



**[CYNTHIA BATTLE:]** Okay, welcome. You are in Session 3, Direct Loan Servicing. I am Cynthia Battle and with me is Rosa Wright. We are with the Direct Loan Division at Federal Student Aid. We are going to talk through today servicing with one Direct Loan servicer. We are going to talk about the services that are provided from a borrower's perspective. We are going to talk about the services provided from a school perspective. We are going to talk at a very high level about the reporting, and then we are going to talk through Servicing Tomorrow, with multiple services, and this is our third session, and it's always very spirited and question filled, so we want to give you an opportunity to ask your questions about how the multi-servicer piece will work. Then lastly, we're going to talk through some of the things that we are doing in the future, on the horizon, some things you can look forward to in the very near future. So with that, I'm going to have Rosa come up and talk about Direct Loan today with one Direct Loan servicer, and then I'm going to talk about multi-servicers.

**[ROSA WRIGHT:]** Good afternoon. As Cynthia mentioned, I am going to cover Direct Loan servicing and how we handle the loans under today currently with our servicer, Direct Loan Servicing Center. Just to give you some portfolio, as of September 30, our current portfolio is 8.8 million borrowers, we have 25 million loans, and this is resulting in 142 billion dollars. Direct Loan Servicing for our borrowers, we have repayment options that are tailored to the individual needs. Familiar with FFEL, we have the standard, extended, and graduated repayment plans. Also, we have the new income-based repayment plan that went to effect July 1, 2009. It is available for both DL and FFEL, as I mentioned, but it allows borrowers who are experiencing a partial financial hardship with an opportunity to repay student loans at a reduced rate based on their current income, family size, and it also takes in account their total loan indebtedness. Eligible borrowers may have their remaining balance forgiven after 25 years or any unpaid balance will be forgiven after 25 years under IBR. Unique to Direct Loan is income-contingent repayment and alternative repayment plans. Income contingent, or ICR, just like IBR, takes in account the borrower's current income and family size. Any unpaid balance will be forgiven after 25 years. Under ICR, a borrower can have a scheduled monthly payment calculated at zero dollars be considered current. So, the payment will be counted as zero dollars for that year that they are scheduled, and that payment will be considered current. Alternative repayment, as I mentioned, is unique to Direct Loan. For alternative repayment plans, we have alternative term as well as alternative payment. So, a borrower may call and request to have their payments actually set at 500 dollars a month. We will calculate their term and their amount of months to pay based on that requested amount, or a borrower may also call and say, "I would like to have my loan paid off in five years." Taking in consideration that, we will calculate their payments based on a five-year repayment term.

Borrowers may select the payment due dates of the 7th, the 14th, the 21st, or the 28th of the month. These payments are first given based on when the borrower enters repayment. If a payment due date is not selected, it will be selected for the borrower within a 45-day window as they enter repayment, but that borrower may select at any time to change that repayment date within those four options. We have the option of receiving their bills or correspondences electronically. We provide self-service tools



through our websites as well as a voice response unit, and we also allow borrowers to submit general forbearance as well as the unemployment deferment online using their PIN, which is the same single PIN access that they use to complete their FAFSA.

Direct Loan Servicing also has the Public Service Forgiveness Program, which was created to encourage individuals to enter and to continue work full time in public service jobs. It will forgive the remaining balance that is still on system after the borrower makes 120 payments after the October 1, 2007, date. It is only for those payments that the borrower has actually working during that qualified time as a public service employee. And, again, this is just for the Direct Loan Program. Direct Loans also have, currently, an upfront interest rebate, and it's just that. It is upfront that amount is taken off of the principle balance, and that principle balance which retains on system. A borrower may retain this upfront interest rebate if they make 12 on-time payments. Those payments may include a postponement period in between. Therefore, if a borrower elects to go on a forbearance or deferment, they are actually allowed to that within that 12 months, and once their deferment period ends of the forbearance period ends, they are able to actually go back and that next payment will be counted as their next on-time payment. We also have the electronic debit account, or EDA, and they will qualify for a 0.25% interest reduction rate if they enroll in EDA.

Here we're showing the borrower website as well as the school site. Direct Loan borrowers are able to access their account, which is pulling directly from our Direct Loan Servicing System, so they're seeing their realtime account information. They are able to make transaction processing as far as updating their address, updating any profiles they have on their account, as well as they can make online payments, enroll in EDA or enroll in our electronic mail services. We have interactive pre-qualifiers for deferment and forbearances, so it goes through a series of questions to let the borrower know, do they really qualify for economic hardship deferment or unemployment deferment. Again, I mentioned earlier that unemployment deferments, you actually can submit that initial deferment request online by using your PIN. We have online calculators that provide repayment estimates, because it is pulling in the borrower's accounts from the servicing system. It's actually allowing the borrower to see what their payments would be on the different repayment plans. For schools, we provide the same. You have the option of looking up the student account. We have online reports for portfolio, delinquency, and Entrance and Exit Counseling, as well as we have a question center that allows you to go through frequently asked questions and contact section where you can contact the Servicing Center.

Just to briefly walk through some the reports that are available to you. We have Entrance Counseling and Exit Counseling. We have Portfolio Management as well as Delinquency, and under delinquency, we have the report the Late Stage Delinquency Report. We have a subscription option that allows you to subscribe to your reports as frequently as you like. So if you would like them daily, weekly, or monthly. You're able to receive your reports through the SAIG mailbox, either through email or you can go directly to the Direct Loan website and draw down these reports and download them so you can pick out your own criteria that you would like to see, either by date range or by



student account. We provide this so you have the opportunity so you can monitor your student activity at the Direct Loan Servicing Center.

Direct Loans: We know that delinquency and default and preventing delinquency is a big concern and a big issue. Just as it's a concern for you; it is a concern for us. So, Direct Loan does educate and inform our borrowers with the tools and the options that are available to them to managing their student loans and to prevent them going into delinquency. We exceed that minimum regulatory due diligence requirement, and we also work in partnership with you, the schools, to assist our borrowers in those later stages of delinquency, which I will go into further.

Some of the activities that we have: We have the Pre-Repayment Counseling that was implemented a few years ago. This includes calls that are made two months prior to the borrower entering repayment. So borrowers are actually contacted to say, we see that you're going into repayment, we want to just ensure that you're ready for this. Do you have any questions? Are there any concerns you may have? If there is something that is going on, we do have tools if this repayment is not good for you. If we cannot contact the borrower by calls, we do also emails, so there is a call and email campaign going out for this pre-repayment counseling.

For our Delinquency Counseling, we have 31 days we begin a series of calls, and our letters of correspondence begin on that 7th day of delinquency. We also implemented Call Campaigns for borrowers who have been identified with a high balance of either 80,000 or greater. We also, for borrowers who are in the current cohort population, we will attempt to make four manual calls in addition to the above calls and letters that are going out, as I mentioned above. We do provide skip tracing for borrowers who have been identified that their addresses are not available, so we do have some skip tracing activities as well.

I mentioned Late Stage Delinquency. This is a program for Direct Loans that involves the schools as well as our School Support Services. This is for borrowers who have been identified as being delinquent 240-plus days. There is a Late Stage Delinquency Report on the school site. It will pull up any borrowers for your school that have that delinquency rate or in that bucket of 240 and over. If you pull that up (you can see here) and see is that address that we have on system correct. Because what it does, it gives you the contact information. It gives you the account balance. It's giving you everything that we are showing on the servicing system. So, what we found that this program actually works very well, because schools are able to say, well, I know that borrower, and I actually have a different address. If they are able to contact the borrower or if they have a way, then we allow warm transfers or even conference calls. The result is we're trying to cure that delinquency. So, therefore, you can transfer the borrower to us, and we would get that delinquency cured so we can get them back on the right track. We provided the number for the Direct Loan School Services here, and that is where you will contact for any LSDA activities as well as any other questions or concerns. So the school support is here just for schools. They are only answering calls from the school personnel with any concerns or injuries that you may have.



Actually, that's it for our Servicing Today. It is very high level, but before we turn over to Cindy and going on for Servicing for Tomorrow, are there any questions for our activities for servicing currently with Direct Loan? Yes?

**[AUDIENCE:]** Just as you just described in the last few sentences, we've been a Direct Loan school a year, too, and we've always been Direct Loan, but after they're delinquent for more than 240 days and they come out on that report, what we've noticed is the Direct Loan School, that there isn't a place on the Direct Loan website where you can update contact information. Like you just suggested, you say you call.

**[WRIGHT:]** Yes.

**[AUDIENCE:]** But during the Entrance Interview – now this is only a suggestion – but during the Entrance Interview, we can get the first address, second address; we can email, cell phone, we can get anything you want.

**[WRIGHT:]** Yes.

**[AUDIENCE:]** But then the question is, if the schools collect that information – now at our school, that would just stay in a file, that would never be deferred to Direct Loan. So, I guess what I'm suggesting is or I guess the notion is if there was a place that we could go that we contact the mother and father's name, maiden name, whatever you want up front, that realistically – I'm only speaking for myself now – but if you talk to the limited number of schools that I have – realistically, from the school's point of view, the Exit Interview is a joke.

**[WRIGHT:]** Okay.

**[AUDIENCE:]** You're lucky to get them in. Yes, you can send it. Maybe it's a current address, maybe it isn't, and yes, I'm not saying eliminating the Entrance Interview, but if you in to NSLDS and up front, if you had the information, as far as the contact and all the information, if you had that, it would even suggest the notion that the Entrance Interview/Exit Interview might not even be required by the schools. If you had all that, you had the mailing list, you're sending the repayment options, you're sending this, you're doing the due diligence anyway, it's a possibility of eliminating the Exit Interview at the school in my mind.

**[WRIGHT:]** Well, we will definitely take that back and, for your first suggestion, we've also heard that when you receive those reports, that there is a way to update that information easier as you're receiving those reports. We received a suggestion on that as well as, as your receiving a report and you have a borrower in your office, it would be nice to go ahead and be able to input that new address, so that is something were also taking back. So, I appreciate your suggestion. Thank you.

Any other questions for Servicing Today? Okay, I'm going to turn it over to Cindy.



**[BATTLE:]** Okay, I know I'm going to get questions, so let's get started. So, today, as we've all heard, were all aware that when the Department implemented ECASLA or Ensuring Continued Access to Student Loans Act in 2008, the Department had to act quickly to accept the volume of FFEL loans into the Department. So, now the Department not only has a Direct Loan portfolio, but we also have a FFEL portfolio. So, lenders participated in participation program, a purchase program, and a conduit program. We've all talked about what is being proposed as far as the president's budget. One-hundred percent direct lending and a modernized or expanded Perkins. So, what does that mean to the Department? In order for us to be able to handle the volume of Direct Loans as well as FFEL loans, the Department had to take on additional servicers. So, the Department, as of this year, took on four additional servicers, in addition to our current servicers that were handling our Direct Loan Portfolio and the PUT Portfolio. When we moved to have the servicers accept Direct Loans, they will go through our current Common Origination and Disbursement System, or what we refer to as COD. It will be a loan distribution engine that we are building in order for us to distribute loans to those servicers. We have, currently, ACS is our current servicer. We have added to our list: Great Lakes, Nelnet, Sallie Mae, and AES/PHEAA, all of which are here at the conference. They're in the PC Lab. They're willing to show, if you're not familiar with their tools and services, they're here to feature and share with you some of the tools and services that they will offer to schools, so please take a moment to visit the PC Lab, if you haven't already done so.

One of the first questions that we get is, how are you going to measure performance? What was the reason that you took on these additional servicers? So, we talked about why we had to do it. Now, what are doing to measure performance? How can I ensure that our borrowers are being taken care of well? So we have Service Levels. Our performance measures are based upon satisfaction surveys as well as borrower defaults. And, of course, we always have program reviews that the Department conducts. So what does that mean? The contracts that we issue to the four servicers are performance based, meaning that we want to ensure that our borrowers remain out of delinquency, out of default, and stay in a healthy in-repayment status. In addition to that, we want to ensure that they are receiving the best-in-business quality service. So, we are going to solicit feedback from the schools, from the borrowers, as well as from the staff at FSA to ensure the servicers are providing that quality service. Based upon the results, volumes will be allocated to the servicers based on those quality scores. So if a servicer does exceptionally well, the Department is going to give them more volume than they would another servicers. We hope that, through this methodology, that we're providing a competition almost among the servicers to provide that best-in-business service. So what does that mean? We want to ensure that all borrowers that have federally-held loans are maintained by one servicer, and that was one of the primary focuses of a multi-servicer environment. Even though we needed to take on these four additional servicers, we still want to ensure that the borrower remains whole. So we are going to do everything that we can to keep that borrower with one servicer. They still must comply will all the legislative and regulatory requirements, but schools will have to work with multiple servicers. If you're in the FFEL world, that's what you do today in



most cases; you're working with multiple lenders. However, you will have a single point of contact for your school per servicer. You will still continue to get the financial literacy materials and support that you do today. They bring to the table predictive call modeling for delinquency. They have robust skip tracing tools, and even some have web chat, so they have some additional features, additional social media that they use to keep borrowers out of delinquency, out of default, and provide that quality service. We haven't lost anything around the borrower aspect. They still have the ability to offer multiple repayment options. They still have the options of receiving bills electronically. They will have self-service tools for borrowers, and they will have dedicated services for schools to help manage cohort default rates.

We get questions all of the time about whether our current servicer or the ones that we've obtained exceed or just meet the regulatory due diligence requirements, when we're talking about due diligence. Absolutely. They will not only meet, but they will exceed. Again, it's customer service. Its performance based. They're going to educate and inform borrowers as to the tools that are available. They're going to provide the outbound targeted call campaigns, and again, they're going to use electronic media in order to reach the customer.

In the area of default aversion, the scores that we use, whether it's customer or default, were going to have transparency around that. So, the schools will be able to see how your servicers are ranking. Again, the servicers are going to be able to provide the financial literacy and work with the various groups to educate borrowers and to assist schools. That will not change. I think I got in one session where some lenders or guarantors come to the school and assist financial literacy or educational kinds of things. The contracts don't prevent the servicers from doing that, but we don't require them to do that either. So, we don't believe that that's something that will be lost. And then each servicer is encouraged to continually improve and compete amongst one another to deliver that best service.

All right, that's a lot said, and what does that mean? I think the number one question we always get is, "Will schools have to work with multiple servicers?" and the answer is yes. For a Direct Loan school that is used to working with just one servicer, this may be the biggest change. For a FFEL school that is used to working with multiple lenders, it may not be, but will you be working with multiple servicers? Yes, you will. In that vein, will schools likely have different reporting formats, say, for delinquency reports or maybe portfolio reports? And the answer would be yes. The second most popular question would be, "Can a school designate which servicer they want to work with?" and they will not be able to. Again, the contract says they are designed or based on the borrower experience. So, we want to ensure that any of the borrowers that come that have federally-held loans are with one servicer, and that's what the key is. So, a school will not be able to say, "I want to work with servicer A." And, how will a school know which servicer borrowers their loan? Currently, you can get it through NSLDS, and they recently issued a new report that you can utilize to determine where the loans reside in the PUT today. Going forward, when there is a loan distribution engine, we are looking at what we can send back to the school to just acknowledge what servicer that that



particular borrower, where the particular borrower, has been placed. This is just a summary of our Today and our Tomorrow, if we think that we're losing out on services. What we've found is that our additional servicers are going to bring a wealth of knowledge and information and expertise in the financial literacy area. But other than that, we're getting best-in-business service.

So what does that mean and where are we as far as our timeline is concerned? Again, as of September, the four servicers, in addition to ACS, received PUT loans as of September. So there are about 3 million borrowers that have been put to the Department. In the very near future, as of August 31, 2010, our additional servicers will handle Direct Loan volume. So today, if you're a Direct Loan school, you have one servicer. If you have loans that have been put to the Department, chances are you are already working with the four new servicers. Again, I mentioned that each one of the servicers are here at the conference – they're in the PC Lab – but as part of the presentation, I've also included the NSLDS Servicing Code, the name in NSLDS, and contact information if you don't already have it available. So, that's what those slides represent, and before I go into the next section, I want to see if there are any questions around the multi-servicer and how that would work.

**[AUDIENCE:]** Since ACS was not awarded one of the new contracts, how will that work in terms of them getting new volume, perhaps for borrowers who already have ACS as their servicer?

**[BATTLE:]** It depends on the timing of when you actually come in. So today, if you are – you're talking about when you transition to as a Direct Loan school? You come in as a new Direct Loan school? If you come in as a new Direct Loan school, that volume will go to ACS as it does today. Once the four new servicers are up and running, that new volume will go to the four new servicers.

**[AUDIENCE:]** Hi, my name is Scott Lehman. I'm from the Stark State College in Canton, Ohio. I have two questions. As a school is going to be going to DL next year, or 10/11, we're confused, with the new servicers, are the students going to be repaying the Department, or are they going to be sending their repayments to the servicer?

**[BATTLE:]** They are going to be repaying the Department through the servicer.

**[AUDIENCE:]** Okay, so they will be paying the servicer?

**[BATTLE:]** The servicers are an agent of the Department. So, as we've indicated here, the name and convention would say Department of Ed and then "slash" the servicer name.

**[AUDIENCE:]** Okay, the other question I have is – I don't know if it's a question or a suggestion.

**[BATTLE:]** Yes?



**[AUDIENCE:]** We are currently a FFEL school that uses one of the contracted servicers that you have, and my concern is with it be assigned by student – the servicer being assigned by student – my concern is now were going to have students with loan servicer through, you know, Great Lakes, which is our current servicer, or now we could have PUT loans with the Department of Ed, so they have loans with the Department of Ed, Great Lakes, and then were going to have some with Sallie Mae and AES; my concern is that the students are going to get confused with the multiple servers. So, my suggestion would be is, what would be I think – and I'm hearing this from some of my colleagues – is if we are currently using one of the servicers, why can't we continue to use that servicer to alleviate that confusion with the student?

**[BATTLE:]** It's still the same issue. So, even if a schools says, I want to use just that one servicer, we're still trying to keep that borrower with one servicer, so, our logic behind it is just to keep that borrower whole. And you're right and it's what's happening today. In the FFEL world, a borrower can have a Direct Loan, a FFEL, a Perkins; they have multiple entities. At least in one – as were rolling them up – under one entity, were trying to keep that borrower together. I mean, we will take back the suggestion. The suggestion we've received up until this point is student choice. And while we can't say toady that that will be something that we are doing, that's the one thing that were taking back with us is the student getting the opportunity to chose as opposed to the school. Okay? But we will take it back. Thank you.

**[AUDIENCE:]** Hi, I have a couple of questions. My first one is what is the length of the contract with the servicers?

**[BATTLE:]** The length of the contract is five years.

**[AUDIENCE:]** Five years. And I know you're going to be doing customer service surveys and all that to determine the level of service.

**[BATTLE:]** Yes.

**[AUDIENCE:]** What, as a school and for our students, what kind of avenue will we have if we have consistently bad service, where can we roll things up to? Is there going to be a location at the Department of Ed, someone that we can roll something up to if we get either a very serious issue with a servicer where we get into a supervisor situation with a servicer but we don't get anywhere and it's a DL loan. Are we going to have a mechanism for that as a school and for our students?

**[BATTLE:]** Yes. That was another suggestion that we received is how do schools escalate bad service, questions to the Department. So, we are looking at what is the escalation process within FSA if you need to bring something to the Department's attention outside of the normal customer service. So we have that to take back as well.

**[AUDIENCE:]** Okay, terrific. Thank you so much.



**[BATTLE:]** Thank you.

**[AUDIENCE:]** Hi, you may have touched upon this, but I just want to get some clarity. So, when students come and when they get provided a servicer, is that something random for the student or does the Department look at maybe an OPE ID number or maybe, okay, this school is going to go with this servicer this year? How are they assigned those servicers? Is there is a system or is kind of like, you know, lottery kind of thing? Okay, you go here, you go there, you go there.

**[BATTLE:]** If the student does not have any loans with any one of those systems, then it's going to be random. So it's going to go back to what percentage we're going to deliver to the servicers. If the student already, again, has a federal loan that's already on that system, that's where that loan is going to go, that new one.

**[AUDIENCE:]** All right. All right, so, I am in a FFEL. We use a lot of Sallie stuff. So if they're with Sallie, they are pretty much going to stay with Sallie upon graduation.

**[BATTLE:]** We're talking about the federal loans.

**[AUDIENCE:]** Right [ inaudible ]

**[BATTLE:]** So, if the student is already with Sallie and has a regular FFEL, that's not taken into consideration.

**[AUDIENCE:]** Okay.

**[BATTLE:]** Were looking at the federally held loans, where they are. If they're within the Department's purview, then we're going to take that into consideration and get them to that same servicer. Consolidation would also be a mechanism to, then, bring those loans together – the loans types.

**[AUDIENCE:]** Okay. But, if I understand you correctly, you basically can kind of spread the wealth when assigning different servicers? Correct?

**[BATTLE:]** We're spreading the wealth. Assuming that they are all doing really well, we're going to spread the wealth. Yes, we are.

**[AUDIENCE:]** Okay. Right, okay. Thank you.

**[BATTLE:]** Thank you.

**[AUDIENCE:]** We've been having some problems with the loans that were put to the Department. We have current students that we need to do refunds on, and it's very difficult, at this point, figuring out which servicer, and we may not be set up with that servicer, is there anything on the horizon that it's going to be handling that?



**[BATTLE:]** I've had questions about refunds and PUTs. If you can give me some suggestions or some examples that'll help me understand exactly what the nature of the problem. If it's a larger problem, then absolutely we can get guidance out, but if you have specific examples about refunds and PUTs, then we would just need to see that so that we understand the level of the problem.

**[AUDIENCE:]** For example, we might have a student that, due to R2T4, we have to return some of their loans, and the loan has already been put to the Department, and when we look at and see where that loan needs to be refunded to, it may be Sallie Mae, and we may not be set up with Sallie Mae to return this loan. Therefore, we're fighting against the 45-day deadline to get the loans refunded.

**[BATTLE:]** Okay. How big a problem is it? And these are all just related to the PUT that we have right now?

**[AUDIENCE:]** Right, because we're a FFEL school right now, and we'll try to do the refund through our normal means, and then it'll come back saying it's a PUT loan, and that we can't.

**[BATTLE:]** Okay, could you see me after so I can just get some examples to make sure that I have the right scenario so that we can take that back and then get that fixed, and then we'll get a communication out about how we'll address that.

**[AUDIENCE:]** Okay, thank you.

**[BATTLE:]** Thank you. Yes?

**[QUESTION FROM AUDIENCE:]** I'm just asking to see if you can help the schools. You know, with all these servicers each one is going to send a delinquency report for people. If you look at the PUT loans, then a student can be with one servicer here, one servicer there, so it's going to be a nightmare, and that also is going to increase the default rate. Will the Department think of consolidating all these together and send one delinquency report to the school, so everybody can benefit?

**[BATTLE:]** We cannot promise that, but we have received that as a suggestion. So, looking at possibly standardizing some of the reporting and getting something to the schools. So, in the interim, what I've said is valid, that you're going to have to work with all, but the Department has received that as feedback, and we're going to take that back to see what can be done so that we can somehow standardized some of the reporting. So absolutely, were going to take that back.

**[AUDIENCE:]** Okay. One other quick question. When a loan is sold to the Department, how long does it take for the update to happen in NSLDS?



**[BATTLE:]** When the loans are sold to the Department, how long? The servicers are all required to report weekly. So, I'm not sure the process of how long it takes to actually get to the Department, but the servicers are all reporting to NSLDS on a weekly basis. Okay? Does that help?

**[AUDIENCE:]** We will have it updated in NSLDS, because that would be the same question the previous person asked, because we'll not know where to send the money back.

**[BATTLE:]** Right, all the servicers are required to update on a weekly basis. So, you should be receiving the updates in NSLDS on a regular basis.

**[AUDIENCE:]** Hi. I've been dealing with some of the PUT loans, and I think one of the biggest frustrations I've been experiencing is I'm dealing with all the different servicers is everybody does things differently.

**[BATTLE:]** Okay.

**[AUDIENCE:]** You have to contact a different group. Get transferred to a different individual. Some do it by email. Some won't do it by phone. Some will email your confirmation. Some will never confirm or deny. And it's really hard to figure out statuses. I've been working on a reallocation, and this is just a very, you know, antidotal story, but I've been working on an allocation for probably three months. And I get in touch with someone finally, "Oh, we see it's being done. We see your emails here. It's been confirmed that it's completed." And I consistently check. It's still not completed, and the student cannot move forward until this reallocation is completed, because they're over their sub limited. So, this is becoming very confusing for our perspective, because I think the thing were not considering is how much time were spending figuring this out.

**[BATTLE:]** Okay, all right.

**[AUDIENCE:]** So simplifying it.

**[BATTLE:]** Simplifying.

**[AUDIENCE:]** And I appreciate the fact that you're giving what the service agreements are that you have with these folks. I guess my thought is that this isn't going to show immediate results, because you have to see how many of these folks actually do end up in default, okay? I guess my thought is how do we know what the customer experiences truly? What is the student's experience? Okay, maybe they don't default on their loan, but how much time did they have to put into that to not default on that loan? Because the experience that I'm getting from the students is that they're routinely getting folks that do not know what they're doing. They're not trained appropriately. One student, I can recall, said they had spent two days on the phone, and every person they spoke to gave them a different answer, and she spoke to five different people. I



called the Client Support Group, and I got a completely different answer. And so, you can imagine her frustration when I call her back and say, “Oh, no, I talked to them, everything’s fine.” So, while I appreciate the service level that you put forth to measure them, I think it’s not, in the short term, going to elicit the results your expecting, because I’m sure everybody in here is experiencing the same thing that I am, because we’re talking to these people every day. And I don’t know how much quality is happening from the Department side of, are you all shopping them? Are you like calling them up as a borrower and finding out what the answer is? Because, I have been doing some shopping and it hasn’t been very good.

**[BATTLE:]** The other thing that the Department does, which is not reflected, is that we do call monitoring, so we actually listen in to the actual calls that the representatives are taking with the borrowers as well. Those are ranked, and then we provide feedback back to the servicer as well to ensure consistency, to ensure that they are trained appropriately, to ensure that they are giving out the correct information. Did you want to?

**[AUDIENCE:]** Is that published somewhere that we can watch?

**[BATTLE:]** We don’t publish that.

**[AUDIENCE:]** Oh, okay.

**[BATTLE:]** So let me take that back to see if we can somehow....

**[AUDIENCE:]** Because I think we, me personally, I’m speaking for an entire room of people, but I would certainly feel better if I felt like quality was being addressed, because I can tell you, just from the experience, and I’ve only been working with it since the whole PUT loan thing started happening, so I don’t have a really deep experience with it, but the experience I’ve had up until now has been pretty bad.

**[BATTLE:]** Okay, all right.

**[AUDIENCE:]** So, I think that’s one thing I would really recommend just from a quality standpoint.

**[BATTLE:]** Okay, all right. Thank you for that feedback. I hear some yeas. Okay?

**[AUDIENCE:]** Hi, I would just like to clarify something. We currently are a FFELP school. Sallie Mae services most of our loans. We do have a number of them that have been sent to the PUT Program, so, from my understanding, Sallie Mae is servicing those PUT loans as the Department. When we move to Direct Loan next year, will those students that already have a PUT loan that Sallie Mae is servicing, will their new loan also be put with Sallie Mae?

**[BATTLE:]** Yes.



**[AUDIENCE:]** Okay.

**[BATTLE:]** So if they already have a PUT loan that the Department owns, and then they get a new loan next year, because you're now a Direct Loan school, yes, it will be placed with that current servicer.

**[AUDIENCE:]** Okay. Thank you.

**[BATTLE:]** Does anybody – okay.

**[AUDIENCE:]** I just wanted to make a quick comment to follow up on the comment of my colleague regarding the return issues.

**[BATTLE:]** Yes?

**[AUDIENCE:]** I wanted to make sure you know that is not an isolated issue. We have been struggling with trying to get loans returned to a PUT lender. Ours happens to also be Sallie Mae. I don't know if that's a coincidence or if it's across the board. But my loan coordinator was on the phone with them for a good three days straight using all of her time, because they did not know how to get the funds returned. So, that's really not an isolated issue. I just wanted to make sure that you that was [ inaudible ]

**[BATTLE:]** It's not isolated, is what you're saying?

**[AUDIENCE:]** Right.

**[BATTLE:]** Okay. Any others? Yes?

**[AUDIENCE:]** Hello, I have a question. When will we be notified of which servicer the loan got originated through so that we can properly educate our students. I think that's a big thing right now. Right now, we can print them something saying, okay, this is your lender, and you can call them if you have to change something, if you need to contact them. When are we going to know? So is it upon origination of the loan that we'll be notified or?

**[BATTLE:]** If a school, in the Direct Loan world, so next year when we have the loan distribution engine up and it's a Direct Loan process, then the loan distribution engine will be able to notify you as to where that student is located. Today, we only have NSLDS as a method to notify you as to where that student is.

**[AUDIENCE:]** When you're using that distribution engine, though, when does that happen? Does it happen after first disbursement, at origination?



**[BATTLE:]** I'm not sure exactly when they're planning. They're still developing that, so we need to provide guidance as to whether, I know we've gotten suggestions that it's on the ISIR and believe it....

**[AUDIENCE:]** [ inaudible ]

**[BATTLE:]** Okay, so....

**[AUDIENCE:]** Because it would be really nice if it happened, and this is just a suggestion, before. Because when we are providing electronic funds notifications to the students, it would be nice to be able to have that information on there, but if we don't not know till after the disbursement

**[BATTLE:]** But you're saying it's after the disbursement, correct?

**[AUDIENCE:]** Then that's going to create them having to be educated afterwards. So, just a suggestion that if we could get it at origination, that would be awesome.

**[BATTLE:]** Okay, we'll take that back. We will take that back and evaluate that.

**[AUDIENCE:]** Okay, I'm still kind of confused on the servicer issue.

**[BATTLE:]** Okay.

**[AUDIENCE:]** If a student is a sophomore this year and they have ACS, ACS is no longer a servicer with the new multiple servicers, do they stay with ACS or do they get a different servicer next year?

**[BATTLE:]** Okay, so today they are in PUT with ACS?

**[AUDIENCE:]** No, just a Direct Loan with ACS as the servicer.

**[BATTLE:]** Right, okay. The decision has not been made as to how we're going to handle that as of next year, but we will go communication out about that.

**[AUDIENCE:]** So potentially, a student could have multiple servicers?

**[BATTLE:]** Could have, well actually, they have multiple servicers today with the PUTs, again, because the Department had to act very quickly to get the system up. We're still challenged with placing all the borrowers. So, were identifying the borrowers that are splint amongst the servicers and trying to get them to one. Yes. I knew that would be fun. Any other questions? Okay, let's talk about On the Horizon. So, in addition to all of the many, many suggestions, questions, and comments that we've received thus far, we have identified some things that we want to change and make it a little bit seamless, a little bit easier on the schools. So, the one thing that we have that we're in the process of developing now is an FSA Exit Counseling that will be available to your



borrowers, regardless of loan type. So if they have a FFEL or a Direct Loan, they will be able to access an NSLDS session for Exit Counseling using their current PIN and complete. And that Exit Counseling session will reside on NSLDS. They're going to just go into NSLDS. They're going to use their PIN, and they will be able to take Exit Counseling there. So, we're going to be able to provide, through the use of NSLDS, student data as recorded in NSLDS, calculators for the various repayment plans, and then well link them over to their actual servicers. So, whether they're doing Exit Counseling or they just want to go through to find out who their servicer is, this will be a mechanism. And I've received a lot of good feedback about how to make that even better as we finish developing that, and we hope to have that available as of the March timeframe.

Again, that's just a screen shot. There will be a tab for Exit Counseling, so it will be visible to the borrower. They will go in using their identifiers the way they do today. That familiarizes them with NSLDS website, and we will track them via the NSLDS site. Today, if you are a Direct Loan borrower or a Direct Loan school, you have a series of reports that just notify you of the borrowers that completed Exit Counseling. Those reports will also be available and sent via NSLDS. Benefits, of course, you'll have one stop to go and receive that information.

The other added feature is, in previous sessions, schools have said, I need a way to be able to upload the way I do Exit Counseling. So some schools do it in person, some use videos, some use a large presentation. If you chose – it will not be a requirement – but if you chose, you have the ability or you will have the ability to upload that information within NSLDS and retrieve it at a later date. So, if you complete it in person and you just want to log that in, you'll have that ability. And now it's comprehensive tracking and, of course, we will change it as requirements or compliance changes.

And that's pretty much everything today, tomorrow, and what's happening in the future. Are there any additional questions?

**[AUDIENCE:]** Just a suggestion on the Exit Counseling. If you could run that back through COD and run that back in so we could get a message class of the Exit Interviews, like we do on the Entrance, that would sure be of benefit to us as a school so its transparent that we don't have to upload a different report and get into our system, we can just upload it through a message class.

**[BATTLE:]** Run back through COD a message class.

**[AUDIENCE:]** Yes.

**[BATTLE:]** Okay, I'll add that to the list. And there was one other question?

**[AUDIENCE:]** Hi Cindy, Kara Jackson. Just as a suggestion, are you involving any schools in focus groups with all this stuff that's going on? A lot of us that have been in



Direct Loan since year two remember what it was like when we had servicing changes, and very little input from the schools at that time, so.

**[BATTLE:]** We have, as Mr. Lee calls it, a debrief when we get back. That's one of the things we'll talk about is all of the suggestions we have and did come up, again, how do we involve the schools in some of the things. One of them happens to be delinquency, Exit Counseling, so, yes, if we have an opportunity, we will absolutely invite that schools to participate, because we want that feedback.

**[AUDIENCE:]** Okay, great.

**[BATTLE:]** Thank you. Yes?

**[AUDIENCE:]** I am not familiar with the [DL.ed.gov/schools](https://dl.ed.gov/schools) link. Does that mimic what students see if they go to their DL page?

**[BATTLE:]** Okay, so the question is, is the school site, does it mimic what the borrower sees? No, it doesn't mimic what it sees. What it does, what the school site provides, is a mechanism for you to monitor, so, the things that you're most interested in from a school viewpoint is whether they've completed Entrance, whether they've completed Exit, there's portfolio reports, and then, of course, delinquency reports. You can actually see realtime borrower data, but it's not a duplicate of the current borrower site.

**[AUDIENCE:]** On that site, can you see whether they're in grace deferment or forbearance?

**[BATTLE:]** Yes, you can.

**[AUDIENCE:]** Okay.

**[BATTLE:]** You can see current status information from your viewpoint.

**[AUDIENCE:]** That's wonderful, and I have another question. Then – and I'm not sure if guys have anything to do with this.

**[BATTLE:]** Okay.

**[AUDIENCE:]** On the NSLDS site that the students are going to be able to do the Exit Counseling through, will they be able to see and we will be able to see that same information? So, for instance, if they have multiple loans, their status of those loans. I know on the NSLDS session, he talked about you can't see, for now, the interest rates, and he said they were going to try to work on that because of the variable fixed thing.

**[BATTLE:]** What do you want to see, tell me what?



**[AUDIENCE:]** For Exit Counseling, like if they have multiple loans; let's say some of their loans are in deferment but sometimes one got skipped for some reason and that one isn't in deferment, maybe they're in repayment on that one.

**[BATTLE:]** You can't see today?

**[AUDIENCE:]** I don't know.

**[BATTLE:]** Oh, okay. There is a borrower view and a school view within NSLDS, and you should be able to see that status of that loan in NSLDS from your school view. Am I missing the question?

**[AUDIENCE:]** What about for the student, like when the student [ inaudible ]

**[BATTLE:]** The student can as well.

**[AUDIENCE:]** So they can see individual, each loan, like what their [ inaudible ]

**[BATTLE:]** Yes, they will be able to see all of their loans within NSLDS, because there is a separate student view within NSLDS.

**[AUDIENCE:]** Because I think I've always, because I'm a direct lending school that hires at a university, so we've been direct loaning forever, so, we've always directed them to the DL site, and so I'm so used to that that we really didn't send them to NSLDS [ inaudible ]

**[BATTLE:]** Yes, they can see that information.

**[AUDIENCE:]** Good afternoon. I have a followup to the question that just occurred with the Direct Loan site for schools.

**[BATTLE:]** Yes?

**[AUDIENCE:]** Are we still going to be able to go there and find that account information when there are multiple servicers or are we going to have to go to each of the servicers to find out the account information for that student?

**[BATTLE:]** Good question. So that site today is just for the current Direct Loan Portfolio, so the answer would be, no, you couldn't use that site to find out all of the information for the others, so there will be different logins or different sites that you would have to access for those individual school reports.

**[AUDIENCE:]** Okay, thank you.

**[BATTLE:]** Yes.



**[AUDIENCE:]** And then, also, will that Direct Loan Servicing Site for schools still do the Entrance Counseling or is that going to be, then, also done by the new servicers?

**[BATTLE:]** It's not going to be done by NSLDS, but we've heard from schools that they want a link between Entrance Counseling and the promissory note, MPN, so there is an effort underway to actually bring those together, and there will be another site for Entrance and MPN combined. So, yes, there will be a new rollout of that as well.

**[AUDIENCE:]** Okay, and one final question about the site.

**[BATTLE:]** Okay.

**[AUDIENCE:]** Currently, and I think you've mentioned it that – and probably the answer is the same – right now, all of those reports that we get are coming from Direct Loan School Servicing Site, and that is not going to be the case, then, for the additional servicers that right now we get those through the mailbox at SAIG? I don't see why they would be different, because the format has to be same for all of those reports, so as long as they come through SAIG, wouldn't they be the same?

**[BATTLE:]** We're going to take that back and look at the formats, but there is a possibility that you could get a different format. If it's coming through SAIG and there's a standard format, then you'll get it in that way, but depending on the report type, there may be different formats, and we need to evaluate that, and we'll get you additional information about how that will happen as we roll out the other four servicers for Direct.

**[AUDIENCE:]** But those four servicers will have to put it to the mailboxes?

**[BATTLE:]** Yes.

**[AUDIENCE:]** Okay.

**[BATTLE:]** We expect that to still happen.

**[LEARY:]** I'm Bob Leary with Sallie Mae, and I heard a couple of questions about refunds, cancelations, and reallocations. I'll be at the front of the room at the end of the conference and be glad to answer questions that folks have relative to Sallie Mae or problems that they may have experienced.

**[BATTLE:]** Do you know anything about the refund process?

**[LEARY:]** Yes.

**[BATTLE:]** Okay, you'll be in the PC Lab or where will you be?

**[LEARY:]** I'll be up here.



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**[BATTLE:]** You'll be up here? Okay.

**[LEARY:]** And we do have staff in the PC Lab that can provide.

**[BATTLE:]** Okay, very good, thank you.

**[LEARY:]** Thanks.

**[BATTLE:]** So, there were two about the refunds. We're going to definitely take it back, so if you have some specific question, then we can address that right now. Any other questions? Well, this has been fun. Thank you very much for participating and enjoy the rest of the conference.