

## Master Promissory Note Print Specifications

When printing the Master Promissory Note, the Identification Number (Field 11) is the 21-character Loan ID of one of the loans associated with the note. Only one Loan ID prints on the Master Promissory Note **and becomes the Master Promissory Note Identification Number**. It does not matter whether it is the Loan ID of the subsidized loan or the unsubsidized loan. **However, in the instances, where the LOC prints the Master Promissory Note, the Loan ID of the first accepted loan record, either subsidized or unsubsidized, is printed on the Master Promissory Note.**

**No dollar amount is printed on the Master Promissory Note and only one note is used for both subsidized and unsubsidized loans. If a student wants to request a loan amount less than the eligibility calculated by the school, the student writes in an amount in item #8. Therefore, when printing the Master Promissory Note, item #8 must print a dollar sign and a blank line.** In addition, the statutory Annual Maximum Loan Amount must be printed on the Master Promissory Note. **For example:** For an independent, first year student, \$6,625 should be the amount printed on the Master Promissory Note.

The following are the specifications for printing the variable data on the Master Promissory Note.

**Note:** Fields listed below correspond to numbered data elements on the preprinted paper Master Promissory Note.

<b>Section A: To Be Completed By The Borrower</b> (Print this label on line 1 in italics.)			
<b>Form Label/Position</b>	<b>Label Line #</b>	<b>Field Name</b>	<b>Print Instructions</b>
1. Driver's License State and Number	2	Student Borrower's Driver's License State and Number	From left to right, print Student Borrower's Driver's License State and Number separating them by a dash <b>on line 3.</b>
2. Social Security No.	2	Student Borrower's SSN	Print the Student Borrower's SSN in 999-99-9999 format <b>on line 4.</b>
3. E-mail address	4	Student Borrower's Current E-mail Address	From left to right, print the Student Borrower's E-mail address <b>on line 5.</b>
4. Name and Address (street, city, state, zip code)	6	Student Borrower's Last Name, First Name, Middle Initial	From left to right, print the Student Borrower's Last Name, First Name, and Middle Initial <b>on line 8.</b> Print a comma and space following the Last Name and a space after the First Name. <b>Following the Middle Initial, print the label: &lt;-Last, First, M.I.</b>

**Master Promissory Note Print Specifications, continued**

<b>Section A, continued</b>			
<b>Form Label/Position</b>	<b>Label Line #</b>	<b>Field Name</b>	<b>Print Instructions</b>
4. Name and Address (continued)		Student Borrower's Permanent Address  <b>OR</b> Student's Local Address	From left to right, print the Student Borrower's Street Address <b>on line 9.</b>
4. Name and Address (continued)		Student Borrower's Permanent City, State and Zip Code  <b>OR</b> Student Borrower's Local City, State, and Zip Code	From left to right, print the Student Borrower's City, Mailing State, and ZIP Code <b>on line 10.</b> Separate each field with a space and follow city with a comma.
5. Date of Birth	7	Borrower's Date of Birth	Print in MM/DD/YYYY format <b>on line 7.</b>
6. Area Code/Telephone No.	8	Student Borrower's Permanent Telephone Number	Print in (999) 999-9999 format <b>on line 9.</b>
8. <i>Label is preprinted; no label to be printed</i>		<del>Maximum Requested</del> Loan Amount <del>Requested</del>	<b>Print \$ _____ .00 in \$99999 format on line 24.</b>

<b>Section B: To Be Completed By The School</b> ( Print this label <b>on line 26</b> in italics.)			
<b>Form Label/Position</b>	<b>Label Line #</b>	<b>Field Name</b>	<b>Print Instructions</b>
9. School Name and Address	27	School Name	From left to right, print the Institution Name associated with the School Code on the record <b>on line 28.</b>
9. School Name and Address (continued)		School Address	From left to right, print the School's Street Address associated with the School Code <b>on line 29.</b>
9. School Name and Address (continued)		School's City, State and Zip code	From left to right, print the School's City, State, and Zip Code <b>on line 30.</b> Separate each field with a space and follow city with a comma.
10. School Code/Branch	27 28	Direct Loan School Code	Print the Direct Loan School Code on the Loan Record <b>on line 29.</b>

<b>Section B, continued</b>			
<b>Form Label/Position</b>	<b>Label Line #</b>	<b>Field Name</b>	<b>Print Instructions</b>
11. Identification No.	27	Loan ID of one of the loans associated with this Master Promissory Note.	Print Loan ID of S or U type Loan record in 999999999-X-99-X99999-9-99 format <b>on line 30.</b>

## **Printing the PLUS Loan Application and Promissory Note**

The Federal Direct PLUS Loan Application and Promissory Note requests demographic information from the parent borrower, as well as references for the collection cycle. It also includes a request for information from the student and school.

Once a loan origination record is established, a school may either print a Federal Direct PLUS Application and Promissory Note with the pre-supplied information, or provide the borrower or student with a blank form. The parent borrower and the student reviews, completes, and signs the application.

### ***Processing PLUS Loan Applications and Promissory Notes***

As you receive completed Direct PLUS Loan Application and Promissory Notes from your students or parents, enter the application data into the Direct Loan System, and continue with the process explained above.

The U.S. Department of Education provides copies of a standard, approved Federal Direct PLUS Loan Application and Promissory Note to participating schools. A copy can be found in Appendix-Promissory Notes. However, the school may create their own form as long as it is identical in format and wording to the one provided by the Department. The form must be approved by the U.S. Department of Education Direct Loan Task Force. **To receive the 1999-2000 Promissory Note Testing Procedures packet, contact the LOC at (800) 848-0978 and ask to be transferred to the Promissory Note Testing Manager.** [\(See Sources of Assistance in the Introduction Section.\)](#)

When printing the Direct PLUS Loan Application and Promissory Note, we recommend the use of Courier, 10 point, 120 pitch. Other settings may cause delays in the processing of the school's notes.

A minimum of two copies must be printed, ~~one~~ **one** as the borrower copy and one as the LOC copy. Additional copies can be printed, if desired, as school copies.

When mailing the PLUS Loan Application and Promissory Note, we recommend the use of a #10 business window envelope.

## Direct PLUS Loan Application and Promissory Note Print Specifications

The following are the specifications for printing the variable data on the PLUS Application/Promissory Note. If specific data is not present, then leave field blank.

**Note:** Fields listed below correspond to numbered data elements on the paper promissory note.

<b>Section A: To Be Completed By Borrower</b> (Print this label <b>on line 1</b> in italics.)			
<b>Form Label/Position</b>	<b>Line #</b>	<b>Field Name</b>	<b>Print Instructions</b>
1. Identification No. (a)	2	Loan ID	Print Loan ID of P type Loan record in 999999999-X-99-X99999-9-99 format <b>on line 4</b> .
1. Identification No. (b)(Continued)	2	Promissory Note Print Sequence #	Print Promissory Note Sequence # of P type Loan record in 99 format <b>on line 4</b> .
2. Social Security No.	2	Borrower's Current SSN	Print the Borrower's SSN in 999-99-9999 format <b>on line 4</b> .
3. Loan Amt. Requested	2	Loan Amount Requested	Print in \$99999 format <b>on line 4</b> .
4. Date of Birth	6	Borrower's Date of Birth	Print in MM/DD/YYYY format <b>on line 6</b> .
5. U.S. Citizenship Status (Check One)	6	Citizenship Status and Alien Registration Number	<p>If 1, print X <b>on line 7</b> in the left [ ].</p> <p>If 2, print X in <b>on line 8</b> in the [ ], and print Alien Registration Number <b>on line 9</b> following the label A999999999 format.</p> <p>If 3, print X <b>on line 7</b> in the right [ ]. However, in this case a Promissory Note should not be printed.</p>
1 [ ] U.S. Citizen or national 3 [ ] Neither 1 nor 2	7		
2 [ ] Permanent resident / other eligible alien	8		
If 2, Alien Registration No.	9		

**Direct PLUS Loan Application and  
Promissory Note Print Specifications, continued**

<b>Section A, continued</b>			
<b>Form Label/Position</b>	<b>Line #</b>	<b>Field Name</b>	<b>Print Instructions</b>
6. Name and Address (continued)		Borrower's Permanent City, State and Zip Code  or Borrower's Local City, State, and Zip Code	From left to right, print the Borrower's City, Mailing State, and ZIP Code <b>on line 12</b> . Separate each field with a space and follow city with a comma. Left justify within each field.
7. Driver's License (State-No.)	10	Borrower's Driver's License State and Number	Print Borrower's Driver's License State and Number separating them by a dash <b>on line 11</b> .
8. Area Code/Telephone No.	12	Borrower's Permanent Telephone Number	Print in (999) 999-9999 format <b>on line 13</b> .
9. Loan Period (MMDDYYYY to MMDDYYYY)	14	Loan Period Start Date and Loan Period End Date	Print Loan Period Start and End Dates separated by two spaces in MM/DD/YYYY format <b>on line 15</b> .

<b>Section B: To Be Completed By School</b> (Print this label <b>on line 16</b> in italics.)			
<b>Form Label/Position</b>	<b>Line #</b>	<b>Field Name</b>	<b>Print Instructions</b>
10. School Name and Address	17	School Name	Print the Institution Name associated with the School Code on the record <b>on line 18</b> .
10. School Name and Address (continued)		School's Street Address	From left to right, print the School's Street Address associated with the School Code <b>on line 19</b> .
10. School Name and Address (continued)		School's City, State and Zip Code	From left to right, print the School's City, State, and Zip Code <b>on line 20</b> . Separate each field with a space and follow city with a comma.
11. Loan Period	17	Loan Period Start Date and Loan Period End Date	Print Loan Period Start and End Dates separated by two spaces in MM/DD/YYYY format <b>on line 18</b> .
12. School Code/Branch	19	Direct Loan School Code	Print the School code <b>on line 19</b> .
13. Certified Loan Amount	20	Loan Amount Approved	Print in \$99999 format <b>on line 20</b> .

<b>Section B, continued</b>			
<b>Form Label/Position</b>	<b>Line #</b>	<b>Field Name</b>	<b>Print Instructions</b>
14. Anticipated Disbursement Date(s) (MMDDYYYY) 1st	22  23	1st Anticipated Disbursement Date	Print 1st Anticipated Disbursement Date in MM/DD/YYYY format if disbursement cancellation code is blank <b>on line 23</b> .
14. Anticipated Disbursement Date(s) (MMDDYYYY) 2nd	22  23	2nd Anticipated Disbursement Date	Print 2nd Anticipated Disbursement Date in MM/DD/YYYY format if disbursement cancellation code is blank <b>on line 23</b> .
14. Anticipated Disbursement Date(s) (MMDDYYYY) 3rd	22  23	3rd Anticipated Disbursement Date	Print 3rd Anticipated Disbursement Date in MM/DD/YYYY format if disbursement cancellation code is blank <b>on line 23</b> .
14. Anticipated Disbursement Date(s) (MMDDYYYY) 4th	22  23	4th Anticipated Disbursement Date	Print 4th Anticipated Disbursement Date in MM/DD/YYYY format if disbursement cancellation code is blank <b>on line 23</b> .

<b>Section C: To Be Completed By Student</b> (Print this label <b>on line 246</b> in italics.)			
<b>Form Label/Position</b>	<b>Line #</b>	<b>Field Name</b>	<b>Print Instructions</b>
15. Name (last, first, middle initial)	<b>2527</b>	Student's Last Name, First Name and Middle Initial	From left to right, print the Student's Last Name, First Name, and Middle Initial <b>on line 268</b> . Print a comma and space following Last Name, and a space after First Name.
16. Social Security No.	<b>2527</b>	Student's Current SSN	Print in 999-99-9999 format <b>on line 228</b> .

<b>Section C, continued</b>			
<b>Form Label/Position</b>	<b>Line #</b>	<b>Field Name</b>	<b>Print Instructions</b>
17. U.S. Citizenship Status (Check One) 1 <input type="checkbox"/> U.S. Citizen or national 3 <input type="checkbox"/> Neither 1 nor 2 2 <input type="checkbox"/> Permanent resident / other eligible alien If 2, Alien Registration No.	<del>279</del>  <del>2830</del>  <del>2931</del>  <del>3032</del>	Student's Citizenship Status/Alien Registration Number	If 1, print X <b>on line 2830</b> in the left [ ]. If 2, print X in <b>on line 2931</b> in the [ ], and print Alien Registration Number <b>on line 302</b> following the label A999999999 format. If 3, print X <b>on line 2830</b> in the right [ ]. However, in this case a Promissory Note should not be printed.
18. Date of Birth	<del>2830</del>	Student's Date of Birth	Print in MM/DD/YYYY format <b>on line 2931</b> .

## Promissory Note Paper Manifests

### Creating Promissory Note Paper Manifests

All promissory notes must be mailed to the LOC and accepted before the loan is “booked.” The hard copy promissory notes must be accompanied by a paper manifest that identifies the borrower’s name and Loan ID for each promissory note in the shipment. Also the paper manifest provides a certification to be signed by an official at the institution.

Master Promissory Notes and PLUS Promissory Notes must be batched separately and a separate paper manifest created for each. Additionally, separate batches (manifests) must be created for each school code. The format for the Master Promissory Note paper manifest and the PLUS paper manifest are provided in the Appendix.

Software developers must adhere to these formats. Additionally, the following guidelines must be followed:

- The Report Date (in MM/DD/YYYY format) and the Report Time (in HH:MM:SS format) indicate when the manifest was produced.
- A page number starting with 1, incremented by 1 for each subsequent page printed.

Records are printed in last name, alphabetical order, or in Loan ID numeric order. The borrower’s name is printed in last name, first name, and middle initial order. The Loan ID associated with the borrower’s name is printed.

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The Number of Notes for shipping indicates the number of promissory notes covered by the paper manifest. It is only printed on the final page of the paper manifest.

The certification statement, school code, school name, signature block, and FAA name are only printed on the last page.

### ***Receiving Promissory Note Acknowledgments***

**In 1999-2000, the electronic manifest is eliminated.** However, the LOC will continue to return an electronic file (DIPA00OP) containing the acknowledgment of all promissory notes. All notes, the Master Promissory Note and the PLUS, are returned with the DIPA00OP message class. Unlike other batch types, batch integrity is not maintained by the LOC for promissory notes. Acknowledgments will not match one to one with paper manifests sent by the institution. If the LOC is unable to accept or reject a promissory note, a pending status is returned in the acknowledgment. Notes that are subsequently accepted are returned on a subsequent promissory note acknowledgment.

The DIPA00OP file contains a code in field 4 (Promissory Note Status) that returns one of three values: A (Accepted), R (Rejected), or X (Pending). If Field #4 contains "R," then Field #5 contains up to five reject reason codes (see Custom Edit Section for Promissory Note Reject Reasons).

The three categories of reason codes are associated with the actions the school is required to take to resolve the rejected notes.

### ***Promissory Note Reject Reasons***

These codes indicate why the promissory note was rejected. A new promissory note must be printed with corrected data. The note must be resubmitted to the LOC and included in a subsequent batch.

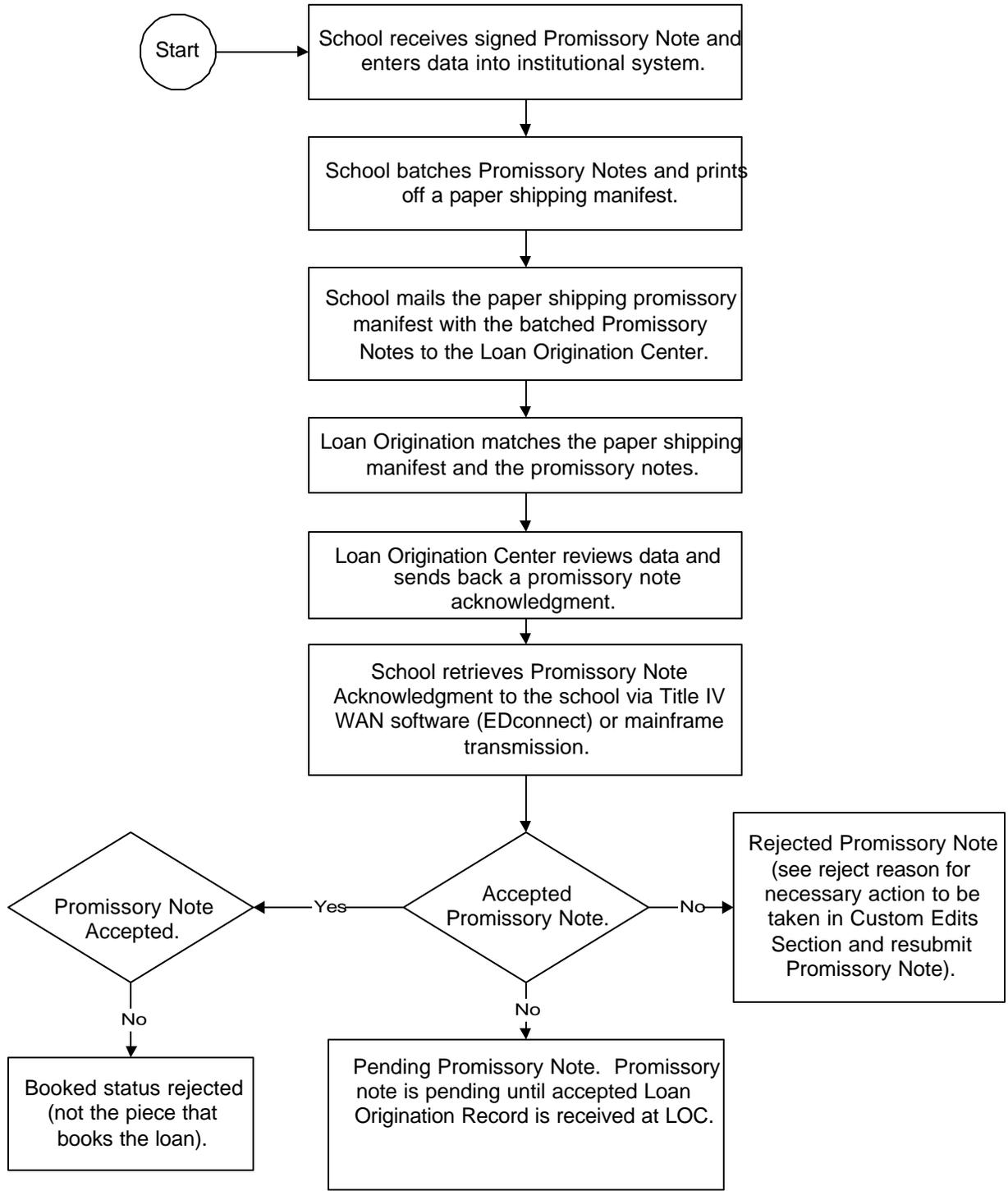
### ***Promissory Note Incomplete Reasons***

This code indicates the note is rejected because of missing an incomplete data element. Corrections need to be made to the promissory note according to the reject code. The promissory note can be reprinted, or transmitted corrections can be made and initialed on the original promissory note. The note must be resubmitted to the LOC in a subsequent batch.

### ***Promissory Note Pending Codes***

No action is required on the promissory note. The LOC will retain the promissory note until an accept Loan Origination record is on file at the LOC. The LOC will then acknowledge the promissory note in a subsequent batch.

## Promissory Note Process



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## **Promissory Note Anticipated Disbursement Values**

Promissory note anticipated disbursement values (DIPA00OP, Fields 7–10) are returned ~~only to Standard Origination~~ all schools. When a borrower adjusts the anticipated amounts on the paper promissory note and returns the note to the LOC, the LOC will recalculate the anticipated disbursements. If amounts are unchanged, these fields are returned with the amounts indicated in the Loan Origination Record ~~blank~~.

Option 2 and Option 1 schools ~~may~~ should recalculate and store amounts changed on the promissory note before submitting the note to the LOC.

On acceptance of the promissory note, the LOC will send back a Booked Status and Booked Status Date. The Booked Status indicates whether the individual loan has been booked. The Loan becomes booked with the last piece of the booking process, whichever is the last piece, promissory note or disbursement.

## **Master Promissory Note Accepted Promissory Note Amount, Master Promissory Note Identification and Loan Amount Requested**

A subsidized and an unsubsidized loan ~~Up to two loans~~ can be associated with a Master Promissory Note. ~~one subsidized loan and one unsubsidized loan.~~ The Master Promissory Note Identification is used by the LOC to link ~~one~~ subsidized and ~~one~~ unsubsidized loans to the master note. This identifier is the 21-character Loan Identifier printed on the Master Promissory Note and is returned to the school on the promissory note acknowledgment (Field 15).

On acceptance of the Master Promissory Note, the LOC will send back the Accepted Promissory Note Amount. The Accepted Promissory Note Amount (Field 14) provides the school with the ~~lower of the~~ amount entered by the borrower on the Master Promissory Note (if any) and the statutory Annual Combined Maximum Loan Amount for subsidized and unsubsidized loans, annual loan amount printed on the promissory note, or the Loan amount requested by the borrower, if the borrower altered the amount printed on the note. The Accepted Promissory Note Amount is the total maximum amount that can be ~~a~~ disbursement between ~~on~~ the loan or loans linked ~~associated with~~ to the Master Promissory Note.

In addition, for the Master Promissory Note, ~~when a student borrower alters the promissory note amount printed on the note,~~ the Loan Amount Requested for each individual loan associated with the Master Promissory Note is returned ~~to all schools~~ on the Promissory Note Acknowledgment. (Field 16). The Loan Amount Requested is the loan amount recorded at the LOC for a specific loan based on the lower of the Loan Amount Approved by the school or the Statutory Combined Maximum Annual Loan Amount. Requested by the borrower on the Master Promissory Note.

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## Funds Drawdown

### *Tracking Cash and Receipt of Cash*

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**Note:** See Custom Introduction Section for definitions of school Options 1, 2, and Standard.

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#### *Tracking Cash*

Schools must maintain an accurate cash balance record by tracking fund drawdowns and return of excess cash transactions. A Receipt of Cash transaction is a result of Direct Loan funds being transferred to the schools' account from GAPS. An Excess Cash transaction is a result of funds being returned to the LOC as directed by cash management regulations. Each transaction should be stored as a unique record. Several transactions should not be considered in the aggregate.

#### *Receipt of Cash*

As the funds are received, the school needs to track the receipts of cash. The institution must create one cash receipt record for each drawdown received from the GAPS and must assign a year indicator. Cash receipts (drawdown) cannot be combined even if received on the same day.

#### *Return of Excess Cash (Return of Undisbursed Drawdown Funds)*

A school must return undisbursed drawdown funds to the Department. The school can either return undisbursed funds by check to the LOC, or transmit funds by wire through the Federal Reserve Bank, but must assign a year indicator. The institution must create one return of excess cash record for each check or wire transfer returned. Return of excess cash transactions can be combined if returned on the same day.

#### **Allocation/Reallocation Statement**

**As of 1999-2000, the Allocation/Reallocation Statement (#K) is eliminated for all Direct Loan years. All allocations must be done on the GAPS Web Site. If this file is received by the LOC, the file is acknowledged with an error code of "RA—Invalid record type for the LOC."**~~Institutions who drawdown funds for more than one campus must send a Allocation/Reallocation Statement to the LOC. The Allocation/Reallocation Statement tells the LOC how much of the total drawdown amount to attribute to each campus. The record layout for the Allocation/Reallocation Statement (DERS001N/DIRA00OP) can be found in the Custom Records Layouts section of this Technical Reference.~~

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## Disbursement

Once the school has acknowledgment that a completed and signed promissory note is on file, and the borrower meets eligibility requirements, the school can make a loan disbursement to the student or parent (either by check or by crediting the student's account).

Schools will submit a file (DESD00IN) containing disbursement activity by Loan ID. Each actual disbursement transaction is considered by the LOC to be a unique transaction and is treated as such for reconciliation purposes. For example, once a disbursement has been submitted to the LOC, any modification to the disbursement amount would require another disbursement record. Schools should store each transaction submitted to the LOC on their databases.

The LOC edits the information against the loan origination record data stored on its system. See the Disbursement Edits table in this guide for a list of LOC edits.

The LOC returns an acknowledgment (DIOD00OP) to the school indicating whether or not each disbursement record has been accepted. This acknowledgment is the same record layout as the disbursement export file. The school may receive a record from the LOC indicating the disbursement record has been rejected. The school needs to resolve the reject, and retransmit it to the LOC.

**New for 1999–2000.** The cancellation process has been replaced by a process of adjusting individual disbursements and/or Loan Amount Approved to zero. This provides the schools more flexibility by simply recording and sending the LOC an upward adjustment, if the loan or disbursement is to be re-activated. There is no longer the record type C = Canceled Disbursement (Actual). Instead disbursements will be adjusted to \$0.

In addition, disbursement type “Q”—Adjusted Disbursement Date, has been added for making adjustments to the actual disbursement date. The “Q” transaction can only be used after the school has sent an actual disbursement and received the disbursement acknowledgment from the LOC.

### ***Disbursement Record Types***

Starting in 1999–2000, the three kinds of Disbursement Records are:

- Disbursement = record type D
- Adjusted Disbursement Amount = record type A
- Adjusted Disbursement Date = record type Q

A Disbursement record contains data for the initial disbursement for a given disbursement number.

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An Adjusted Disbursement Amount record is transmitted to the LOC when the amount of a disbursement has been increased or decreased. This includes being adjusted to zero.

An Adjusted Disbursement Date record is transmitted to the LOC when the date of an original disbursement needs to be changed.

### ***Process Loan and Disbursement Adjustments to \$0***

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**New for 1999-2000:** If you are adjusting an entire loan to \$0 and an actual disbursement has already been made, you must first adjust the actual disbursement to \$0 and send the adjusted disbursement record to the LOC. You must receive an acknowledgment that the actual disbursement adjustments to \$0 have been accepted. Upon receipt of the acknowledgment that the \$0 adjustment is accepted, you can generate and transmit on the same day the loan origination change record, containing the anticipated disbursement adjustment to \$0, and the Loan Amount Approved adjusted to \$0. If you are adjusting an entire loan to \$0 and no actual disbursement has been made, you can immediately generate and transmit on the same day the anticipated disbursement adjustment to \$0 and the Loan Amount Approved adjusted to \$0.

If you adjust an individual actual disbursement to \$0, you need to send the actual adjusted disbursement amount record bringing the actual disbursement to \$0. Upon receipt of the acknowledgment that the \$0 adjustment is accepted, you send a loan origination change record, bringing the anticipated disbursement to \$0.

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Adjustments to \$0 occur when, for a variety of reasons, the student or parent no longer wants, or is entitled to, the entire loan or a specific loan disbursement. The most common reasons for \$0 adjustments are the student is not attending school, or the student or parent decides not to borrow after a loan has been originated.

When an entire loan is adjusted to \$0 and actual disbursement(s) have already been made, all principal and fees are eliminated as if they were never committed. Likewise, when a disbursement is adjusted to \$0, the principal and fees for that disbursement are eliminated.

If you adjust an individual disbursement to \$0, that change is sent as a disbursement record.

### ***Timing***

Disbursement records should be sent after the school has received a signed valid promissory note from the borrower. Schools should take care to ensure that the disbursement record cycle is complete at a record level before transmitting change records for adjustments to \$0. Schools should allow time to receive the outstanding disbursement acknowledgment before adjusting the Loan Amount Approved or the individual disbursement to \$0.

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## **Sequence of Disbursement Records**

~~Disbursement records should occur in the file grouped by Loan ID. The LOC sorts and processes disbursement records by Loan ID, Disbursement Activity Type (D, A, then Q). The records must be sorted within Loan ID by Disbursement Number and Sequence Number. For example, for a particular Loan ID with one actual disbursement, two adjustments, and an adjusted disbursement date transaction, record type D will should precede record type A will precede record type Q. The two adjustments should be in ascending date order and precede the adjusted disbursement date, record type Q.~~

Remember, disbursement activity should be submitted to the LOC within 30 days of the transaction date.

## **Disbursement Confirmation (For Schools in the Confirmation Pilot)**

**New for 1999-2000.** Schools participating in the Confirmation Pilot receive authorization from the borrower for the disbursement of funds under a Direct Subsidized Loan or a Direct Unsubsidized Loan. To accommodate this procedure, an Affirmation Flag has been added to the Disbursement/Disbursement Acknowledgment. This flag indicates that the disbursement has been confirmed by the borrower at the school.

## **Disbursement Acknowledgments from the LOC**

The LOC returns one acknowledgment record for each Disbursement Record submitted by the school. All records in the export file will be acknowledged in the import file. The import file header will contain the batch ID of the export file. The acknowledgment record is in the same format as the Disbursement Record. If the LOC calculates different amounts than reported by the school, these amounts will be returned in the acknowledgment. If there is no change to the amounts, these fields are returned blank, in the DIOD00OP file.

Upon acceptance of the Disbursement, the LOC will send back a Booked Status and Booked Status Date. The Booked Status indicates whether the individual loan has been booked. The Loan becomes booked with the last piece of the booking process, whichever is the last piece: promissory note or disbursement.

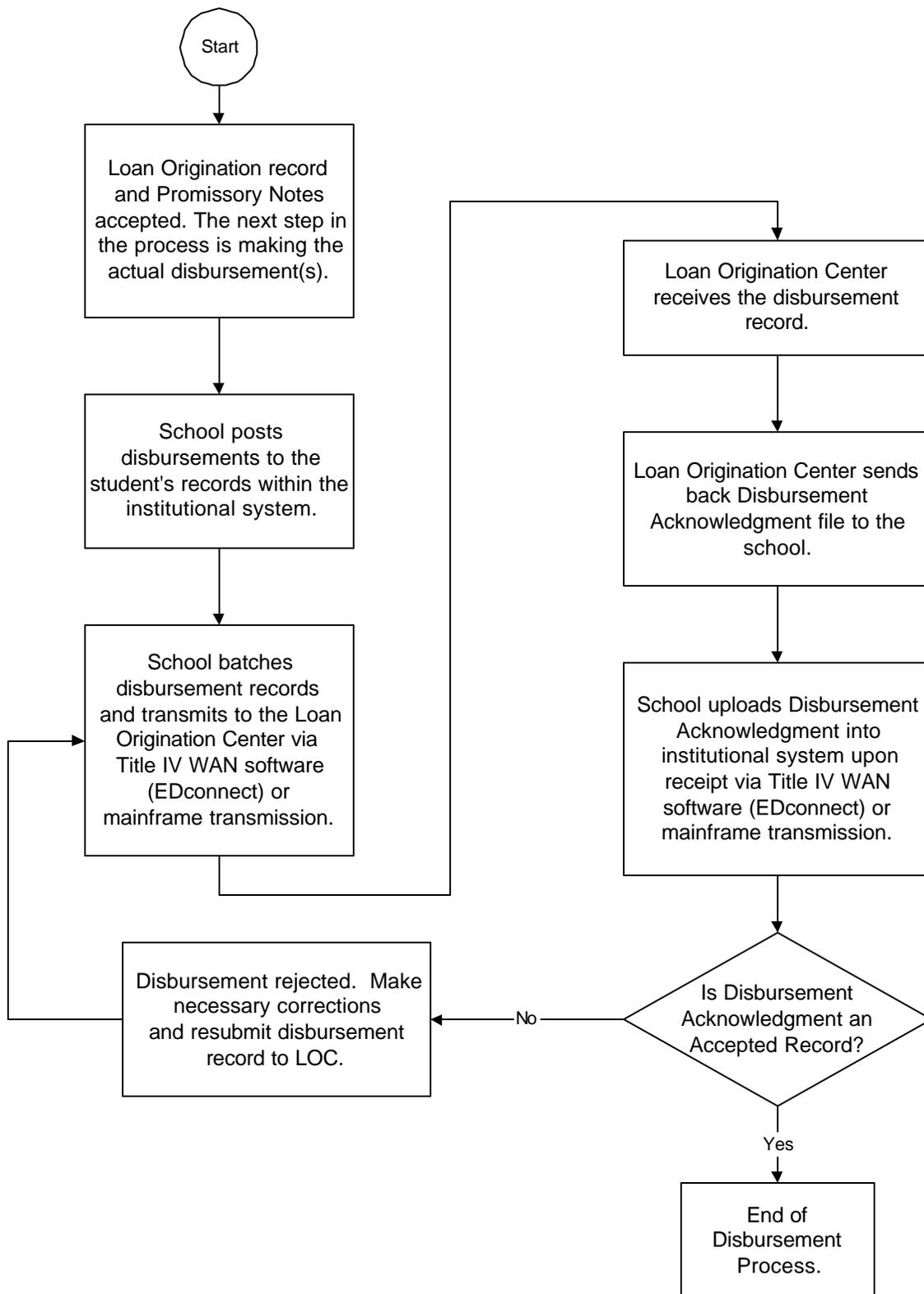
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**Note:** Disbursement acknowledgment date will always be blank on the disbursement record (DESD00IN) going to the LOC. Please do not zero fill.

The disbursement acknowledgment date will be provided by the LOC in the disbursement acknowledgment (DIOD00OP) transmitted from the LOC.

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## Disbursement Process



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## School Reconciliation

Schools must reconcile the school's Direct Loan records on file at the LOC with the school's internal Direct Loan records. This process is School Reconciliation and should be performed by the school on a monthly basis.

### **School Reconciliation for 1999–2000; Direct Loan School Account Statement (DLSAS)**

LOC initiates the reconciliation process. On a monthly basis, the LOC sends a Direct Loan School Account Statement (DLSAS) to each institution (designated by school code) in the Direct Loan program. This electronic file may be imported and formatted for printing to look similar to a bank statement. The School Account Statement reports on the LOC data on cash balances, cash details, booked loans, and booked or unbooked transactions. Three types of reconciliation data are sent to the schools: Cash Summary, Cash Detail, and Loan Detail. Each institution will be responsible for reviewing the monthly statement to ensure the accuracy of the data. This data must also be reconciled to the school's internal student account records and bank records.

### ***School Options***

A school may elect to receive only the Cash Summary and Cash Detail sections on the monthly School Account Statement, omitting the Loan Detail records. Schools initially receive the full file; contact the LOC if you want to receive the file without the Loan Detail records.

Additionally, a school may elect to send the LOC an electronic file, the Optional Loan Detail Exception File, with Year-to-Date (YTD) unbooked transactions *or* booked transactions for a particular month. The LOC compares the school's data sent in this file with that of the LOC. A preformatted Exception Report is returned to the school if there are discrepancies or exceptions to be resolved. This process assists the schools in resolving discrepancies found while reviewing the monthly DLSAS. A school initiates this process simply by sending the Loan Detail Export file to the LOC.

### ***Resolving Discrepancies***

These two processes, the DLSAS and the Optional Loan Detail Exception File, assists the schools with reconciling their data with the data at the LOC. When discrepancies are found, schools should go back and ensure that all origination, promissory note, and disbursements processing has been completed.

- The LOC cash balances only report on “Booked” data for the month in the DLSAS. Booked status on the school system can only be updated by the promissory note acknowledgment or the disbursement acknowledgment.
- Export all pending data batches for origination records, promissory notes, and disbursements.

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- Import all pending data batches to update the accepted status and booked status flags on your school's system.
  - Custom schools and software vendors may develop reports to resolve discrepancies on the DLSAS. Sample reports and descriptions are provided in the Appendix section.

### ***Implementation Details***

- The LOC will have the capability of reporting manual adjustments on the DLSAS file. These adjustments will be marked in the Booked Status field as “M” for booked transactions or loans and “V” for unbooked transactions or loans.
- Schools are responsible for reconciling their cash balances with cash detail records at the Loan Origination Center. Schools should compare drawdown and excess cash records on their DLSAS with their institutional Direct Loan bank account records.
- Custom schools and software vendors should store and update two status flags for each disbursement transaction (loan detail) submitted to the LOC. The first is the Disbursement Status and the second is the Booked Status. The Disbursement Status indicates whether the LOC has accepted the transaction as submitted. The Booked Status indicates whether the LOC considers the Loan Booked and therefore the accepted disbursement as also booked. The LOC considers a loan “booked” when there is an accepted origination record, an accepted promissory note, and an accepted first actual disbursement. Subsequent disbursements are considered booked once they are accepted by the LOC.
- Custom Schools and software vendors should also store acknowledgment dates and booked dates for disbursement transactions and promissory notes. These dates will be used to match the monthly report period used by the LOC in the DLSAS report and the Optional Loan Detail Exception process.
- Custom Schools and software vendors programming their systems to use the Optional Loan Detail Exception process, must create the export file by selecting booked transactions based on the booked dates that fall within a single month. The LOC also requests that a school only send data for a previous month and not the current month. A second separate file must be created for all transactions that are stored as unbooked YTD as of the date the file is created.

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## Management Files from the LOC

The LOC will routinely return certain reports to your Title IV WAN mailbox. These reports are preformatted in ASCII text and have their own message class names.

### The 30-Day Warning Report

The 30-Day Warning Report is a file reporting unbooked loans (DIWR00OP) for which the LOC has not received the three required elements to “book” a loan within 30 days of the first activity. The report lists the Loan ID and the data that is required to book the loan. Loans where the Loan Amount Approved is adjusted to \$0 do not appear on the 30-Day Warning. This file is generated weekly by the LOC.

### The Duplicate Student Borrower Report

The Duplicate Student Borrower Report is a file reporting student borrowers at multiple schools with loans for the same grade level, dependency status, and with the same or overlapping academic years.

### The Inactive Loan Report

The Inactive Loan report is a file reporting loans that have been adjusted to \$0.

### The Anticipated Disbursement List

The Anticipated Disbursement List file (DIAA00OP) is transmitted to Option 1 and Standard Option schools only. This file lists all pending anticipated disbursements scheduled 30 to 45 days in the future. The LOC generates this file based on accepted full origination records and accepted promissory notes for your school. Schools should submit full origination records, changes, and promissory notes to the LOC for anticipated disbursements not included on the list but the school intends to make. The report contains at a minimum the following data elements:

- Direct Loan School Code for Borrowers on Report
- LOAN ID
- Borrower’s Name
- Loan Type
- Disbursement Number (1, 2, 3, or 4)
- Anticipated Gross Disbursement Amount
- Anticipated Net Disbursement Amount

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- Anticipated Loan Fee Amount
  - Number of Borrowers on the Listing.

## **The Actual Disbursement Roster**

The Actual Disbursement Roster file (DIAO000P) is transmitted to Option 1 and Standard Option schools only. The Actual Disbursement Roster is transmitted to schools five business days prior to the anticipated disbursement date. This file lists all the Loan IDs and anticipated disbursement data on which the LOC has requested funds. Funds transferred to the school from GAPS must be disbursed to the borrowers based on the Actual Disbursement Roster. The LOC includes borrowers on this report based on anticipated disbursements on accepted loan origination records submitted to the LOC at least 10 business days prior to the anticipated disbursement date. This report will also list disbursements on which the LOC was not able to draw down funds and provides a reason code. The report contains at a minimum the following data elements:

- Direct Loan School Code for Borrowers on Report
- LOAN ID
- Borrower's Name
- Loan Type
- Disbursement Number (1, 2, 3, or 4)
- Anticipated Gross Disbursement Amount
- Anticipated Net Disbursement Amount
- Anticipated Loan Fee Amount
- Number of Borrowers on the Roster
- Total Net Disbursement for the Roster
- Anticipated Disbursement Date

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## **Batch Processing and Batch IDs**

All data exchanged between schools and the LOC must be in the required record layout format. Data must be submitted to the LOC in groups of like types. Each data type has a specific record layout, i.e., full origination, disbursements, etc. Therefore each record set is considered a separate batch. Every batch must contain a header and trailer record (see Custom Layouts). The batch header contains a batch identifier that is unique to the export batch.

### **The Batch Integrity Rule**

The LOC returns an acknowledgment record for every record the school submits. If a school submits a full origination batch of 1,000 records, the LOC will return an acknowledgment file responding to only those 1,000 records. The acknowledgment file always contains the Batch ID of the corresponding submission. This rule applies for full origination records, change records, and disbursement records. However, it does not apply to promissory note manifest records and acknowledgments. To expedite school processing, the LOC acknowledges promissory notes as they are accepted, rather than holding the entire batch until all notes are accepted.

## Rounding Logic

The following fields need to be calculated when disbursements are entered or changed:

Field Name	Description
Loan Amount Approved	From loan record
1st Gross Disbursement Amount	Loan Amount Approved (PLUS) X 1st Disbursement Percentage Loan Amount Requested (Subsidized or Unsubsidized) X 1st Disbursement Percentage
1st Fee Amount	1st Gross Amount X Loan Fee Rate (4%)
1st Net Disbursement Amount	1st Gross Amount—1st Fee Amount
2nd Gross Disbursement Amount	Loan Amount Approved X 2nd Disbursement Percentage
2nd Fee Amount	2nd Gross Amount X Loan Fee Rate (4%)
2nd Net Disbursement Amount	2nd Gross Amount—2nd Fee Amount
Optional: 3rd/4th Gross Disbursements	Loan Amount Approved X 3/4th Disbursement Percentage
3rd/4th Fee Amount	3/4th Gross Amount X Loan Fee Rate (4%)
3rd/4th Net Disbursements	3/4th Gross Amount—3/4th Fee Amount
Total Gross Disbursements	Sum of all gross disbursements
Total Fee Amount	Sum of all fee amounts
Total Net Disbursements	Sum of all net disbursements

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## Gross Disbursement Calculations

### *Two and Four Disbursements*

Dollar figures are rounded to the nearest dollar. When computing dollar figures (either through multiplication or division), use the following specification for 2 or 4 (or three unequal) disbursements only:

- If necessary, first truncate any positions that exist past two decimal places. Rounding occurs at the first and second decimal places.
- If the first and second decimal places are 50 or greater, increment the first digit to the left of the decimal sign by 1.
- If the first and second decimal places are less than 50, do not change the first digit to the left of the decimal sign.
- If the sum of the gross disbursement amounts is different from the loan amount approved, adjust the last disbursement accordingly.

#### **Example 1: Calculate for two disbursements**

Loan Amount Approved: \$2,625

Step 1: 1st Gross Disbursement Amount =  $2,625 \times .50 = 1,312.5$

Step 2: 1st Gross Disbursement = 1,313 (.5  $\geq$  .50 so round up )

Step 3: 2nd Gross Disbursement Amount =  $2,625 \times .50 = 1,312.5$

Step 4: 2nd Gross Disbursement Amount = 1,313 (.5  $\geq$  .50 so round up)

Step 5: Sum Gross Disbursements— $1,313 + 1,313 = 2,626$

Step 6: Total amount is more than loan amount approved ( $2,626 > 2,625$ )

Step 7: 2nd Gross Disbursement Amount =  $1,313 - 1 = 1,312$

Final Results: 1st Gross Disbursement Amount = 1,313

2nd Gross Disbursement Amount = 1,312

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## Example 2: Calculate for four disbursements

Loan Amount Approved: \$2,625

Step 1: 1st Gross Disbursement Amount =  $2,625 \times .25 = 656.25$

Step 2: 1st Gross Disbursement = 656 (.25 < .50 so round down )

Step 3: 2nd, 3rd, 4th Gross Disbursements =  $2,625 \times .25 = 656.25$

Step 4: 2nd, 3rd, 4th Gross Disbursements = 656 (.25 < .50 so round down)

Step 5: Sum Gross Disbursements =  $656 + 656 + 656 + 656 = 2624$

Step 6: Total amount is less than loan amount approved ( $2,624 < 2,625$ )

Step 7: 4th Gross Disbursement Amount =  $656 + 1 = 657$

Final Results: 1st Gross Disbursement Amount = 656

2nd Gross Disbursement Amount = 656

3rd Gross Disbursement Amount = 656

4th Gross Disbursement Amount = 657

## Three Disbursements

When computing dollar figures (either through multiplication or division), use the following specifications for three disbursements when the percentages being used are 33%, 33%, and 34%. For three disbursements with other percentages, refer to rounding above.

- Use .3333, .3333, and .3334 as the percentages to calculate with.
- If necessary, first truncate any positions that exist past two decimals.
- Rounding occurs at the first and second decimal places.
- If the first and second decimal places are .50 or greater, increment the first digit to the left of the decimal sign by one.
- If the first and second decimal places less than .50, do not change the first digit to the left of the decimal sign.
- If the sum of the three disbursements is greater than or less than the loan amount approved, adjust the last disbursement accordingly.

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**Example 3: Calculate for three equal disbursements**

Loan Amount Approved = \$2,000

Disbursement percentages: (33.33%, 33.33%, 33.34%)

Step 1: 1st Gross Disbursement =  $2,000 \times .3333 = 666.6000$

Step 2: 1st Gross Disbursement = 666.6000 (truncate past two decimals)

Step 3: 1st Gross Disbursement = 667 (.60  $\geq$  .50, so round up)

Step 4: 2nd Gross Disbursement =  $2,000 \times .3333 = 666.6000$

Step 5: 2nd Gross Disbursement = 666.6000 (truncate past two decimals)

Step 6: 2nd Gross Disbursement = 667 (.60  $\geq$  .50, so round up)

Step 7: 3rd Gross Disbursement =  $2,000 \times .3334 = 666.8000$

Step 8: 3rd Gross Disbursement = 666.8000 (truncate past two decimals)

Step 9: 3rd Gross Disbursement = 667 (.80  $\geq$  .50, so round up)

Step 10: Sum of disbursements:  $\$667 + \$667 + \$667 = \$2,001$

Step 11: 3rd Gross Disbursement =  $667 - 1 = 666$

Final Results: 1st Gross Disbursement Amount = 667

2nd Gross Disbursement Amount = 667

3rd Gross Disbursements Amount = 666

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## Loan Fees and Net Disbursement Calculations

When calculating loan fee amounts and net disbursements amounts, use the following specifications for all number of disbursements:

- Loan Fees are truncated.
- Net disbursements are calculated by subtracting the loan fee from the gross disbursement.
- If the sum of the loan fee amounts is less than the calculated Total Loan Fee, do not adjust any loan fee amounts.
- If the sum of the net disbursement amounts is greater than the calculated Total Net Disbursement, do not adjust any net disbursement amounts.

### Example: Loan Fee Calculation

Total Gross Disbursement Amount = \$3,500

Loan Fee Rate = 4%

Three Gross Disbursement Amounts = \$1,167, \$1,167, and \$1,166

Step 1: 1st Loan Fee Amount:  $1,167 \times .04 = 46.68$ , truncate to 46

Step 2: 2nd Loan Fee Amount:  $1,167 \times .04 = 46.68$ , truncate to 46

Step 3: 3rd Loan Fee Amount:  $1,166 \times .04 = \$46.64$ , truncate to 46

Step 4: Total Loan Fee Amount =  $46 + 46 + 46 = 138$

Step 5: 1st Net Disbursement Amount =  $1,167 - 46 = 1,121$

Step 6: 2nd Net Disbursement Amount =  $1,167 - 46 = 1,121$

Step 7: 3rd Net Disbursement Amount =  $1,166 - 46 = 1,120$

Step 8: Total Net Disbursement Amount =  $1,121 + 1,121 + 1,120 = 3,362$

Final Results:

	Disbursement #1	Disbursement #2	Disbursement #3	Totals
Gross Disbursements	1,167	1,167	1,166	3,500
Loan Fees	46	46	46	138
Net Disbursements	1,121	1,121	1,120	3,362

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## Leap Year Logic

EDEExpress uses the following date format and leap year logic in the date fields on its databases:

- The date field format is CCYY/MM/DD
- For (CC), the date field must contain only: 19 or 20
- For (YY), the date field must contain only: 00–99
- For month (MM), the date field must contain only: 01–12
- For day (DD), valid range depends on the month, as follows:

<u>Month</u>	<u>Valid Day Range</u>
01	01–31
02	01–28 (unless year is divisible by 4 when 01–29 is valid)
03	01–31
04	01–30
05	01–31
06	01–30
07	01–31
08	01–31
09	01–30
10	01–31
11	01–30
12	01–31