

SECTION 4: DIRECT AND FFEL LOAN PROCESSES

Last updated: 02/24/2009

16.1 Process Overview & Responsibilities

Direct and FFEL Loan processes are primarily handled by the Southwestern College loan specialist with aid and assistance from all other members of the Financial Aid office.

Resources

CFR 682.604
CFR 682.606
CFR 682.610

16.2 Processing Loan Proceeds and Counseling Borrowers

Policies

In general, the Southwestern College Office of Financial Aid complies with the exit counseling regulations as set forth in the CFR and Student Aid Handbook concerning loan proceeds and counseling borrowers.

Procedures

To ensure that the college is following regulations, one person in the office is designated as a loan specialist. It is that person's job, in conjunction with the Director of Financial Aid to regularly connect with the Title IV regulations and updates to ensure that we are making every effort possible to maintain a program that is Federally compliant.

The financial aid professional staff is required to attend approved online or in person training sessions concerning their subject area of expertise a minimum of two times per year.

Resources

16.3 Initial Counseling

Policies

In general, the Southwestern College Office of Financial Aid complies with the exit counseling regulations as set forth in the CFR and Student Aid Handbook concerning loan exit counseling.

Procedures

First time borrowers and borrowers who have not borrowed loans

Resources

CFR 682.604

within four years of entering Southwestern College are required to complete interactive, online entrance counseling. For FFEL Borrowers, the counseling is administered by USA Funds via their online Stafford Loan Guide located at <https://staffordloanguide.usafunds.org>. For Direct Borrowers, the entrance interview is administered by Federal Student Loan Servicing via their online process located at www.dlsonline.com.

Awarding loan funds to a student triggers two documents to be placed on a student's document screen on PowerFAIDS. They are: 1) Entrance Counseling and 2) Loan Master Promissory Note. For new students, these documents are listed as "Not Received" and must be manually "Waived" or "Received" before the loan fund will disburse to the student's account. Once "Waived" or "Received," these documents roll forward with the student's record as lifetime documents.

Entrance counseling is waived for students who enter as previous borrowers within the last four years. The Master Promissory Note requirement is never waived.

Online counseling results are downloaded daily and manually received on PowerFAIDS. Master Promissory Note results are received once the funds are disbursed to the college from the bank or when completion of the note has been confirmed by a Financial Aid Professional. The date counseling was received is maintained in the student's electronic file on PowerFAIDS, the actual results are maintained on the USA Funds and Direct Loan Servicing websites.

Students are reminded monthly to complete their entrance counseling via direct e-mail. Throughout the process, students may contact the Office of Financial Aid for questions or clarification.

16.4 Exit Loan Counseling

Policies

In general, the Southwestern College Office of Financial Aid complies with the exit counseling regulations as set forth in the CFR and Student Aid Handbook concerning loan exit counseling.

Procedures

Students identified as graduates, transfers, withdrawing or dropping are invited to complete an interactive, online loan exit interview. For

Resources

CFR 682.604
CFR 682.603

FFEL borrowers, the exit interview is administered by USA Funds via their online Student Loan Transition Guide at <https://studentloantransitionguide.usafunds.org>. For Direct Borrowers, the exit interview is administered by Federal Student Loan Servicing via their online process located at www.dlsonline.com.

Once students are identified, they are reminded to complete the interview process via a variety of avenues designed to appeal to all types of learners. These avenues include but are not limited to: face-to-face meetings, lunchroom appeals, flyers, and direct e-mail appeals. Throughout the entire process, students are notified that financial aid counselors are available for questions and clarification.

Online counseling results are downloaded daily and updated electronically into the PowerFAIDS system. Students who haven't completed their online counseling before the week of graduation in the case of graduates and transfers and by the Federal 30 day deadline in the case of withdrawing and dropping students are mailed an exit packet. Details concerning what is in the exit packets are located at G://Loans/Exit/Exit Packet.

A review of all advertising and counseling materials including online counseling contents is conducted annually by the Loan Counseling Specialist.

GRADUATES/TRANSFERS

Lists of graduates are requested from the Registrar in Mid-November, Mid-April and Mid-July. Main campus transfers are encouraged to notify the Office of Financial Aid that they are exiting via a fall and spring notification in the Jinx Tale.

WITHDRAW/DROPS

Withdrawing students on the main campus are encouraged to begin their process in the financial aid office (see procedures for Return of Funds). Identifying withdrawing/dropping students in the Professional Studies and online environments occurs on a weekly basis when student enrollment is integrated into PowerFAIDS from the main registration system. A manual backup is also provided when a student requests that personnel from the professional studies center completely remove them from classes after the first week of a session has passed.

16.5 Refund Policy

Policies

Resources

For the majority of students FFEL loan funds are either applied to the student's account or returned to the lender within three days of their receipt. On a case-by-case basis, loan funds may be held longer if the issue holding up the funds can be quickly and easily resolved by the student. Loan funds are not knowingly held for more than one month for any reason.

Direct loan funds are disbursed to the student's account as soon as the student is eligible to receive them. The school reimburses the account with Federal funds at the time of monthly reconciliation.

Any refund created after charges have been applied to the funds is refunded directly to the student by paper check. Checks are mailed to students living off campus and held for pick up for students living on campus.

Students have any time within the academic year to request that their refund check be returned to their loan.

Procedures

Loan funds are received on a weekly basis from the National Distribution Network (NDN) or electronically through ACH to the college's bank account. The funds are checked for disbursement eligibility by the Office of Financial Aid. An electronic file containing eligible funds is posted to the Financial Aid and Business office shared drive for download.

The Business Office downloads the electronic file into the student's account. A process is run to determine who is eligible to receive a credit check based on the application of the financial aid.

Student's wishing to return funds to the lender indicate their intention to the Business Office or the Financial Aid Office. Typically they do this by returning the refund check. The check is applied as a payment to the account and the funds are returned as soon as possible by the Financial Aid Office using ELM or COD.

Direct loan disbursements are reported after they are disbursed to COD. Funds are drawn from GAPs to reimburse the college's bank account once those disbursements have cleared the COD system.

16.6 Administrative and Fiscal Requirements

Policies

Resources

Reconciliation of the Direct Loan account is done on a regular basis following the 15th of each month when possible by the Office of Financial Aid.

Reconciliation of the FFEL account is done on a regular basis at the first of each month for the previous month when possible by the Office of Financial Aid.

Procedures

Once a month, the Direct Loan reconciliation file is downloaded from the SAIG mailbox. Comparisons of this data are made to ensure that the COD and student account data match. On a bi-annual basis, the COD account, student account and PowerFAIDs data base are compared to ensure that the numbers are correct for FISAP purposes.

Paper copies of the NDN rosters and ACH deposits are kept in a file in the Office of Financial Aid. When possible, monthly comparisons are made to ensure that the NDN rosters and student account data match. On a bi-annual basis, the ELM system, student account and PowerFAIDs data base are compared to ensure that the numbers are correct for FISAP purposes.