

Federal Loan Servicing Update

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- Understanding the Servicing Landscape
 - Federal Loan Servicers
 - Measuring Performance & Managing Change

- Looking Back
 - Challenges and Improvements
 - Delinquency Support Activities
 - Program Updates

- Looking Forward
 - On the Horizon

- Open Forum



• **FedLoan / PHEAA**

• **Great Lakes**

• **Nelnet**

• **Sallie Mae**

• * **Direct Loan Servicing (ACS)**

- Direct Loan Servicing Center (ACS) closed beginning October 1, 2013.
- Effective November 16, 2013, all Direct Loan Servicing Center support and messaging was no longer available.
- The Direct Loan Servicing Center phone number, e-mail address, and website are inaccessible.
- A borrower must make payments to and communicate solely with his or her new federal loan servicer.
- A borrower can access NSLDS to identify the servicer to which the borrower's loans have been transferred.

*** Direct Loan Servicing Center (ACS) Decommissioned**



- To seed the NFP servicers, we transferred borrower accounts that were assigned to the Direct Loan Servicing Center (ACS).
- When we transfer a student or parent borrower to a servicer, the new servicer will correspond with the borrower after the transferred loans have been fully loaded to the system.
- As of April 2013 (due to the Sequestration), the implementation of additional NFP's was placed on hold.
- All Direct Loan accounts previously assigned to COSTEP, EDGEducation Loans, EdManage, and KSA Servicing were successfully transferred to appropriate NFP servicer partner by the end of September 2013.

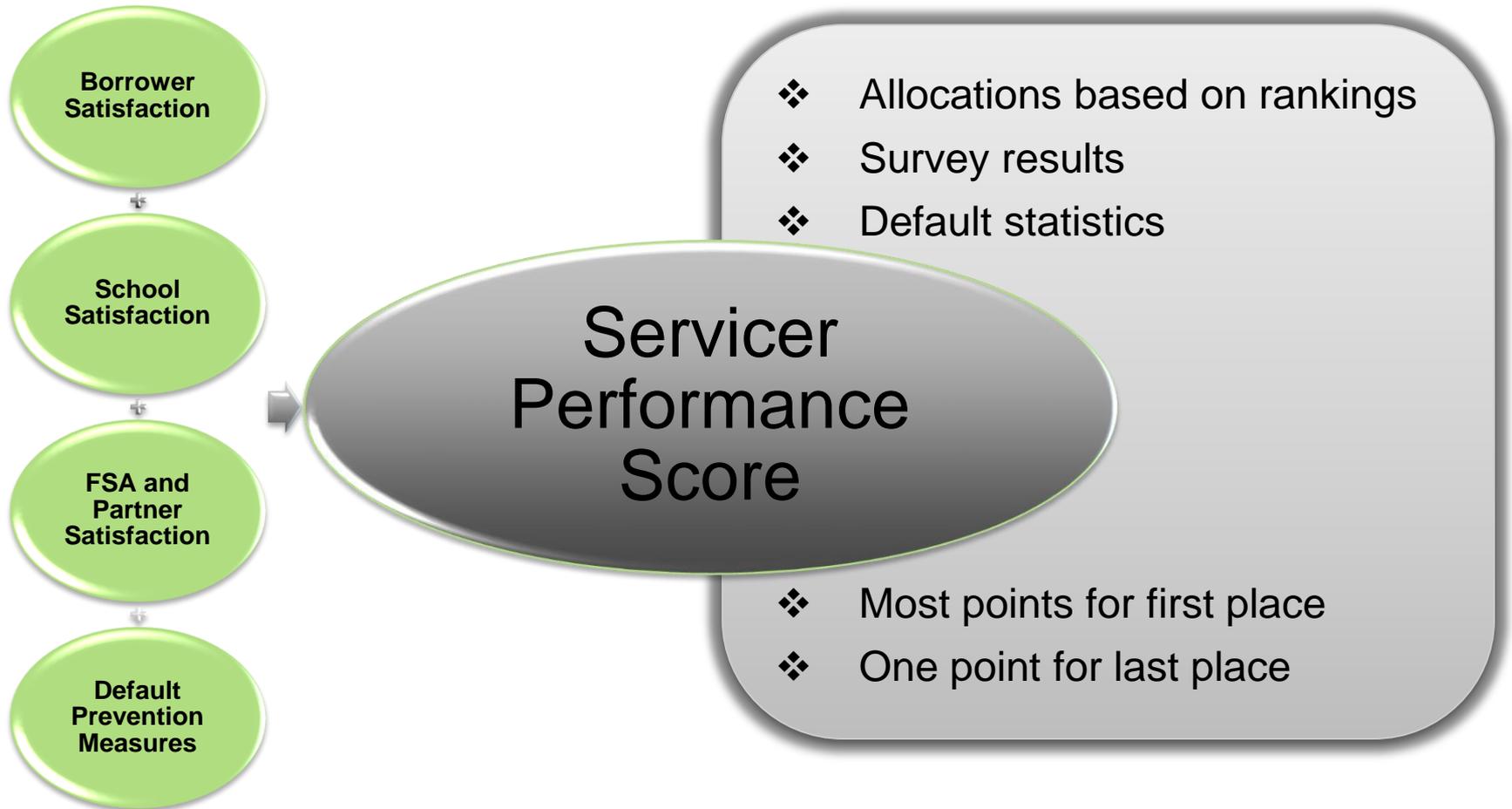
- ❑ Borrowers with federally-owned loans serviced by more than one federal loan servicer.
 - ✓ Ongoing processes to resolve situations where a borrower's federally-held loans are assigned to two or more federal servicers.
 - ✓ Federally-owned and commercial loans may still be split among servicers.
 - ✓ Consolidation sometimes viable option, but not in all circumstances.
 - ✓ PSLF Loans are transferred to FedLoan/PHEAA.

Oversight and Monitoring:

FSA provides oversight of servicer activities through monitoring to ensure that there is proper attention to customer service, operational processes, servicer requirements, and adherence to applicable regulations.

Monitoring Activities include (but not limited to):

- ✓ Process and Operational Monitoring
- ✓ Issue Tracking and Resolution Meetings
- ✓ Program Compliance Reviews
- ✓ Call Monitoring
- ✓ Internal & Financial Controls Audits
- ✓ Monthly Data Reconciliation



Percent of new loans = percent of points

Managing Change - Decision to Standardize

In order to provide the best service to our customers, our servicing contracts are structured to allow for servicer creativity and innovation. However, there are times when decisions are made to standardize our servicing processes.

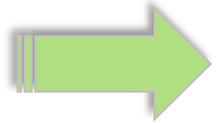
Why the need for consistency or standardization?

- Standardization makes sense when differences in servicer processing cause different results to borrowers in the same circumstance.

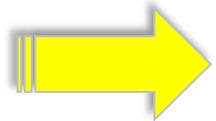
Recent Examples:

- ✓ Forbearance Limits
- ✓ Capitalization

Top Borrower Issues 2013-14



“Can’t Pay”



Income-Driven Repayment (IDR)



Payment and Loan Transfer Questions



Enrollment Reporting (NSLDS)



Consolidation



“Can’t Pay” / Payments Too High

- Servicers counsel borrowers on all affordable repayment plans, due date changes, and pre-qualify borrowers for repayment options
- Servicers have improved counseling to better explain the different repayment options before deferment and forbearance options
- More financial literacy materials and support for borrowers and schools

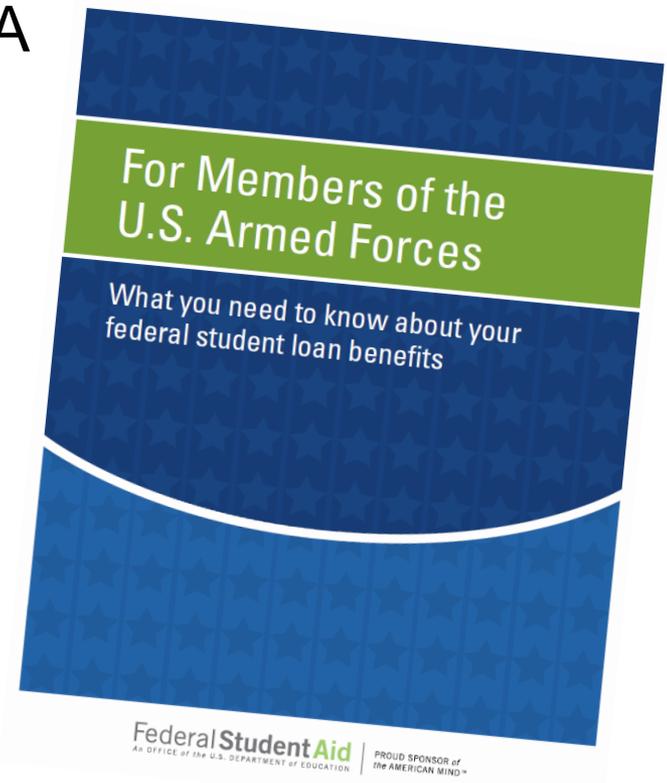
Repayment Options

- ✓ Increased Customer Awareness of IDR Plans
- ✓ Implemented Electronic Income-Driven Application at StudentLoans.gov
 - Can be used by borrowers with ED-held loans (Direct Loans or FFEL)
 - Can be used by borrowers with commercially held FFEL loans serviced by an entity that also services ED-held loans
 - Retrieves the most recent tax information from two most recently completed tax years
 - Application & income information sent to servicer for processing



Increased Awareness of Service Member Benefits

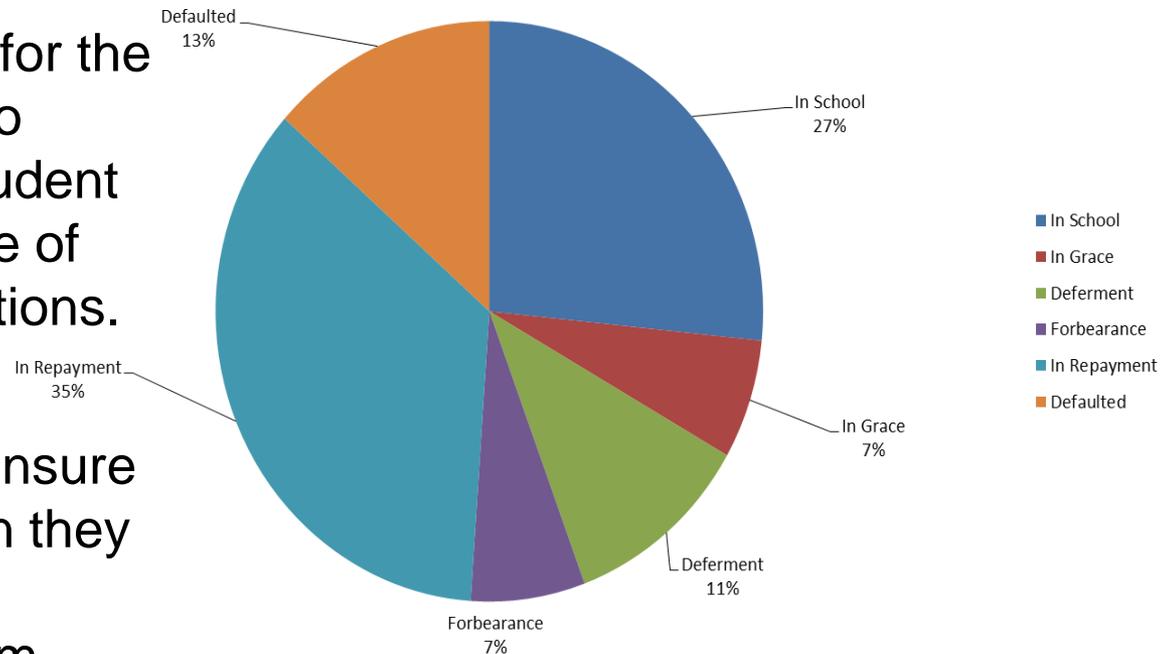
- ✓ Increased efforts to promote awareness of service member benefits such as SCRA Interest rate cap and Military Service Deferment
 - ✓ Revised portal/correspondence
 - ✓ Phone center counseling
- ✓ TIVAS collaborated to create new brochure for service members to help them understand all their benefits





The Department launches an Income-Driven Student Loan Repayment Campaign

- President Obama called for the Department to do more to ensure that all federal student loan borrowers are aware of affordable repayment options.
- This past November, we contacted borrowers to ensure they have the information they need to choose the right repayment option for them.





Income-Driven Student Loan Repayment Campaign (cont.)

- The campaign target borrowers:
 - whose grace periods ended soon
 - who fell behind on their student loan payments
 - with higher-than-average debts, and
 - in deferment or forbearance because of financial hardship or unemployment
- The e-mails, which were distributed through mid-December, reached approximately 3.5 million federal student loan borrowers
- Borrowers were prompted to access resources designed to educate them on repayment options, apply for an income-driven repayment plan, or contact their federal student loan servicer for additional information



Loan Transfer Issues

- ❖ “Why did my loan get sold to a new servicer?”
- ❖ Loan status discrepancies
- ❖ Payments made to prior servicer not applied timely
- ❖ Repayment options confusion



Loan Transfer – *Improvements*

- ❖ Redesign of on-boarding communications
- ❖ Coordination and collaboration with previous servicer
- ❖ Extended call center hours for problem resolution
- ❖ Experienced and dedicated resources to resolve data issues
- ❖ Targeted communications and options for recently transferred borrowers (to assist with delayed payment posting)



Enrollment

Ensure Servicers Update NSLDS Timely & Accurately

- ✓ Weekly Updates By Federal Servicers
- ✓ Low Error Rates
- ✓ NSLDS Integrity Projects
- ✓ NSLDS Delinquency/Default Reports that cover all serviced loans



“New” Loan Consolidation :



Available on StudentLoans.gov

- Borrowers with federal student loans can:
 - Submit applications electronically
 - Confirm loans for consolidation
 - Choose a consolidation servicer
 - Select a repayment plan and submit an Income-Driven Repayment e-application if desired

New Direct Consolidation Loan Process

www.StudentLoans.gov

With the implementation of our new Direct Loan Consolidation process, we have four consolidation servicers

• FedLoan / PHEAA

• Great Lakes

• Nelnet

• Sallie Mae



New Consolidation Process

- Through the completion of the Federal Direct Consolidation Loan Application and Promissory Note, a borrower will confirm the loans that they want to consolidate and agree to repay the new Direct Consolidation Loan.
- The electronic application on StudentLoans.gov consist of five steps:
 - 1. Choose Loans & Servicer**
 - 2. Repayment Plan Selection**
 - 3. Terms & Conditions**
 - 4. Borrower & Reference Information**
 - 5. Review & Sign**

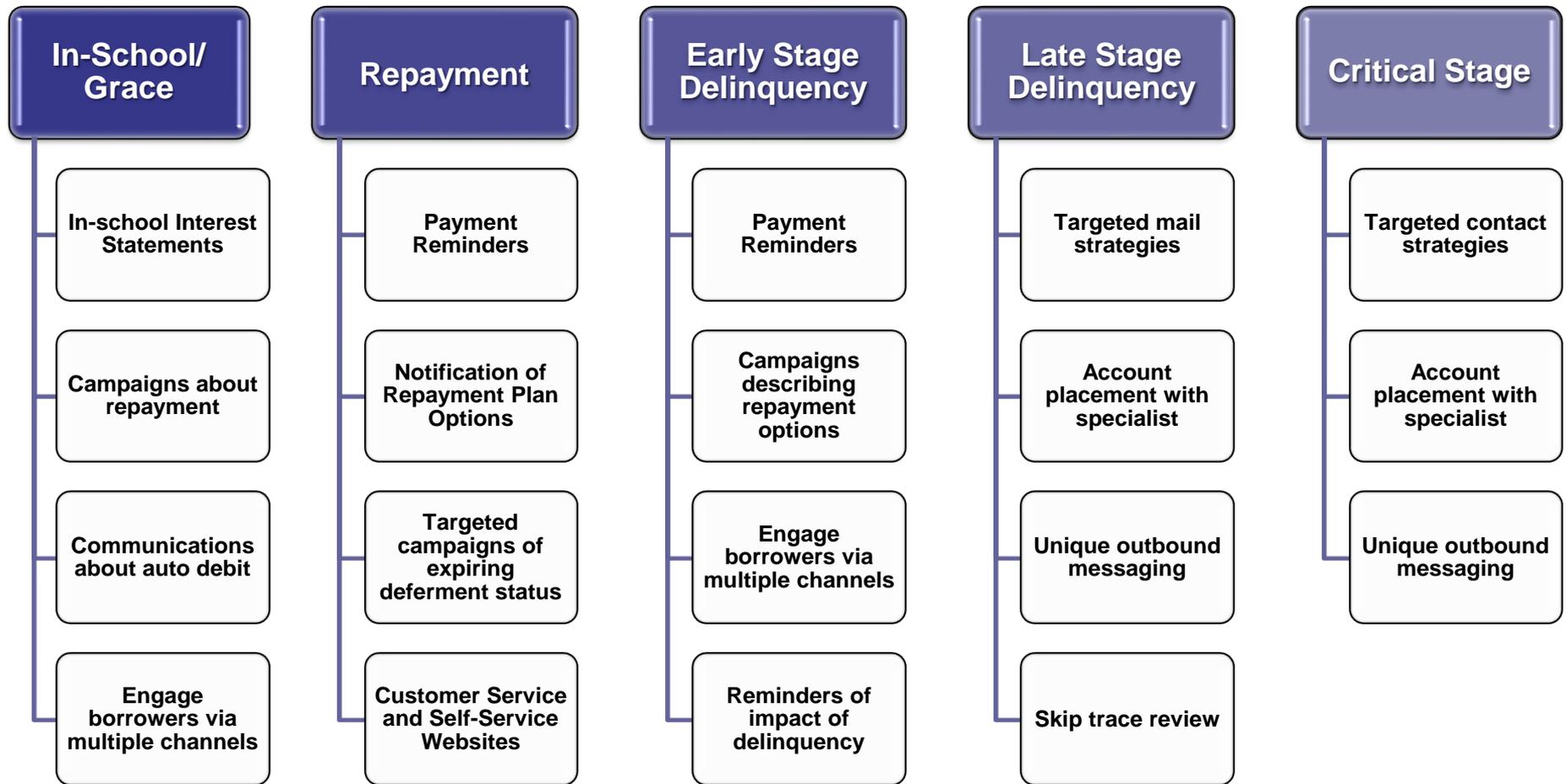
Key features of the electronic application:

- NSLDS lookup performed and information about an applicant's federal education loans will populate the application
- Ability to delay processing of the application if applicant has at least one loan still in grace
- Option to choose the federal servicer to complete the consolidation
- Ability to select a repayment plan for the consolidation loan. Applicants interested in one of the income-driven repayment plans will be able to complete the electronic request process

Delinquency Support Activities

- Provide outbound targeted contact campaigns along with inbound call center representatives to help borrowers become current
- Utilize electronic communication methods, such as e-mail, chat, messaging, text to keep borrowers informed about account status, and offer to help
- Work with schools to obtain current available contact information - utilize a variety of tools to get the most current data to contact borrowers (skip tracing on delinquent accounts)
- Work in partnership with the school community to assist borrowers in all stages of delinquency

Servicer Touch Points – Student Loan Life Cycle:



Servicer CDR Support Activities:

- Servicers follow standard CDR guidelines and work closely with FSA
- Provide support to schools investigating rates
- Process challenges and appeals via eCDR

The servicers work to gather feedback and find ways to partner with schools on default prevention

- Presentations at conferences
- Default Management Training and Webinars
- School focused websites
- Proactive phone calls
- E-mail communication
- Analyzing Servicer Specific Reports and Tools
- Late-Stage Delinquency Efforts
- Supports & Processes CDR Documents requests, Challenges and Appeals

Looking Back

Program Updates





Public Service Loan Forgiveness

The Public Service Loan Forgiveness Program allows eligible borrowers to cancel the remaining balance of their Direct Loans after serving full-time at a public service organization for at least 10 years while making 120 qualifying monthly payments after October 1, 2007.

In November 2011, **FedLoan Servicing** was awarded the contract to service borrowers eligible for Public Service Loan Forgiveness (PSLF).

FedLoan Servicing responsibilities include:

- Customer Support
- Processing applications and forms related to PSLF eligibility
- Tracking qualifying payments for PSLF

Customer Support

- Trained a specialized customer service and processing team
- Established a dedicated, toll-free number, **1-855-265-4038**
- Provided customer service representatives available from Monday through Thursday 8:00 a.m. – 11:00 p.m. (ET). Friday 8:00 a.m. – 9:00 p.m. (ET)
- Added a dedicated site, MyFedLoan.org/pslf, and form for PSLF
- Updated our borrower portal to assist in tracking eligible payments

Eligibility Requirements:

- Qualified employment with a public service organization
- Working full time
- Eligible loans (Direct Loans only)
- Eligible Repayment Plan (Income-Driven Repayment, Standard)
- Qualifying payments

Review of PSLF Processing



- Borrower receives form packet, which is standard with all servicers, and includes a cover letter, Employment Certification Form, and instructions.

- Borrower submits Employment Certification Form.

- Employer is approved public service organization.
- Borrower receives approval notification.
- Eligible loans are transferred to FedLoan Servicing, if applicable.
- Borrower receives notification of qualifying payments made with all prior servicers.

- The borrower will be reminded annually, via e-mail, to submit a new ECF if employed with a qualifying public service organization since the last ECF was submitted.

The screenshot shows the top navigation bar with links for Contact Us, About Us, Forms, Site Map, and Sign In or Create Account. Below this is the FedLoan Servicing logo and a search bar. A main navigation menu includes categories: FOR BORROWERS, FOR SCHOOLS, and FOR PARTNERS. Under 'FOR BORROWERS', there are sub-links: Account Access, Make a Payment, Manage Account, Billing & Payment Plans, and Help Center. A large green banner at the bottom of this section reads 'public service loan forgiveness' with a star icon.

This screenshot shows the details for a loan dated 08/12/2005, identified as a Direct Unsub Stafford Loan. The current balance is \$9,511.09. The page lists various loan attributes: Loan Status (REPAYMENT), Disbursement Date (08/12/05), Loan Program (DIRECT UNSUB STAFFORD LOAN), Owner (DEPT OF EDUCATION), Guarantor (FEDERAL), School (UNIVERSITY OF MONTAN), Interest Rate (2.360%), and Subsidy (NON SUB). A 'Loan Benefits' table shows a 'Rebate' with a status of 'Credited'. A 'Public Service Loan Forgiveness Details' section is highlighted with a red box, showing 6 qualifying payments made, 114 remaining, and an estimated eligibility date of 07/05/2021. A 'Last Payment on this Loan' table shows a payment of \$15.86 on 01/23/12. A red arrow points from the 'View Details' link in the loan list to this page.

This screenshot shows the 'View Loan Details' page for a user named Bob Bopover. The page includes a sidebar with navigation links like Account Home, View Loan Details, Payments & Billing, Account Profile, Tax Information, and Paperless Inbox. The main content area is titled 'View Loan Details' and shows a 'Balance Overview' with a total current balance of \$67,920.41. Below this is a table of loan history with columns for Date, Loan Type, Status, Balance, and Action. The entry for 08/12/2005 is highlighted with a red box, and a red arrow points from this box to the detailed loan view on the right.

- **Are all federally-owned loans eligible for PSLF?**
 - *No, it is important to note that, while the federally-owned FFELP PUT loans will be moved to FedLoan Servicing for a borrower with qualifying employment, only Direct Loans, including Direct Consolidation Loans, are eligible for forgiveness. Payments made to FedLoan Servicing on non-eligible loan types will not be tracked.*
- **Will the borrower's commercially-held loan volume be transferred to FedLoan Servicing?**
 - *No, they will remain with their commercial servicer.*
- **Under IBR, ICR, and Pay As You Earn the scheduled payment for a borrower could be \$0. Does this payment count as towards PSLF?**
 - *Yes, this is considered a qualifying payment under that repayment plan.*
- **Are the 120 full, monthly payments required to be consecutive?**
 - *No, they do not need to be consecutive.*
- **Are loan amounts forgiven for PSLF considered income for tax purposes?**
 - *No, they are not considered income.*

TEACH Servicing

- July 2013 servicing of TEACH Grants was transitioned to FedLoan Servicing
- Existing TEACH Grant recipients and TEACH Grants that were converted to unsubsidized loans were transferred to FedLoan Servicing
- TEACH Grant recipients will have Direct Loans serviced at FedLoan Servicing
- No impact for schools to the awarding process of TEACH Grants

All existing and new TEACH Grant recipients received communication from FedLoan regarding the transfer of their grant and/or loans.



THANK YOU FOR YOUR COMMITMENT TO TEACHING!

Welcome to FedLoan Servicing

The U.S. Department of Education (the Department) has selected us to service your TEACH Grants on its behalf. If you have student loans owned by the Department, we are also in the process of transferring them here for servicing. Having all of your grants and loans with FedLoan Servicing will make it easier for you to manage and track your progression in completing your required teaching service and repaying your loans. We will notify you again if your loans are transferred to us for servicing.

STEPS YOU NEED TO TAKE

You can review your grant details online anytime. Just create an online account and sign in to Account Access, our secure website.



NOTE: Your Department of Education owned **student loans** may not be viewable online until the transfer process is complete.

Good to Know: When you complete or otherwise leave your TEACH eligible program of study, you need to:

- Teach full-time as a highly qualified teacher in a high-need field at an eligible low-income elementary school, secondary school, or educational service agency for at least 4 academic years.
- Complete the required 4 years of teaching within 8 years of completing or otherwise leaving your TEACH Grant program of study.
- Certify each year that you are meeting (or intend to meet) the requirements of your service obligation.

If you don't meet these requirements, your TEACH Grants may be converted to a Direct Unsubsidized Loan that you'll have to repay in full, with interest. For more information about your teaching obligation, visit MyFedLoan.org/TEACH, or review the Agreement to Serve you completed before you received a TEACH Grant.

NOTE: If you've already graduated or left your TEACH Grant program of study and are currently certifying annually with the Department's Direct Loan Servicing Center (the previous servicer for your TEACH Grants), you'll need to certify with us from now on.

Thank you for your commitment to teaching and Welcome to FedLoan Servicing!

We look forward to providing you with quality customer service.

FedLoan Servicing responsibilities include:

- Customer Support
- Processing applications and forms related to the service obligation
- Monitor and track recipients progress toward the required service obligation

Customer Support

- Trained a specialized customer service and processing team
- Customer service representatives available from Monday through Friday 8:00 a.m. – 9:00 p.m. (ET)
- Added a dedicated site, MyFedLoan.org/TEACH, for TEACH recipients
- Updated our borrower portal to assist in tracking their service obligation



A Department of Education Servicer

Search Site:

FOR BORROWERS | **FOR SCHOOLS** | **FOR PARTNERS**

Account Access | Make a Payment | Manage Account | Billing & Payment Plans | Help Center

MyFedLoan.org/TEACH



TEACH GRANTS

Overview | Certification | Suspension | Convert to Loan | FAQ

My TEACH Grant Login

Log in to:

- complete TEACH Grant Initial and Subsequent Counseling,
- complete a new TEACH Grant Agreement to Serve (ATS),

or

- view or print a previously completed ATS.

Your Federal Student Aid PIN can be used each year to electronically apply for federal student aid and to access your Federal Student Aid records online. If you receive a PIN you agree not to share it with anyone. Your PIN serves as your electronic signature and provides access to your personal records, so you should never give your PIN to anyone. Be sure to keep your PIN in a safe place. If you think your PIN has been compromised, you should change it via the Federal Student Aid PIN Web site [Change My PIN](#).

With Gratitude

We are honored the U.S. Department of Education chose FedLoan Servicing to monitor and track the eligibility for all borrowers who are interested in the TEACH Grant Program.

Social Security Number:	<input type="text"/>
First two (2) characters of your last name:	<input type="text"/>
Date of Birth (mm/dd/yyyy):	<input type="text"/>
PIN:	<input type="text"/>

SUBMIT

Thank you for your commitment to teaching!

To show our appreciation, we've made it easy for you to keep tabs on your grant details and track your progress toward completing your service obligation. Just create an account and review your grant details through [Account Access](#), our online account management tool.

For general information about your TEACH Grant requirements, select the tab that describes your current situation. For more details on your TEACH Grants and the terms of your service obligation, review your [Agreement to Serve \(ATS\)](#).

- In School**
- When you first receive a TEACH Grant, any U.S. Department of Education owned student loans you have that are not already with us will transfer to FedLoan Servicing to make loan and grant management more convenient.
 - As the servicer of your grants, we will keep track of the potential interest that you'll have to repay if your grants are ever **converted to loans**. We will send you quarterly emails and an annual summary of this interest.
- Don't worry! No payment is due and you may never have to repay this interest. Just make sure that you perform qualifying service and submit all required certifications after you graduate or leave school.
- If you are still enrolled in your TEACH Grant eligible program of study but do not continue to get TEACH Grants, you need to certify that you **intend to teach** annually so we know you plan on satisfying your **service obligation**. We notify you as

The TEACH Grant Timeline outlines the recipients projected milestones and allows recipients to complete self-service options such as:

- Providing certification
- Apply for suspension
- Convert TEACH Grants to loans
- Makes recipients aware of potential interest accrual if converted to a loan

TEACH Grant Timeline: Projected Milestones

You are still in school. You must certify 4 years of employment in an 8 year period after leaving school in order to complete your TEACH Grant program service obligation.

TEACH Timeline Legend: [View milestones in list view](#)

[My out of school date isn't accurate](#)

- I've completed teaching an entire year and I'd like to [Provide Certification](#).
- I'm having a difficult time completing my service obligation. I'd like to [apply for temporary suspension](#).
- I will not meet my service obligation. I'd like to [convert my TEACH Grants to loans](#).
- I'm not sure what to do. [Help me decide](#).

Undergraduate TEACH Grants

Award Year	School	Status	Amount	Action
2013 - 2014	GRAND CANYON UNIVERSITY	On Track	\$2,000.00	View Details
What do these terms mean?		\$58.49 Potential Interest Total	\$2,000.00 Total Amount	



Looking Forward

- Implementation of 150% - Loss of Interest Subsidy
- IBR 2014

150% - Loss of Interest Subsidy

- NSLDS will determine when enrollment results in loss of interest subsidy benefits
- NSLDS will notify the federal loan servicers and the servicer will notify the borrower of interest responsibility
- The federal loan servicers will communicate the loss of interest subsidy to the borrower at the loan level

IBR for “new” borrowers on or after July 1, 2014:

- Payment amounts are 10% of discretionary income instead of 15% and forgiveness is provided for after 20 years instead of 25 years of qualifying repayment.

Open Forum



Federal Loan Servicers	Borrower Contact #
Aspire Resources Inc.	1-855-475-3335
CornerStone	1-800-663-1662
ESA/Edfinancial	1-855-337-6884
FedLoan Servicing (PHEAA)	1-800-699-2908
Granite State – GSMR	1-888-556-0022
Great Lakes Educational Loan Services, Inc.	1-800-236-4300
MOHELA	1-888-866-4352
Nelnet	1-888-486-4722
OSLA Servicing	1-866-264-9762
Sallie Mae	1-800-722-1300
VSAC Federal Loans	1-888-932-5626



Cynthia Battle

Direct Loan Servicing
202-377-3261

Cynthia.Battle@ed.gov

Thank You!