, the design includes a large blank box in which the schools will print.



Master Promissory Note

- Master Promissory Notes will be used for all subsidized and unsubsidized Direct Stafford Loans processed for Year 6.
- This same Master Promissory Note will be used by the FFEL community.
- In the future, this promissory note may transition into a multiple-year note.



In Year 6:

- A Master Promissory Note will be for a student borrower at **one school** for **one subsidized and one unsubsidized** loan up to the combined annual maximum loan
- If a student transfers to a new school, a new master promissory note must be completed and signed.



The Combined Annual Maximum Loan Amount

The information on this slide has changed since the Kansas City and Washington conferences.

The new Master note will **NOT** print any dollar amounts. However your acknowledgment will default to the maximum. For example:

- 1st Year, dependent student = **\$2625**
- 1st Year, dependent student with additional unsubsidized eligibility = **\$6625**
- 1st Year, independent student = **\$6625**



Accepted Promissory Note Amount...

The information on this slide has changed since the Kansas City and Washington conferences.

- **IS** the lower of the maximum annual loan amount or the loan amount requested (altered) by the student on the note.
- Total loans linked to the Master Promissory Note may not exceed the Accepted Promissory Note amount.



Disclosure Statements

The information on this slide has changed since the Kansas City and Washington conferences.

- A disclosure statement will be mailed to each Stafford borrower's permanent address upon acceptance by the LOC of a Loan Origination record.

- This statement contains data items such as:

Loan Amount Approved

Anticipated Disbursement Dates

Net Disbursement Amount



Printing and Mailing of the Disclosure Statement

- All disclosure statements will be generated and mailed by the LOC **UNLESS**:
 - a school has received Department approval to print disclosure statements for their students.
- EDEExpress will not be printing disclosure



Affirmation Pilot

“**Affirmation**” is the act of a borrower declaring that he/she authorized the disbursement of funds under the Master Promissory Note process.

- Borrower affirmations are conducted by the pilot schools using various methods.
- An affirmation flag is transmitted to the LOC by the pilot schools on the Disbursement Record.



LOC Contacts

- E-Mail Address:
loan_origination@mail.eds.com
- School Relations: 1-800-848-0978
- Customer Service Fax: 1-800-557-7396



LOC Contacts

- **LOC address for any overnight delivery:**

**U.S. Department of Education - LOC
474 S. Court Street
Montgomery, AL 36104-4102**

- **School Relations Correspondence:**

**U.S. Department of Education - LOC

Montgomery, AL 36103-5692**

- **Applicant Services Correspondence**

**U.S. Department of Education - LOC
Applicant Services

Montgomery, AL 36103-5691**