



## Servicing of Federally Held Loans

**U.S. Department of Education**

**Panel: Federal Loan Servicers**

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- **Servicing Landscape**
  - The Servicing Realities **Agenda**
- **Split Servicing**
- **Keep It Simple**
  - Centralized Loan Information (NSLDS)
- **Surveys**
- **Suggestions.. Feedback..Questions**

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### Servicing Realities – “Define it”

- ❑ **LDE**  
Loan Distribution Engine (via Common Origination and Disbursement system - COD) – interface to assign loans to the federal loan servicers.
- ❑ **“Booked” Loan**  
Booking occurs when the COD system accepts an origination record; links p-note to the record and accepts actual disbursement.
  - ✓ **The federal loan servicer assigned upon “booking” of loan.**

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### Servicing Realities – “Define it”

- PUT**  
Loans made under FFELP by lenders and subsequently purchased by ED

- Federally Owned Loans**  
William D. Ford Federal Direct Loan (Direct Loan) and FFELP Purchased Loans (PUT)
- Commercial Loans**  
FFELP loans not held by the department (Note: does not include private education loans)

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### Servicing Realities – “Define it”

- “TIVAS”**  
An internal acronym used by FSA which stands for the Title IV Additional Servicers. In communications with schools, borrowers and the financial aid community, FSA uses the term “federal loan servicers”.

- Split Loan Servicing**  
Borrowers who have more than one servicer of their Direct Loan and FFEL PUT (federally-owned loans)

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### Federal Loan Servicers

The Department has five federal loan servicers to which we assign Direct Loans. Our federal loan servicers are:

- Direct Loan Servicing Center (ACS)**
- Great Lakes Educational Loan Services, Inc.**
- Nelnet**
- FedLoan Servicing (PHEAA)**
- Sallie Mae**

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### Our Federal Loan Servicers:

- Comply with legislative regulatory requirements and provide unique services
- Educate and inform borrowers regarding the tools and options available to assist them in the management of their student loans
- Offer multiple repayment options tailored to borrower preferences (i.e. Online payments, ACH, check, etc.)
- Provide self-service tools for borrowers and options to receive bills and/or correspondence electronically
- Offer dedicated services to schools to help manage cohort default rates

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### Loan Servicing

**COD**

**CODLDE**

- Origination
- Disbursement
- Loan Allocation
- Customer Service

**SERVICING**

- **Direct Loans**
- **fedloan**
- **GREAT LAKES**
- **nelnet**
- **Sallie Mae** | Department of Education Loan Services

**Servicing Functions:**

- Customer Service
- Payment Processing
- Deferment and Forbearance Processing
- Forms & Correspondence
- Repayment Plans
- Delinquency & Default Aversion
- NSLDS/Enrollment Reporting
- Consolidation Payoffs

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### Agenda

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  - Centralized Loan Information (NSLDS)
- Surveys
- Suggestions.. Feedback.. Questions

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### Split Servicing - Background

- Split Servicing – borrowers with federally held loans serviced by more than one federal loan servicer
- ED owns both Direct Loans and FFELP (PUT)
  - PUT: Loans made under FFELP by lenders and subsequently purchased by ED
- Split Servicing conditions results from:
  - PUT loans (FFELP loans purchased by ED)
  - Schools transitioning from FFELP to Direct Loan

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### Split Servicing – Solution

- Goal : All of a borrower’s federally-owned loans will be maintained by a single servicer.
  - Ongoing processes to resolve situations where a borrower’s federally owned loans assigned to two or more federal servicers.
- Federally-owned and commercial loans may still be split among servicers.
- Consolidation sometimes viable option, but not in all circumstances.

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### Split Servicing

Q. What is the volume of split conditions?

A. Although small percentage of borrowers in split condition, ED continuously refines and improves the transfer process.

Q. Is there anything a school needs to do if they discover a split borrower condition?

A. No. The department is tracking split conditions and will resolve through ongoing processes.

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**Split Servicing**

Q. How will a school know which federal servicer is servicing a borrower's loans?  
 A. The federal loan servicer is identified in NSLDS

Q. How often does the federal servicer report to NSLDS?  
 A. The federal loan servicers report to NSLDS weekly.

Q. How will the borrower know if his/her loan transferred?  
 A. The new servicer will correspond with the borrower after the transferred loans have been fully loaded to the new servicer's system.

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**Keep it Simple: Centralized Loan Information**

**NSLDS:**

- Includes Guaranty Agency (GA) or Lender held FFEL, PUT (ED-held FFEL), Direct Loans and servicer assignments
- Updates information if federally-owned loans reassigned to make borrower "whole" or if commercial loans change ownership/servicing

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**Keep it Simple: Centralized Loan Information**

**NSLDS:**

- Offers an **Exit Counseling** session and **report** that covers the FFEL and Direct Loan Programs
- Provides **centralized reports:**
  - Delinquency**
  - School portfolio**

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**Using NSLDS**

- Sign Up at [www.fsawebenroll.ed.gov](http://www.fsawebenroll.ed.gov).
- You will be sent a user ID and will need to call customer service for a password
- Log on to NSLDS Professional Access at [www.nslsdfap.ed.gov](http://www.nslsdfap.ed.gov).

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**Exit Counseling on NSLDS**

Functionality for Exit Counseling that covers FFEL and Direct Loan Programs

- Student Access at [www.nsls.ed.gov](http://www.nsls.ed.gov)
- Educates borrowers about their loan obligation, grace period, repayment and deferment options.

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**Exit Counseling - Student Access**

- Session integrates NSLDS data to provide borrower specific loan summary and estimated payments.
- Meets Exit Counseling requirement for schools.
- Session information is saved to provide reports for NSLDS Professional Access users.

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**Exit Counseling on [www.nslsdfap.ed.gov](http://www.nslsdfap.ed.gov)**

- View Exit Counseling History of individual borrowers.
- Schools can upload Exit Counseling sessions completed outside NSLDS.
- Request Exit Counseling Completion session information on demand or set up scheduled reports.

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**NSLDS Reports**

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### NSLDS- Requesting a Report

- All reports available under the Reports tab
- Click on the [blue number](#)
- Complete the report parameters
- Select Extract or Report (where applicable)
- File layouts are on [IFAP/NSLDS Reference Materials-NSLDS Record Layouts](#)
- Delivered to SAIG Mailbox

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### NSLDS- Report Tab

Click on the blue number to complete the report parameters

Report ID	Report Name	Link
1	DELINQUENT BORROWER REPORT	...
2	DATE ENTERED REPAYMENT REPORT	...
3	36 MONTH REPAYMENT BY COLLEGE DETAIL	...
4	36 MONTH REPAYMENT BY COLLEGE DETAIL	...
5	SCHOOL CONCEPT DEFAULT RATE MET BY?	...
6	EXIT COUNSELING COMPLETION RESULTS	...
7	REQUEST FOR FINANCIAL AID HISTORY	...
8	SCHOOL OVERSIGHT REPORT	...
9	PERMANENT DEFAULT SUMMARY	...
10	BORROWER DEFAULT SUMMARY REPORT	...
11	DELINQUENT REPAYMENT SUMMARY REPORT	...
12	SCHOOL LOAN LIST	...
13	SCHOOL PORTFOLIO REPORT	...

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### Report - Exit Counseling (EXTC01)

Provides schools with a report of students who have completed exit counseling during a requested timeframe.

- Output results contain the borrower's demographic data: address, employer, references, and next of kin.
- Schools can follow up after students leave the school.

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**Report - Exit Counseling (EXTC01)**

- The asterisk (\*) in the School Branch ID field retrieves ALL exit counseling data for a campus. For a single school, include the two-digit branch code.
- Available as a Report, Extract or, Scheduled Report
  - Report option allows a sort by SSN or Name.
  - Extract options include NSLDS Standard or Comma Delimited.
  - Scheduled Report allows for a frequency. (Daily, weekly etc.)

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**Report - Exit Counseling (EXTC01)**

- Data is sent to a SAIG mailbox of the User, or a school designed mailbox for scheduled reports.
- Message Classes:
  - A pre-formatted report: EXITFMOP
  - Extract files:
    - EXNSFFOP (NSLDS Fixed Width)
    - EXNSCMOP (NSLDS Comma Delimited)
    - EXITFFOP (DL Fixed Width)
    - EXITCMOP (DL Comma Delimited)

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**Report - Exit Counseling (EXTC01)**

- Report can be scheduled for automatic delivery.
- Under the ORG tab, select the School Profile Link and scroll to bottom section.
- NSLDS will process per your request and send to your school TG Mailbox.

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### Delinquency Report on NSLDS

- ❖ Provides delinquency information by school for all of the federal loan servicers
- ❖ Includes PUT (ED held FFEL) and Direct Loans held by the servicers
- ❖ Provides various data filters
- ❖ Available on NSLDS Professional Access Web site

<http://ifap.ed.gov/nsldsmaterials/attachments/NSLDSNewsletter27.pdf>

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### Report - Delinquent Borrower (DELQ01)

Report to assist with default prevention:

- Provides school a report of borrowers who are delinquent in payments to the Federal Loan Servicers (ED Servicers). Excludes loans held by Guaranty Agencies (GAs).
- Contains borrower's contact data as it has been reported to NSLDS.
- Includes loan data, days delinquent, total outstanding balance, repayment plan and payment information.

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### Report - Delinquent Borrower (DELQ01)

- Provides the total number of borrowers who fall within a specific delinquency range.
- The asterisk (\*) in the School Branch ID field retrieves ALL borrower data from a campus. For a single school, include the two-digit branch code.
- Users can select: a single federal loan servicer or, all five; cohort year, and one or more periods.

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**Report - Delinquent Borrower (DELQ01)**

- Report option allows a sort by SSN or Name
- Extract options include NSLDS Standard or Comma Delimited.
  - Scheduled Report allows for a frequency (daily, weekly etc.)
- Report can be scheduled for automatic delivery

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**Report - School Portfolio (SCHPR1)**

Report on the school's current loan portfolio.

- Provides schools with loan status data about all Direct Loan and/or Federal Family Education Loan (FFEL) loans for the school code associated with the user's ID.
- If school has merged, previous school codes are included.
- Shows current and original loan holder.

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**Report- School Portfolio (SCHPR1)**

- School can track student's loan activity
  - Current Status
  - Date entered repayment
  - Current balances
  - Delinquency Date
  - Original and current holder
  - Claim information on GA held loans
  - CDR Date of Default

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## Individual Servicer Reports

- ❖ Provides greater level of detail
- ❖ Offers customization options
- ❖ Includes only loans serviced by that organization

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## Agenda

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## Measuring Performance

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    graph LR
      A((Borrower Satisfaction)) --- B((Schools Satisfaction))
      B --- C((FSA and Partner Satisfaction))
      C --- D((Default Rates))
      A --- E((Servicer Performance Score))
      B --- E
      C --- E
      D --- E
  
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### Customer Satisfaction Surveys

Conducted quarterly and designed to take 10 minutes or less

**Survey three groups**

- Borrowers
- Schools
- FSA staff

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### Surveys - Borrowers

- ❖ Quarterly phone surveys of 1,250 respondents
  - 250 per servicer
- ❖ Randomly selects by repayment status
  - Surveyors from Discovery Research Group will contact borrowers
- ❖ Same proportion of borrowers in school, grace and repayment within the samples of all the servicers

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### Surveys - Schools

- ❖ Quarterly phone survey of random samples
  - 75 per servicer (total of 375)
- ❖ Sampled by servicer and institution type
  - ❖ Surveyors from OLC Global will contact schools
- ❖ School contact information pulled from PEPS
- ❖ Ask school personnel about only 1 servicer

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**WE NEED YOU!**



### If the survey calls ...

- Please respond
- Base responses on only your experiences with the servicing of federally held debt
- Forward the call to a colleague at your school, if your work does not involve such matters

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### We are listening!

Suggestions...

Feedback ...

Questions...



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### Take Note...

- Direct Loan Servicing Center will be transitioning to a new system in the fall 2011
- Find more information about the transition activities on [www.IFAP.ed.gov](http://www.IFAP.ed.gov)

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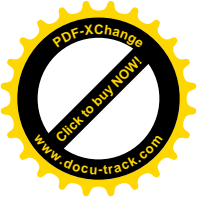
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**Questions**

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**Resources - Federal Loan Servicers**

<p><b>Direct Loan Servicing Center</b> NSLDS Servicer Code: 583</p> <p><b>NSLDS Name:</b> Direct Loan Servicing Center Borrower Phone: 800-648-0379 Web: <a href="http://www.dl.ed.gov">www.dl.ed.gov</a> School Phone: 888-877-7658 Web: <a href="http://www.dl.ed.gov/schools">www.dl.ed.gov/schools</a></p>	<p><b>FedLoan Servicing (PHEAA)</b> NSLDS Servicer Code: 700579</p> <p><b>NSLDS Name:</b> Dept of ED FedLoan Servicing (PHEAA) Borrower Phone: 800-699-2908 Web: <a href="http://www.myfedloan.org">www.myfedloan.org</a> School Phone: 800-655-3813 Web: <a href="http://www.myfedloan.org/schools">www.myfedloan.org/schools</a></p>	<p><b>Great Lakes Educational Loan Services</b> NSLDS Servicer Code: 700581</p> <p><b>NSLDS Name:</b> Dept of ED Great Lakes Borrower Phone: 800-236-4300 Web: <a href="http://www.mygreatlakes.org">www.mygreatlakes.org</a> School Phone: 888-686-6919 Web: <a href="http://www.mygreatlakes.org">www.mygreatlakes.org</a></p>
<p><b>Neinet</b> NSLDS Servicer Code: 700580</p> <p><b>NSLDS Name:</b> Dept of ED / Neinet Borrower Phone: 888-486-4722 Web: <a href="http://www.neinet.com">www.neinet.com</a> School Phone: 866-463-5638 Web: <a href="http://www.neinet.com/servicing">www.neinet.com/servicing</a></p>	<p><b>Sallie Mae</b> NSLDS Servicer Code: 700578</p> <p><b>NSLDS Name:</b> Dept of ED / Sallie Mae Borrower Phone: 800-722-1300 Web: <a href="http://www.salliemae.com">www.salliemae.com</a> School Phone: 888-272-4665 Web: <a href="http://www.opennet.salliemae.com">www.opennet.salliemae.com</a></p>	

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