June 29, 2007

This edition of the COD Processing Update will remain on the COD Web site until a new edition is posted. We will notify schools via a COD Web Message when a new edition has been posted.

Direct Loan Program

COD News

COD Batch Processing Suspension And Web Site Outages June 29-30, 2007 (06/18/07)
As explained in an Electronic Announcement posted on the Information for Financial Aid Professionals (IFAP) Web site, during the period June 29-30, 2007, Federal Student Aid plans to update the 2007-2008 COD System with new COD Web site user enhancements and functionality. Of particular note, Federal Student Aid will implement functionality that will allow COD Web site users to reset their own passwords and unlock their own accounts. In addition to this and a few other COD Web site improvements, Federal Student Aid will implement revised Direct Subsidized Loan/Direct Unsubsidized Loan Master Promissory Note (MPN) materials to reflect the loan limit changes effective July 1, 2007.

Note: Please refer to the June 15th Electronic Announcement for detailed information *about the new password reset and account unlock functionality.* Attached to the announcement is a "Password Reset & Account Unlock User Guide."

The June 29-30, 2007 activities will have the following impact:

- Federal Student Aid will suspend COD batch processing beginning at 8:00 P.M. (ET) on Friday, June 29, 2007. Records submitted after 8:00 P.M. (ET) will be held and processed after 1:00 A.M. (ET) on Saturday, June 30, 2007.

- The COD Web site will be unavailable from 8:00 P.M. (ET) on Friday, June 29, 2007 until 1:00 A.M. (ET) on Saturday, June 30, 2007.

- The Direct Loan Electronic Master Promissory Note (MPN) Web site will be unavailable from 8:00 P.M. (ET) on Friday, June 29, 2007 until 1:00 A.M. (ET) on Saturday, June 30, 2007.

  Individuals starting the process by 7:00 P.M. (ET) on June 29th will be able to complete their MPNs before the Web site becomes unavailable. Individuals attempting to access the Web site after the cutoff time will see a Web site maintenance message and will not be able to start the process or retrieve an existing MPN.

Federal Student Aid apologizes for any inconvenience the batch processing suspension and web site outages may cause and appreciates your understanding and patience while it completes these important activities.

NEW!

Direct Loan Bulletin 07-13 Released (06/29/07)
Direct Loan Bulletin 07-13 was released to schools from the COD School Relations Center on June 28, 2007 and is posted on the Information for Financial Aid Professionals (IFAP) Web site. This bulletin provides the new interest rates for variable rate Direct Loan Program loans that will be in effect from July 1, 2007 through June 30, 2008. The bulletin also provides the interest rates for fixed rate Direct Loan Program loans.

If you would like to be added to or removed from the Direct Loan Bulletin distribution list, please submit an e-mail to CODSupport@acs-inc.com with the subject line of "DLB Distribution".

NEW!

G5 Implementation Coming Soon (06/29/07)
Recently, the Department of Education (the Department) announced the development of *G5—a state-of-the-art electronic system for grants management and payments.* G5 will replace the current Grant Administration and Payments System (GAPS), including the e-Payments functionality used by schools to draw down Campus-Based, Academic Competitiveness Grant (ACG), National Science and Mathematics Access to Retain Talent Grant (National SMART Grant), Federal Pell Grant (Pell Grant), and William D. Ford Federal Direct Loan (Direct Loan) funds. G5 will provide a number of performance, processing, and customer enhancements.

The Department will implement G5 in three phases over several years. Phase I of G5 will address e-Payments and provide improved drawdown functionality. Full implementation of Phase I is currently targeted for the last quarter of calendar year 2007—most likely over the Veterans Day holiday weekend (November 8-12, 2007).

Over the next several months, the Department will provide additional information about Phase I of G5. This information will usually be posted first on the GAPS e-Payments Web site and then will be followed by an Electronic Announcement on the Information for Financial Aid Professionals (IFAP) Web site, an update to this item in the COD Processing Update, and a message on the COD Web site. Please monitor these communications and share the information, as appropriate, with others at your school/organization.

The most current G5 information is posted on the GAPS e-Payments Web site and in a June 28, 2007 Electronic Announcement on the IFAP Web site.

If you have any questions about the status and/or implementation of G5, you may e-mail G5_Admin@ed.gov (G5_Admin@ed.gov).

Updating School Contact Information in the COD System (06/26/07)
Federal Student Aid wants to remind all schools and third party servicers that contact information in the Common Origination and Disbursement (COD) System must be kept current. Contact information is extremely important for the COD School Relations Center. Of utmost importance are e-mail addresses and mailing addresses.

- The e-mail address for the Financial Aid Administrator is used to deliver time-sensitive materials and critical COD processing information to the school.

- For a Direct Loan school, correct mailing address information ensures that Direct Loan closeout letters are delivered timely and to the correct place.

Please ensure that all contact information is updated as needed.

Submitting Updates to School Contact Information

Depending on the type of information to be updated, a school must submit updates in one of the following two ways:

1. In accordance with 34 CFR 600.21, most changes must be reported using the Electronic Application for Approval to Participate in Federal Student Financial Aid Programs (E-App). This includes changes to the following information:

   - School name

   - School address (including any branches and locations)

   - Names of the President (or equivalent title), Chief Financial Officer (or equivalent title), and Financial Aid Administrator (or equivalent title)

   - Telephone numbers and e-mail addresses for the above officials

   Once the E-App is processed, the COD Web site is updated within 24 hours. It may take longer if there is additional information required by the School Participation Team (formerly known as the Case Management and Oversight Division).

2. Two specific changes can ***only*** be made via the COD Web site. These are changes to the Direct Loan Officer contact information/mailing address and the Pell Grant Officer contact information/mailing address. To view and/or update the current contact information for these officers, complete the following steps:

   - Log in to the COD Web site.

   - From the School tab, select the "Financial Aid Contact" link (located under the School Information menu). The School Financial Aid Contact Information screen displays the current information for the school.

   - Update or add new contact information by clicking on the "Update" or "Add New" button in the heading for the officer to be updated.

   - Complete the new information and submit the changes.

   This information will be processed and updated immediately on the COD Web site.

An Electronic Announcement with this same information is posted on the Information for Financial Aid Professionals (IFAP) Web site. If you have any questions about updating your school's contact information, contact the COD School Relations Center.

COD Holiday Schedule For July 4, 2007 (06/22/07)
The COD School Relations Center will be closed on Wednesday, July 4, 2007 in observance of the Independence Day Federal holiday. The COD System will accept and process data from schools and send back responses/acknowledgements on July 4, 2007, but schools will not be able

to receive any Federal funds on that day. Requests for changes in funding levels and for funds will not be processed until Thursday, July 5, 2007.
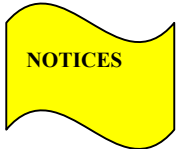
Further information regarding Independence Day processing and customer service hours for COD and other Federal Student Aid/ED call centers is posted in an Electronic Announcement on the Information for Financial Aid Professionals (IFAP) Web site.

Direct Loan Bulletin 07-12 Released (06/21/07)
Direct Loan Bulletin 07-12 was released to schools from the COD School Relations Center on June 20, 2007 and is posted on the Information for Financial Aid Professionals (IFAP) Web site. This bulletin provides a revised Master Promissory Note Addendum and revised Plain Language Disclosure for Direct Subsidized Loans and Direct Unsubsidized Loans.

If you would like to be added to or removed from the Direct Loan Bulletin distribution list, please submit an e-mail to CODSupport@acs-inc.com with the subject line of "DLB Distribution".

Reports and Data Requests

NOTICES

This section contains important notices regarding reports and/or data requests. While we encourage you to review this section, note that some schools may not be impacted by the information presented below.

- Direct Loan Rebuild File—   Schools in need of this file should contact the COD School Relations Center.

Current Issues

Unexpected Occurrences of COD Edit 11 and COD Edit 24 (06/14/07)
Federal Student Aid has discovered and is researching an issue with Central Processing System (CPS) Transaction Numbers for certain student records submitted to the COD System. Schools should be aware that this issue may cause records to unexpectedly hit COD Edit 11 (No Eligible SSN and DOB Combination Match Found On CPS For Student) or COD Edit 24 (Reported CPS Transaction Number Does Not Match CPS) and reject.

If a school receives an Edit 11 or an Edit 24 for a student for whom it has a valid Institutional Student Information Record (ISIR), the school should take the following actions, as applicable:

1. Verify that the student information (Name, Date of Birth, Social Security Number, and CPS Transaction Number) submitted to the COD System matches the student information in the ISIR.

2. ***If the information submitted to the COD System does not match the information in the ISIR,*** research the discrepant information and submit a corrected record to the COD System.

3. ***If the information submitted to the COD System matches the information in the ISIR,*** contact the COD School Relations Center for assistance.

   The COD School Relations Center will initiate a process to reload the CPS record for the student into the COD System. Once the student's CPS record has been reloaded, the school will be informed that it is okay to resubmit the record to the COD System.

Federal Student Aid apologizes for any inconvenience this issue causes schools. Updates on this issue will be provided as Federal Student Aid completes its research and resolution of the issue.

ACG, National SMART Grant, and Pell Grant Programs

COD News

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Further information regarding Independence Day processing and customer service hours for COD and other Federal Student Aid/ED call centers is posted in an Electronic Announcement on the Information for Financial Aid Professionals (IFAP) Web site.

Pell Grant, ACG, and National SMART Grant Disbursement Processing for 2007-2008 Award Year (06/21/07)
The Common Origination and Disbursement (COD) System will now accept actual disbursement records for 2007-2008 Academic Competitiveness Grant (ACG), National Science and Mathematics Access to Retain Talent Grant (National SMART Grant), and Federal Pell Grant (Pell Grant) awards. This means that schools may now submit or update disbursements with a Disbursement Release Indicator (DRI) value equal to "true".

Disbursement-Related Information

At this time, Federal Student Aid wants to remind schools of the following disbursement-related information:

Information for Pell Grant Program

- An Advanced Funded school may submit actual disbursements for 2007-2008 Pell Grant awards to the COD System up to 30 days before the disbursement date. However, the disbursements will not be posted and funded in the Grant Administration and Payment System (GAPS) until 7 days before the disbursement date.

- On May 15, 2007, Federal Student Aid established a 2007-2008 Pell Grant Initial Current Funding Level (CFL) for most Advanced Funded schools. As an Advanced Funded school submits actual Pell Grant disbursement records, the COD System will apply the total accepted and posted amount for each disbursement to the amount of the school's Initial CFL. Only after the Initial CFL amount has been reached will the school's CFL be increased to cover additional accepted and posted disbursements. A new Electronic Statement of Account (ESOA) will be sent to the school's Student Aid Internet Gateway (SAIG) mailbox each time its Pell Grant CFL amount changes.

- The following schools have not received a 2007-2008 Pell Grant Initial CFL:

  - Advanced Funded schools that had less than $8,600 in 2006-2007 Pell Grant actual disbursements
  - Schools that participate in the Just-in-Time pilot
  - Schools that receive funds under the Reimbursement, Heightened Cash Monitoring 1 (HCM1), or Heightened Cash Monitoring 2 (HCM2) funding method

  These schools will receive a 2007-2008 Pell Grant CFL once the COD System has accepted and posted 2007-2008 Pell Grant actual disbursement records. A new ESOA will be sent to a school's SAIG mailbox each time its Pell Grant CFL amount changes.

- A school will be able to view and draw down 2007-2008 Pell Grant funds in the GAPS *on Monday, July 2, 2007.*

Information for ACG and National SMART Grant Programs

- An Advanced Funded school may submit actual disbursements for 2007-2008 ACG and National SMART Grant awards to the COD System up to 7 days before the disbursement date.

- Unlike the Pell Grant Program, no 2007-2008 Initial CFLs were established for the ACG and National SMART Grant programs. A school will receive a CFL under one or both of these programs based on the accepted and posted 2007-2008 ACG or National SMART Grant actual disbursement records that it submits to the COD System. A new ESOA will be sent to the school's SAIG mailbox each time its ACG or National SMART Grant CFL amount changes. In addition, a new or revised authorization will be available in the GAPS.

- After the COD System accepts and posts ACG and National SMART Grant actual disbursement records*, but no earlier than Monday, July 2, 2007,* a school will be able to view and draw down 2007-2008 ACG and National SMART Grant funds in the GAPS.

An Electronic Announcement with this same information is posted on the Information for Financial Aid Professionals (IFAP) Web site. If you have any questions about ACG, National SMART Grant, or Pell Grant disbursement processing, contact the COD School Relations Center.

2006-2007 National SMART Grant Deobligation Due to No Corresponding Pell Grant Warning Message (06/15/07)
One of the eligibility criteria to be awarded a National Science and Mathematics Access to Retain Talent Grant (National SMART Grant) is that the student must receive a Federal Pell Grant (Pell Grant) disbursement in the same award year. This requirement in 34 CFR 691.15(a)(2) is met if the student received a Pell Grant disbursement at any school he or she attended in the same award year. That is, the student is not required to receive the Pell Grant and the National SMART Grant at the same school.

To ensure that National SMART Grants have been awarded consistent with the Pell Grant eligibility requirement, each award year, Federal Student Aid will perform a Common Origination and Disbursement (COD) System-wide job that reduces to zero ($0.00) all National SMART Grant actual disbursements made to a student who does not have a Pell Grant actual disbursement for that award year in the COD System. Federal Student Aid is ready to perform this job for the 2006-2007 Award Year because the majority of National SMART Grant and Pell Grant disbursements for the first and second payment periods of the 2006-2007 Award Year should have already been submitted to the COD System for processing.

2006-2007 National SMART Grant Deobligation Due to No Corresponding Pell Grant Warning Message Processed on June 14, 2007

On June 14, 2007, Federal Student Aid began processing a message to schools that have reported 2006-2007 National SMART Grant actual disbursements for a student who does not have a 2006-2007 Pell Grant actual disbursement recorded in the COD System. The message is a warning that these disbursements will be considered overawards and reduced to a zero dollar amount ($0.00), even if the disbursements were previously accepted in the COD System. The reduction of the affected disbursements is scheduled to occur on June 29, 2007.

Federal Student Aid sent the June 14, 2007 warning message to schools' Student Aid Internet Gateway (SAIG) mailboxes in the message class SGTX07OP. Additionally, Federal Student Aid sent a file of student records reported to the COD System that do not have a corresponding 2006-2007 Pell Grant actual disbursement in the Reconciliation Report message class SGRC07OP. Schools that receive the warning message should review the accompanying Reconciliation Report and, if applicable, report 2006-2007 Pell Grant disbursements for affected students before June 29, 2007.

Exception Process for No Corresponding 2006-2007 Pell Grant Due to R2T4 Calculation

As schools are aware, National SMART Grant awards are included in the Return of Title IV Funds (R2T4) calculation for a student who withdraws from his or her educational program. The required priority order for returning unearned Title IV grants is as follows: Pell Grant, Academic Competitiveness Grant (ACG), National SMART Grant, and Federal Supplemental Educational Opportunity Grant (FSEOG).

The subsequent full repayment of a Pell Grant as a result of the R2T4 calculation and the priority order for Title IV grants (Pell Grant before National SMART Grant) do not make the student ineligible for the earned portion of a National SMART Grant. In such a case, the school must

ensure that it has documented in its records the student's original amount of Pell Grant eligibility as well as the return of those funds consistent with the R2T4 regulations in 34 CFR 668.22.

Some of the student records included in the Reconciliation Report may be for students who do not have a corresponding Pell Grant for the 2006-2007 Award Year due to the documented full repayment of the Pell Grant as a result of an R2T4 calculation. A school can inform Federal Student Aid of the student records to which this exception applies by calling the COD School Relations Center by June 26, 2007. A customer service representative will collect the following information from the school via the phone:

- School's Name

- School's Pell ID and GAPS Award Number

- Student's First and Last Names

- Student's Social Security Number (SSN)

- Student's Grade Level

- National SMART Grant Award ID

- National SMART Grant Award Amount

- National SMART Grant Award Year-to-Date Disbursement Amount

Upon notification that an R2T4 exception applies, Federal Student Aid will exclude the applicable student records from the reduction scheduled for June 29, 2007.

An Electronic Announcement with this same information is posted on the Information for Financial Aid Professionals (IFAP) Web site. If you have any questions about the warning message or about submitting disbursements to the COD System, contact the COD School Relations Center.

2006-2007 ACG Deobligation Due to No Corresponding Pell Grant Warning Message (06/14/07)
One of the eligibility criteria to be awarded an Academic Competitiveness Grant (ACG) is that the student must receive a Federal Pell Grant (Pell Grant) disbursement in the same award year. This requirement in 34 CFR 691.15(a)(2) is met if the student received a Pell Grant disbursement at any school he or she attended in the same award year. That is, the student is not required to receive the Pell Grant and the ACG at the same school.

To ensure that ACGs have been awarded consistent with the Pell Grant eligibility requirement, each award year, Federal Student Aid will perform a Common Origination and Disbursement (COD) System-wide job that reduces to zero ($0.00) all ACG actual disbursements made to a student who does not have a Pell Grant actual disbursement for that award year in the COD System. Federal Student Aid is ready to perform this job for the 2006-2007 Award Year because the majority of ACG and Pell Grant disbursements for the first and second payment periods of the 2006-2007 Award Year should have already been submitted to the COD System for processing.

2006-2007 ACG Deobligation Due to No Corresponding Pell Grant Warning Message Processed on June 13, 2007

On June 13, 2007, Federal Student Aid began processing a message to schools that have reported 2006-2007 ACG actual disbursements for a student who does not have a 2006-2007 Pell Grant actual disbursement recorded in the COD System. The message is a warning that these disbursements will be considered overawards and reduced to a zero dollar amount ($0.00), even if the disbursements were previously accepted in the COD System. The reduction of the affected disbursements is scheduled to occur on July 6, 2007.

Federal Student Aid sent the June 13, 2007 warning message to schools' Student Aid Internet Gateway (SAIG) mailboxes in the message class AGTX07OP. Additionally, Federal Student Aid sent a file of student records reported to the COD System that do not have a corresponding 2006-2007 Pell Grant actual disbursement in the Reconciliation Report message class AGRC07OP. Schools that receive the warning message should review the accompanying Reconciliation Report and, if applicable, report 2006-2007 Pell Grant disbursements for affected students before July 6, 2007.

Exception Process for No Corresponding 2006-2007 Pell Grant Due to R2T4 Calculation

As schools are aware, ACG awards are included in the Return of Title IV Funds (R2T4) calculation for a student who withdraws from his or her educational program. The required priority order for returning unearned Title IV grants is as follows: Pell Grant, ACG, National Science and Mathematics Access to Retain Talent Grant (National SMART Grant), and Federal Supplemental Educational Opportunity Grant (FSEOG).

The subsequent full repayment of a Pell Grant as a result of the R2T4 calculation and the priority order for Title IV grants (Pell Grant before ACG) do not make the student ineligible for the earned portion of an ACG. In such a case, the school must ensure that it has documented in its records the student's original amount of Pell Grant eligibility as well as the return of those funds consistent with the R2T4 regulations in 34 CFR 668.22.

Some of the student records included in the Reconciliation Report may be for students who do not have a corresponding Pell Grant for the 2006-2007 Award Year due to the documented full repayment of the Pell Grant as a result of an R2T4 calculation. A school can inform Federal Student Aid of the student records to which this exception applies by calling the COD School Relations Center by July 3, 2007. A customer service representative will collect the following information from the school via the phone:

- School's Name
- School's Pell ID and GAPS Award Number
- Student's First and Last Names
- Student's Social Security Number (SSN)
- Student's Grade Level
- ACG Award ID
- ACG Award Amount

- ACG Award Year-to-Date Disbursement Amount

Upon notification that an R2T4 exception applies, Federal Student Aid will exclude the applicable student records from the reduction scheduled for July 6, 2007.

An Electronic Announcement with this same information is posted on the Information for Financial Aid Professionals (IFAP) Web site. If you have any questions about the warning message or about submitting disbursements to the COD System, contact the COD School Relations Center.

NEW!

ACG and National SMART Grant Resources (06/29/07)
As a reminder, the Department of Education (the Department) has posted a number of Dear Colleague Letters and Electronic Announcements that communicate regulatory, policy, and operational information related to the implementation of the Academic Competitiveness Grant (ACG) and National Science and Mathematics Access to Retain Talent Grant (National SMART Grant) programs. In addition, Federal Student Aid has updated the 2006-2007 COD Technical Reference and the 2007-2008 COD Technical Reference. A school should refer to the communications posted on the Information for Financial Aid Professionals (IFAP) Web site and to the 2006-2007 and 2007-2008 COD technical references for complete information about the ACG and National SMART Grant programs.

More specifically, the 2006-2007 and 2007-2008 COD technical references cover all aspects of the operational implementation of the ACG and National SMART Grant programs. This includes information on the following key aspects of ACG and National SMART Grant processing:

- Financial Award ID and Financial Award Number (Award Sequence Number)
  Volume II, Section 1 "Implementation Guide"

- Citizenship and Student Level Code
  Volume II, Section 1 "Implementation Guide"

- Message Classes
  Volume II, Section 2 "Message Classes"

- Common Record Layout
  Volume II, Section 3 "Common Record Layout"

- Reports Generated by COD System
  Volume VI, Section 8 "COD Reports"

- Eligibility/Payment Reason and Rigorous High School Program Code for ACG
  Volume VI, Section 9 "Rigorous Secondary School Programs of Study, and Eligible Majors"

- Major/Classification of Instructional Program (CIP) Code for National SMART Grant

Volume VI, Section 9 "Rigorous Secondary School Programs of Study, and Eligible Majors"

If your school needs help locating information related to the operational implementation of the ACG and National SMART Grant programs, contact the COD School Relations Center.

Note for EDExpress Users: Volume III of the 2006-2007 and 2007-2008 COD technical references provides additional guidance for schools that use EDExpress in combination with another system. If your school needs help locating information related to EDExpress, contact CPS/SAIG Technical Support at 880/330-5947 or by e-mail at CPSSAIG@ed.gov.

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