



Electronic Access Conference
*e***magine**
2001



Session 49

Emagine There's No Paper, It Isn't
Hard to Do

FFEL Panel on Electronic Promissory Notes



You Say You Want a Revolution...

- “Holy grail” of paperless process
 - Removes last barrier to a fully electronic student aid process
 - Entire process can now be electronic from application -> award -> disbursement -> servicing
 - Service at the speed of light!
 - E-sign coupled with other recent changes allow us to serve ALL customers in real-time
 - Allows schools to re-think “traditional” process flows and compress timeframes
 - Engaging aid processes
 - With e-sign, incorporation of a web application process offers greater creativity and control over a student’s aid process
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The Long and Winding Road...

- E-Signatures in Global and National Commerce Act passed June 30, 2000
 - Department of Education published Dear Colleague Letter containing voluntary e-signature standards and “safe harbor” on April 30, 2001
 - Department of Education and NCS launch STAN (STudent Authentication Network) service on June 29, 2001 allowing use of FAFSA PIN for e-signature
 - FFEL collects first e-signed MPN’s in the country
 - Department of Education revises DCL allowing electronic delivery of PIN to be covered under safe harbor on July 25, 2001
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Come Together...

- ED guidance provides minimum “safe harbor” standards for the implementation of electronic signature processes in the FFEL, Direct, and Perkins Loan programs
 - Conforming to the “safe harbor” standards will assure that ED will stand behind the loan if the e-signature is challenged in court
 - Standards are voluntary - lenders and schools *may* choose to ignore and take risk of loans being deemed unenforceable solely because of p-note
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Across the Universe...

- DCL standards apply to:
 - Master promissory notes (MPNs) or loan applications (ex. Perkins, PLUS, etc.)
 - Forbearance agreements
 - Deferment requests
 - Cancellation requests
 - New repayment agreements
 - Requests to discharge a loan
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Help!...

- SFA Pin process the most pervasive - but has limitations
 - Currently, not all borrowers complete FAFSA
 - Currently, mail requirement defeats real-time benefits
 - Movement to electronic delivery (est. January 2002) will not be real-time
 - Can only be used for Title IV aid
 - PIN request site to address non-FAFSA filers
 - Discussions to allow use outside of Title IV - but don't count on it
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We Can Work it Out...

- DCL is a “voluntary” standard so other solutions are possible
 - Within DCL “safe harbor”, other solutions can be used provided they follow guidelines
 - Use of third party authenticator (not school)
 - Shared secret sent via secure means
 - Lenders and schools can decide on processes outside of the safe harbor with some risk
 - PIN/password relying on school certification as authentication
 - School assigned PIN/password
-



I am the Walrus...

- An “electronic signature” is an electronic symbol or process attached to or logically associated with a record, and executed by a person with intent to “sign” the record.
 - An electronic signature is *not* technology specific.
 - These technologies are not used to “sign” the document, but to prove that the person affixing the e-signature is authorized to do so (attribution)
 - Attribution can be based upon:
 - What You Know - Shared secrets (e.g. PIN, Date of Birth, Mother’s Maiden Name, SSN, etc.)
 - What You Carry (e.g. smart card, digital certificate, etc.)
 - Who You Are (e.g. fingerprint, retinal scan, digitized signature, etc)
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Magical Mystery Tour...

- Unlike a traditional “wet” signature, an electronically signed document involves multiple steps:
 - Disclosure informing the borrower of their rights
 - Consent from the borrower to use an electronic process
 - Authentication of identity to prove the person is who they are claiming to be
 - “Signature” accepting the transaction
 - Borrower *always* has the option of a paper process
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It's Getting Better All the Time...

- Technology is rapidly evolving
 - Benefits of e-sign in all industries will drive wider scope solutions rapidly
 - Cost of technologies is dropping
 - Potential for smart cards and biometric devices becoming widespread in the near term
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Ticket to Ride...

- On-line promissory note and other web based processes have been available for years
 - Few schools have adopted web based notes into their standard process flow though
 - Core borrower demographic prefers to go on the web for information and services
 - E-sign is the “killer app” to move financial aid on-line
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All We are Saying, is Give E-Sign a Chance...

- Benefits ALL participants in the process, so why wait?
 - Convenience, speed and better information for students and borrowers
 - Speed and cleaner process reduces workload and improves cash flow for schools
 - Reduced workload and costs for lenders and their business partners
 - Potential for fraud and default reduction benefits taxpayers
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AES Stafford MPN on the Web

- **Student logs in, selects school and lender**
(Note: If a loan has been pre-certified, the school will be displayed and cannot be changed.)

STAFFORD LOAN Web Application Request

Please locate and select the school you plan on attending:

TEST SCHOOL

Please locate and select your lending institution:

 If you choose a lender with which you are not familiar, you should contact the lender before you submit a promissory note to make sure you meet their requirements.



AES Stafford MPN on the Web

- Student's name and address data are pre-populated using data from their log in account

Personal Information

Please complete all information requested below.

Borrower's Name:	First	MI	Last
	TEST	A	STUDENT
SSN:	55555555		
Street Address:	5555 TEST PKWY		
City:	TESTVILLE		
State:	PENNSYLVANIA		
Zip:	55555		
Date of Birth (mmddyyyy):	05051955		
Telephone Number:			
Driver's License State:			
Driver's License Number:			
E-mail Address:			
Would you like to receive periodic updates from us ?	<input checked="" type="checkbox"/>		
Interest Payments:	Yes		

If I select "Yes", I want to pay unsubsidized interest while I am in school.



AES Stafford MPN on the Web

- Student must provide two separate references with different U.S. addresses

Reference One:

Name: First MI Last

Street Address:

City:

State:

Zip:

Telephone Number:

Relationship:

Reference Two:

Name: First MI Last

Street Address:

City:

State:

Zip:

Telephone Number:

Relationship:



AES Stafford MPN Completion Options

- Print at their printer
- Have AES print it and mail it to them
- Save the form for completion at a later date
- Sign electronically using their USDE PIN

Please select one of the following options:

Print MPN Form on Your Printer

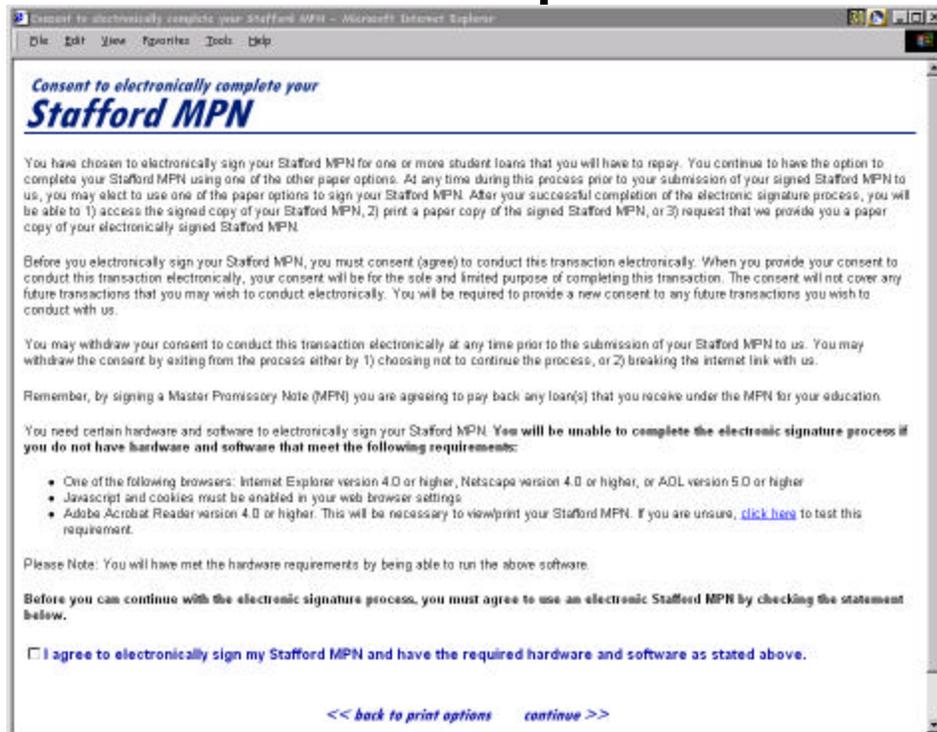
AES will Print the MPN Form

Save Information For Later

Sign Electronically with my US Department of Education PIN

Electronic Signature Process

- Student gives consent to complete the Stafford MPN process electronically



Consent to electronically complete your Stafford MPN - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Consent to electronically complete your Stafford MPN

You have chosen to electronically sign your Stafford MPN for one or more student loans that you will have to repay. You continue to have the option to complete your Stafford MPN using one of the other paper options. At any time during this process prior to your submission of your signed Stafford MPN to us, you may elect to use one of the paper options to sign your Stafford MPN. After your successful completion of the electronic signature process, you will be able to 1) access the signed copy of your Stafford MPN, 2) print a paper copy of the signed Stafford MPN, or 3) request that we provide you a paper copy of your electronically signed Stafford MPN.

Before you electronically sign your Stafford MPN, you must consent (agree) to conduct this transaction electronically. When you provide your consent to conduct this transaction electronically, your consent will be for the sole and limited purpose of completing this transaction. The consent will not cover any future transactions that you may wish to conduct electronically. You will be required to provide a new consent to any future transactions you wish to conduct with us.

You may withdraw your consent to conduct this transaction electronically at any time prior to the submission of your Stafford MPN to us. You may withdraw the consent by exiting from the process either by 1) choosing not to continue the process, or 2) breaking the internet link with us.

Remember, by signing a Master Promissory Note (MPN) you are agreeing to pay back any loan(s) that you receive under the MPN for your education.

You need certain hardware and software to electronically sign your Stafford MPN. You will be unable to complete the electronic signature process if you do not have hardware and software that meet the following requirements:

- One of the following browsers: Internet Explorer version 4.0 or higher, Netscape version 4.0 or higher, or AOL version 5.0 or higher
- Javascript and cookies must be enabled in your web browser settings
- Adobe Acrobat Reader version 4.0 or higher. This will be necessary to view/print your Stafford MPN. If you are unsure, [click here](#) to test this requirement.

Please Note: You will have met the hardware requirements by being able to run the above software.

Before you can continue with the electronic signature process, you must agree to use an electronic Stafford MPN by checking the statement below.

I agree to electronically sign my Stafford MPN and have the required hardware and software as stated above.

<< back to print options continue >>

MPN Review

- Student reviews a draft of the MPN and must agree to the loan terms and conditions as well as Rights and Responsibilities

Draft
Stafford MPN

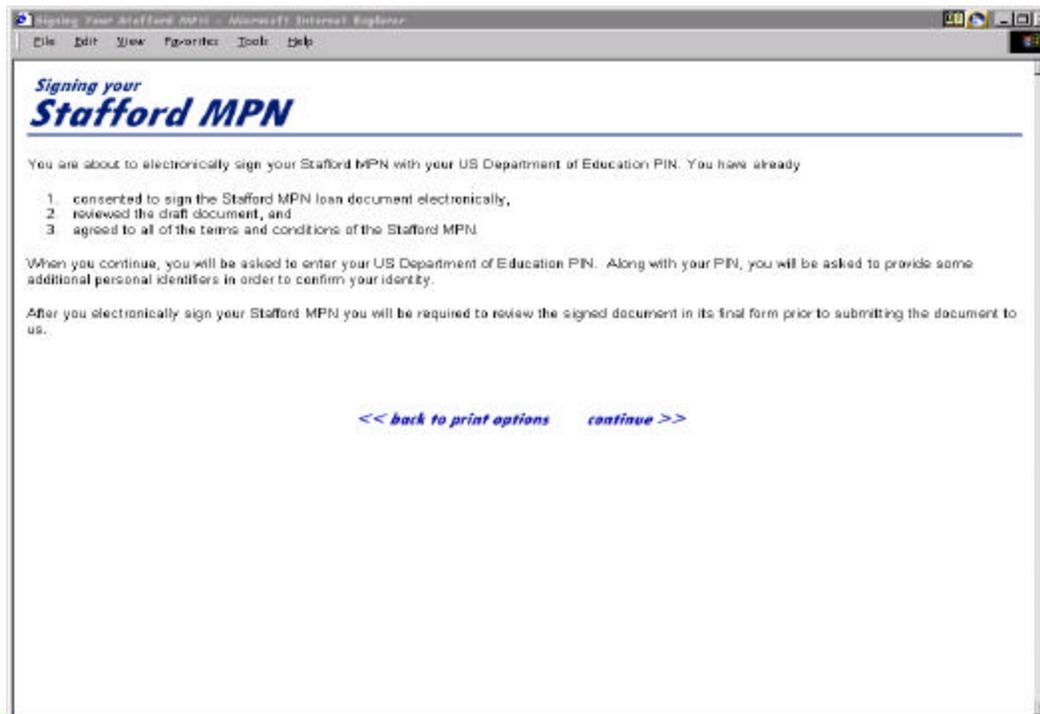
Now you must review a draft version of the Stafford MPN that you will sign electronically. Please note that while this version of the Stafford MPN appears complete, with the personal information you previously provided, it has not yet been signed by you. This promissory note is a legally enforceable student loan obligation that you must repay. Review the language of this Draft Stafford MPN carefully. Please keep in mind that while some of the text may appear to be inappropriate in this format as compared to a paper version of the Stafford MPN, we are required to display the text exactly as it appears on the paper Stafford MPN.

IMPORTANT: While reviewing the Draft Stafford MPN, you will be required to confirm that you have read, understand and agree to all of the language, terms, conditions, and notices of the Stafford MPN in three places by checking a box where required.

Federal Family Education Loan Program (FFELP)		Guarantor, Program, or Lender Identification	
Federal Stafford Loan Master Promissory Note		7/11/2001 05555500-TEST SCHOOL 828924KB - KEYSTONE BEST Sub: \$0 Unsub: \$0	
<small>Warning: Any person who knowingly makes a false statement or misrepresentation on this form is subject to penalties which may include fines or imprisonment under the United States Criminal Code and 20 U.S.C. 1097</small>			
Borrower Information			
Last Name STUDENT	First Name TEST	Mi A	Social Security Number 555555555
Permanent Street Address 5555 TEST PKWY		Home Telephone Number 555-555-5555	Date of Birth 05/05/1955
City TESTVILLE	State PA	Zip Code 55555	Driver's License State and Number E-Mail Address
Lender Name KEYSTONE BEST	City HARRISBURG	State PA	Zip Code 17105
Lender Code 828924KB			
<small>Reference: You must provide two separate references with different U.S. addresses. The first reference should be a parent (if living) or legal guardian. Both references must be completed in full.</small>			

Signing the MPN

- Student is informed of impending signature, MPN data and clicks are stored





The STAN Process

- The Student Authentication Network (STAN) is a secure service for authentication of the borrower's SFA PIN and stable data (last name, birth date, SSN) against the SFA database to enable borrowers to "e-sign" their loan promissory notes
 - Student is redirected to the STAN site
-

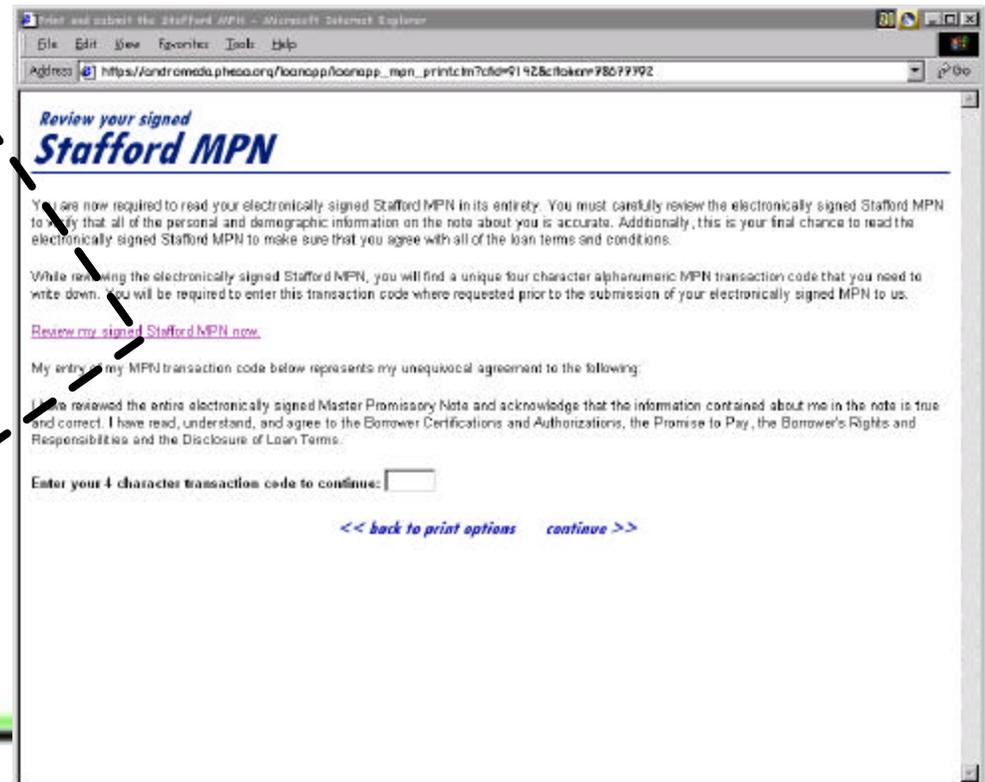


The STAN Process

- Student enters SSN, DOB, Name and PIN
 - STAN confirms the student's identity
 - Student is redirected back to the AES site with authentication string
 - AES confirms that STAN is the referring site
-

Confirmation

- Student reviews MPN, obtains confirmation number, and confirms review of MPN



A screenshot of a web browser displaying the "Review your signed Stafford MPN" confirmation page. The page includes instructions for reviewing the MPN and a section for entering the MPN transaction code. The text on the page reads:

Review your signed Stafford MPN

You are now required to read your electronically signed Stafford MPN in its entirety. You must carefully review the electronically signed Stafford MPN to verify that all of the personal and demographic information on the note about you is accurate. Additionally, this is your final chance to read the electronically signed Stafford MPN to make sure that you agree with all of the loan terms and conditions.

While reviewing the electronically signed Stafford MPN, you will find a unique four character alphanumeric MPN transaction code that you need to write down. You will be required to enter this transaction code where requested prior to the submission of your electronically signed MPN to us.

[Review my signed Stafford MPN now.](#)

My entry of my MPN transaction code below represents my unequivocal agreement to the following:

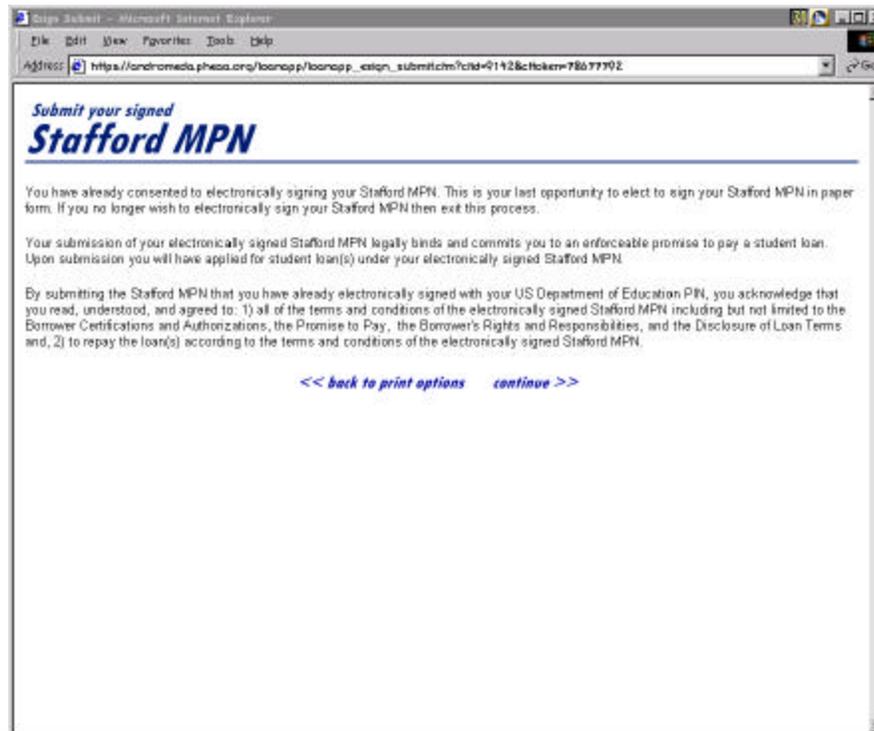
I have reviewed the entire electronically signed Master Promissory Note and acknowledge that the information contained about me in the note is true and correct. I have read, understand, and agree to the Borrower Certifications and Authorizations, the Promise to Pay, the Borrower's Rights and Responsibilities and the Disclosure of Loan Terms.

Enter your 4 character transaction code to continue:

[<< back to print options](#) [continue >>](#)

This is it!

- Final confirmation of what has been agreed to and submission of MPN





Your Electronic Documents

- Student logs in and selects option to view electronically signed documents

The screenshot shows a web browser window with the ASAP logo and navigation links. The main content area displays the 'Your eSign Documents' page, which includes a table of document types and dates received, a note about requesting paper copies, and a requirement for Adobe Acrobat Reader.

Document Type	Date Received
Stafford MPN	7/20/01

You must have Acrobat Reader to view Your eSign Documents.

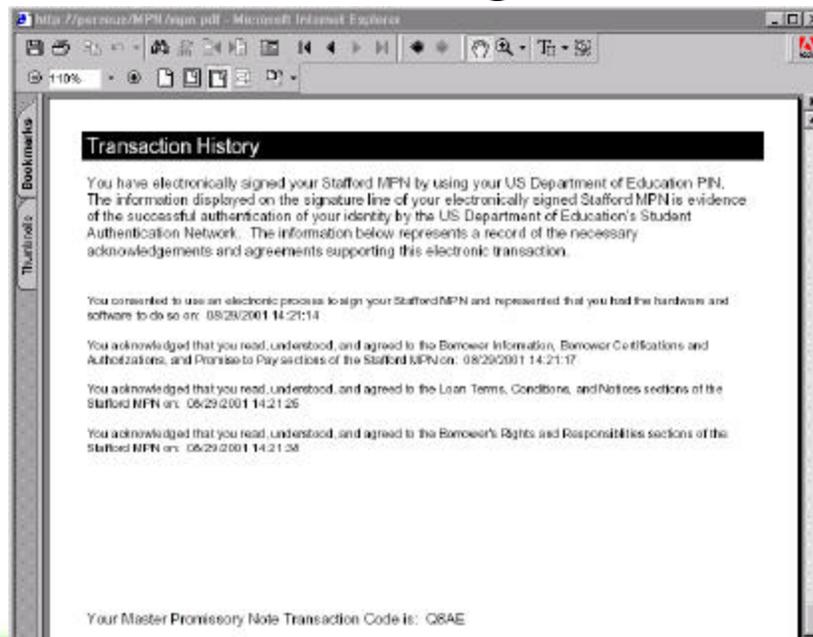
Adobe Acrobat Reader

[Close this Window](#)



Your Electronic Documents

- Saved version of completed MPN features a final page that provides a record of the Electronic Signature transaction





Advantages of the AES MPN on the Web

- Edits against the student data housed in OneLINK in an attempt to determine if a MPN is needed (reduces the risk of duplicate requests)
 - If a pre-certified loan exists in OneLINK, the student is presented with a MPN which contains the Unique ID and certified loan amounts
-



Advantages of the AES MPN on the Web

- Multiple completion options available to the student
 - Borrowers are presented with option to complete loan entrance counseling
 - Satisfies the requirements of the “Standards for Electronic Signatures in Electronic Student Loan Transactions” issued by the Department of Education
-



Advantages of the AES MPN on the Web

- Schools can choose:
 - To allow students to reduce the pre-certified loan amount when completing the MPN
 - To link to the MPN from their web site





Advantages of the AES MPN on the Web

- Coming soon, schools will have the option:
 - To prevent students from completing the MPN online prior to pre-certification
 - To provide their preferred lender list in their selected order
 - To provide school specific instructions to their students
-



Mission Statement

The University of Phoenix is a for-profit institution dedicated to providing educational opportunities to working adult students whose access might otherwise be restricted or non-existent.



Quality Lifetime Learning, Anytime, Anywhere



University of Phoenix Facts

- Private, for profit higher education institution
 - First class held in 1976 – celebrating 25 years of quality education
 - Bachelors, Masters, Doctoral degrees, and professional certificate programs
 - Programs in Business, Technology Mgmt, Information Systems, Education, Counseling and Nursing
-



University of Phoenix Facts

- Operating in 20 states, Puerto Rico, Canada & the Netherlands
 - 35 main campuses and 72 learning centers
 - Worldwide learning through University of Phoenix Online (UOPX)
 - 103,245 student enrollment (29,000 online)
-



Financial Aid Facts

- 55% of UOP students receive financial aid
 - \$522+ million loan funds awarded for 2001
 - Approx. \$24 million in PELL Grant funds awarded for 2001
 - Cohort default rate FY'99 – 4.6%
 - Over 300 lending & guarantor partners
 - Preferred Lender List – 5 national lenders
 - ELM & NDN (99.7% of loan volume)
-



Financial Aid Basics

- Academic Year - 45 Weeks / 27 Credits
 - Borrower Based AY – Open Entry / Open Exit
 - Loans & Pell Grants Certified Daily
 - Disburse Funds Daily
 - PeopleSoft Financial Aid, Oracle Financials and other legacy systems
-



Financial Aid Process

- Campus Intake & Counseling
 - Centralized Certification, Disbursement & Refund Processing
 - Centralized Training & Implementation
 - Centralized Lender Relations
 - ELM – Single Point of Contact
 - EFT Disbursements & Returns via the ELM/NDN
-



Our Current Financial Aid Focus

- Ensure Regulatory Compliance
 - Improve Customer Service
 - Reduce Transaction Costs
 - System Automation & Integration
-



Benefits of Electronic Signature

- Promotes a paperless (fully electronic) process
 - Convenience to students, schools & lending community
 - Reduces processing time – no snail mail
 - Closer to real time process
 - Online process for admissions, financial aid application, bill payment & account inquiry, etc
-



And there's more....

- Can be used for both FFELP & private loan products
 - Works with all process flows
 - Opportunity for dynamic and creative debt counseling and financial advice
 - Better processes and knowledge = lower default rate
 - Fraud protection – reduced risk with authentication
 - Why not use it?
-



Implementation Strategy

- Functional Considerations on Campus
- Technology Implications
- Business Process Changes
- Timing





Functional Considerations on Campus

- Student population served
 - Traditional vs. Non-Traditional
 - Admissions
 - Academic Transcripts - SPEEDE/EDI & XML
 - Admissions/Enrollment paperwork
 - Registrar
 - Course selection and online scheduling
 - Accessing grades and address updates
-



Functional Considerations on Campus

- Financial Aid Office
 - FAFSA on the Web
 - Master Promissory Note
 - Institutional Application
 - (authorization to apply funds)
 - Verification Documents
 - Business Office
 - Finance Agreements
 - Bill payment
-



Technology Implications

- Variety of methods
 - Online Application & Web Integration
 - Imaging Workflow opportunities
 - Communication with lenders, business partners
 - Electronic Record Retention and Maintenance
 - Electronic Record Integrity
-



Business Process Changes

- Traditional Flow vs. Non-Traditional Flow
 - Lender vs. Guarantor Flow
 - Guarantee Only, Guarantee & Print or Print & Guarantee
 - Business Process Flow
 - Lender or Service Provider Impact
 - Implement Existing Process with E-Sign hook
 - Evaluate Current Process and Redesign
-



Or let someone else do all the work...

- From school's online process, direct students to school's preferred lender list with links
 - Direct students to lender's website
 - Work in conjunction with your lender, guarantor or service provider
-



Timing

- Why not now?
 - Lenders and service providers are ready
 - Low tech approach
 - Flexibility
 - School controlled
-



UOP's E-Sign Solution

- Enhanced Online Web Application Process
 - Initial Focus on MPN
 - Imaging Workflow
 - Web Integration
 - Universal Real Time Method
 - “one stop shopping” solution
 - API Links to Preferred Lender's E-Sign Website
-



**Electronic Signature has the
opportunity to revolutionize student
financial aid but only if the entire
community embraces it**



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2001

Questions?



Contact Information

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