Questions and Answers About Direct Loan Setup and Training for Foreign Schools

Attachment to May 2010 Foreign School Update FS-2010-02

In early May 2010, we communicated with schools located outside the United States (commonly referred to as foreign schools) about enrolling to participate in the William D. Ford Federal Direct Loan (Direct Loan) Program and registering to attend Direct Loan training workshops. In addition, we launched a Foreign School Information Web page that consolidates the U.S. Department of Education's (the Department's) guidance and information for foreign schools, including Direct Loan setup and training information, in one location.

In this document, we clarify key pieces of Direct Loan setup and training information. We expect that foreign schools will read these questions and answers in conjunction with our detailed guidance available on the Foreign School Information Web page as they complete their enrollment packets and register for training. The questions and answers are organized in sections as follows:

- Section 1 – Direct Loan Training Workshops
- Section 2 – Software Product Options (for Direct Loan Enrollment Packet Cover Sheet)
- Section 3 – COD System Access
- Section 4 – Funding Setup

In addition to reviewing the Direct Loan setup and training information available now, we encourage foreign schools to monitor the Information for Financial Aid Professionals (IFAP) Web site for forthcoming policy and processing guidance related to implementing the Direct Loan Program. We are also developing sample communications that foreign schools can choose to use with borrowers and will post the samples on the Web site as well.

If you have additional questions or need assistance after you read the attached question and answer document, e-mail our specialized Direct Loan enrollment team at foreignschooldlenrollment_fsa@ed.gov. This team will be your point of contact for getting any and all questions answered for you as expeditiously as possible.

Section 1 – Direct Loan Training Workshops

Q 1.1: Will there be any impact on the Direct Loan training workshops scheduled for June 2010 due to the volcanic ash situation?

A 1.1: We are closely monitoring volcanic ash impact on air travel to and from countries where we plan to hold workshops in June 2010. The following workshops are the ones that may be impacted:

- Trinity College – Dublin, Ireland
- John Cabot University – Rome, Italy
- University of the Arts London, London College of Communication – London, England
- University of Birmingham – Birmingham, England

Our contingency planning is underway, and we will communicate with registered participants and the community if it becomes necessary to adjust our plans. Please monitor e-mail and the IFAP Web site.

Q 1.2: Is it necessary to register in advance for the Direct Loan training workshops?

A 1.2: Yes. Advanced participant registration for the training workshops allows us to ensure that we have adequate space, equipment, materials, and trainers in each location. Complete date, location, and registration information is available in Training Announcement ANN-10-16.

Q 1.3: What is the difference between the two-day and expanded three-day training workshop formats that are being offered?

A 1.3: Both the two- and three-day workshops will address the following topics and will include hands-on computer training on the final day of the workshop:

- Overview of the Direct Loan Program
- Participation Requirements
- Systems for Processing Direct Loans
- Requesting and Receiving Funds
- Disbursing Aid
- Cash Management
- Return of Title IV Funds (R2T4)
- Reconciliation
- Common Origination and Disbursement (COD) Web Site and Direct Loan Origination Tool
- Hands-On Training—FAA Access to CPS Online Web Site, R2T4 on the Web, National Student Loan Data System (NSLDS)

In addition, the two-day workshop will provide condensed sessions on the topics listed below, with the expectation that the trainee has a general knowledge of the requirements. The three-day workshop will offer a more expanded training program on these same topics and will be presented at a level that will meet the needs of the trainee who has a limited working knowledge of the regulations.

- Institutional Eligibility and Participation
- Title IV Policies and Procedures
- Student Eligibility

Q 1.4: Is it necessary for participants to bring a laptop for use during the training workshops?

A 1.4: No. Computers will be available at each workshop location.

Section 2 – Software Product Options (for Direct Loan Enrollment Packet Cover Sheet)

Q 2.1: The Direct Loan Enrollment Packet Cover Sheet in the Foreign School Direct Loan Setup area of the Foreign School Information Web page requires that we identify the software product our school will use to process Direct Loans. What software product options are available?

A 2.1: Several software product options are available to assist schools in originating and disbursing Direct Loan awards and communicating with our Common Origination and Disbursement (COD) System.

- *Direct Loan Origination Tool –* We provide this Web-based functionality at no charge to schools. This is a new tool located within our COD System that is accessed by authorized users via the COD Web site to originate and disburse Direct Loans. The tool is designed to assist schools that have 2,500 or fewer students for whom they will originate loans. We will introduce foreign school personnel to this tool during our Direct Loan training workshops and implement the functionality in late June 2010.

- *EDExpress for Windows Software –* We provide this software at no charge to schools. This software is used to originate and disburse Direct Loans and communicate with our COD System. This software product and its technical documentation are available on our Federal Student Aid Download (FSAdownload) Web site.

- *Commercial Vendor Software –* Higher education software providers develop software products and systems that meet our requirements for originating and disbursing Direct Loans and communicating with our COD System. There is a cost associated with vendor software and systems.

- *School-Developed System –* School IT departments develop and maintain systems that meet our requirements for originating and disbursing Direct Loans and communicating with our COD system.

- *Third Party Servicer –* This is an "agent" of the school who is hired by the school to perform some or all of the tasks associated with originating and disbursing Direct Loans and communicating with our COD System.

If your school is not certain of the software product it will use to process Direct Loans at the time it submits its Direct Loan enrollment packet, simply state that your school has not yet made this decision. We encourage your school to not delay submitting its enrollment packet while deciding which software product you will use. This information can be updated later, once your school has made its decision.

<u>Section 3 – COD System Access</u>

Q 3.1: Who is our school's Destination Point Administrator (DPA)?

A 3.1: When your school enrolled for a Student Aid Internet Gateway (SAIG) mailbox, it determined and assigned a DPA. In fact, your school determined and assigned a primary DPA and a secondary DPA. It is the primary DPA who should assume responsibility for ensuring the completion of all COD System access requirements for your school.

If your school currently does not have a DPA or an SAIG mailbox or has undergone a staffing change since originally determining its primary and secondary DPAs, contact our specialized Direct Loan enrollment team at foreignschooldlenrollment_fsa@ed.gov. A team member will be able to assist in analyzing and resolving your school's situation.

Q 3.2: What does our school's DPA need to do for each staff person who will require access to the COD System?

A 3.2: Your school's DPA is responsible for coordinating the completion of all COD System access requirements for each individual at your school who will need access to the COD System and Web site to process Direct Loans. The DPA will also need to perform certain ongoing coordination and oversight duties. Detailed instructions and materials are provided in the Instructions for COD System Access in the Foreign School Direct Loan Setup area of the Foreign School Information Web page.

In short, your school's DPA must ensure that the following actions are completed for each individual who is not the DPA:

- Have the individual read and complete the Federal Student Aid User Statement in the Foreign School Direct Loan Setup area of the Foreign School Information Web page.

  ➢ Once read and completed, your school will keep this document on file.

- Have your school's DPA prepare and sign a COD System Access Request Letter for the individual. Request Letter Templates are available in the Foreign School Direct Loan Setup area of the Foreign School Information Web page.

  ➢ Once prepared and signed, your school will include this letter in its Direct Loan enrollment packet.

- Be prepared to complete Security Awareness Training.

  ➢ We will provide your school's DPA with information about when this training will be available. The individual will complete the training online; it is not part of the Direct Loan training workshops that we will hold in June 2010.

Q 3.3: Does our school's DPA need to complete the steps summarized in Q&A 3.2?

A 3.3: Yes, with one exception. Your school's Chief Executive Officer or official in a similar position will sign the primary DPA's COD System Access Request Letter.

Section 4 – Funding Setup

Q 4.1: When completing an online NATO Commercial and Government Entity (NCAGE) Code at http://www.dlis.dla.mil/Forms/Form_AC135.asp**, how should our school complete item 4 (REQUESTED NCAGE CODE FOR)?**

A 4.1: Your school should check the fourth option labeled "Provider of Services."

Q 4.2: What does our school do if the country within which we are located does not belong to NATO?

A 4.2: If your school is located in a country that is not a member of the North Atlantic Treaty Organization (NATO), request an NCAGE Code via the non-NATO NCAGE tool at https://www.natolog.com/ac135public.

Your school will complete the following steps:

- Click on the CAGE Code Request tab in the top menu bar.

- On the first screen, check to see if a code is already assigned to your school.

- If the search confirms that your school does not have an existing code, click on the Request New CAGE tab at the bottom of the search results screen and follow the instructions provided.

After submitting a request, your school will receive a request confirmation/validation e-mail and then a second e-mail once the CAGE Code request has been processed. The second e-mail will provide the code or inform your school of a rejected request.

Q 4.3: Does our school need to take special action to ensure that our bank has an established relationship with the U.S. Federal Reserve Bank?

A 4.3: No, this should not be necessary. The Department in conjunction with the U.S. Department of Treasury will make payments directly to your school's foreign bank account using the SWIFT payment system. The Department will rely on the SWIFT Bank Identification Code (BIC) and account number that your school provides on the SF 1199A Direct Deposit Sign-Up Form to issue these payments.

All your school needs to do is enter its Bank Account Number and your bank's SWIFT BIC in the designated sections of the SF 1199A Direct Deposit Sign-Up Form. Detailed instructions for Funding Setup and an SF 1199A Form Mockup are available in the Foreign School Direct Loan Setup area of the Foreign School Information Web page.

Note: Some SWIFT BICs are 11 characters in length. It is okay to enter an 11-character BIC even though it is longer than the nine spaces provided on the SF 1199A.