



Technical Update GA-2015-01

January 9, 2015

Loan Transfer Process and Total and Permanent Disability Discharge Reporting to NSLDS

This information is intended for the person in your organization who is responsible for working with the National Student Loan Data System (NSLDS). Please ensure that the appropriate person receives this update.

Introduction

This Technical Update provides clarification on the loan transfer process and reporting procedures for loans assigned to the Department of Education (the Department) for discharge based on Total and Permanent Disability (TPD) and assignment to the Debt Management and Collections System (DMCS).

Reporting Loans Assigned to Nelnet Total and Permanent Disability Servicer

In October 2010, guaranty agencies (GAs) began assigning loans with total and permanent discharge claims to the Nelnet TPD Servicer, ED Servicer Code 582. We provided instructions for reporting TPD loans to NSLDS in GA Technical Update [GA-2010-07](#).

Beginning July 1, 2013, requests for disability discharge go directly to the Department, and GAs are notified through the TPD Loan Holder Notification (TPD LHN) File. This Notification File was described in an [Electronic Announcement posted to the Information for Financial Aid Professionals \(IFAP\) Web site on July 23, 2014](#).

The NSLDS TPD reporting instructions have not changed, although GAs are now required to forward all TPD requests directly to the Nelnet TPD Servicer. NSLDS continues to require the GA to process two separate submittals, as follows:

- The first submittal should occur once notified that the borrower's request for TPD has been approved via the TPD LHN File. In this first submission, the GA must update the Code for Loan Status to DI (Disability) or DS (Defaulted, Then Disabled) and include a **positive balance** in the sum of Amount of Outstanding Principal Balance, Amount of

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Outstanding Accrued Interest Balance, and Amount of Outstanding GA fees Balance (formerly Amount of Ending Balance on Claim of Other Fees).

- In the second submittal, the GA must report the Loan Transfer Code of ‘AE’ with the Code for Servicer equal to ‘000582’ and a Date of Loan Status equal to the date that the loan was transferred to the Nelnet TPD Servicer.

See the GA DPI Change Pages Appendix B: Tables B-8, B-10 and B-11.

If you need assistance with TPD, contact the Nelnet Total and Permanent Disability Servicer as outlined on the [Total and Permanent Disability Discharge and Veterans Disability Discharge Contact Information page on the IFAP Web site](#).

Process to Transfer Loans to DMCS

As a reminder, the NSLDS standard method for GA transfers using the AE – Loan Transfer code process is also used for reporting the transfer of loans to DMCS. To report the transfer of a loan to the Department for collections, report the following:

- Date of Loan Status (062) – Date the transferred loan was accepted for collection
- Code for Loan Status (063) – ‘AE’
- Code for Servicer (088) – DMCS GA code ‘556’

Note: GA code ‘555’ is no longer valid

- Date of Servicer Responsibility (150) – Date DMCS accepted the transfer

If you have any questions about this information, please contact the NSLDS Customer Support Center at 800/999-8219 or by e-mail NSLDS@ed.gov.