*Cynthia Battle:* Okay. Let's get started. Welcome to the Essentials of Federal Student Loan Servicing. I didn't want to stand up here by myself, so I have a panel with me, so sorry for the delay. So let me introduce the panel. I am Cynthia Battle. I am with the Department of Education, and with me are representatives from each of our five federal loan services. So first we have Bob Leary, vice-president of title-force servicing at Sally Mae. Then we have Dan Weigol – I'm gonna say that right – school-representative manager at Fed Loan Servicing or FIA. The next, we have Mike Pamiato, director of delinquency and default management at ACS, a Xerox company. Next, we have Mary Roggeman, executive VP of marketing and sales at Great Lakes Educational Loan Services. And, last but not least, we have Kevin Herman, managing director at the department of education servicing at NALMAT. So welcome!

So this year we kind of approach this conference with the understanding that there have been a few challenges, so we wanted to ensure that we cover some basic understanding of how our servicing contract work, and we're gonna talk about how we measure performance, we're gonna speak a lot about the surveys and how important it is for schools to participate in the surveys, and, finally, where our panel gets to participate, are the hot topics. So we didn't necessarily list the hot topics because we didn't know what they would be until we arrived there, so I have started a list, and I'm gonna go through most of what we believe are burning at the top of your list of servicing issues, and then we'll open it up for questions, concerns, suggestions, and make sure we try to address any concerns that you have. So let's get going.

So everyone is aware that ECASLA gave us the authority and allowed the Department to purchase a fail portfolio. We call it puts. So in early September 2009, the Department began assigning fail-put loans to our four new servicers. In July of this year, they all began to take direct-loan volume, so, as of September, month in, our federal-loan program, which would include both our federally held puts and our direct-loan volume, reflects a little over 20 million borrowers, $57 million in loans, and almost $3 billion in that portfolio, so quite a sizable. And just so that you know, in September, September 30, the put program ended. So we're finalizing that.

So I always like to put just basic portfolio, so as you can see if we just examine the entire portfolio right now, the majority of our borrowers are in sort of your in-school, in-grace status, so FSA is gonna continue, as well as the servicers, to monitor the portfolio, how it's performing, and make determinations on what next to do as far as the borrower's concerned. So, again, I've introduced the servicers. They, again, are direct-loan servicing, which is ACS, fed-loan servicing, which is FIA, Great Lakes Educational Loan Services, NALMAT, and Sally Mae. So it can, for the put loans, only the four additional servicers – FIA, Great Lakes, NALMAT, and Sally Mae are managing the fail-put portfolio. All five of them have a direct-loan portfolio.

I want to say at this point, and I'll remind you throughout, that all of the servicers are going to be in the PC lab, so please stop down if you have any specific school questions, as well as there are intra-sessions throughout the conference, so there's two intra-sessions each day, starting tomorrow. Tonight's is ACS. And they're all specific to the servicers. Please come out, please participate. This is your opportunity to share your concern, your suggestions, provide input regarding the services that are provided, so please participate in those.

So because, as we've talked about, because of the need to expand our servicing, we've – not only did FSA – have impacts to a multi-servicer environment. So did the schools. So the schools now have to work with multiple servicers. The question that we always get is, "Can a school choose their servicer," and of course the answer is no. We have a borrower-centric approach to how we're trying to maintain and manage our portfolio. How do schools find out where their borrowers are? You would use NSLDS. You would go in, there are a series of reports you can access to determine which servicer now manages that particular borrower. And then, "How do schools provide feedback to the Department about the servicers' performance," and that's gonna be through the customer-service survey tools, and we're gonna talk at great length about those.

So the first thing, before we get going in some of the areas, is that we always like to talk about some of the things that we know are concerns, so last year, at last year's conference, when we introduced the concept of multi-servicer, we got a lot of feedback, so some of the things that we took back after last year's conference, as well as throughout the last few months, are about consistency and standardization of data. How are we gonna handle that? There were a lot of questions and concerns about refunds and adjustments and how we were processing those through the put loans. There were questions and suggestions about delinquency data and the importance of delinquency data residing at one source. There were many concerns about split borrowing. How are we handling borrowers that remain at multiple servicers? And then, finally, one of the things we are still working through is communication. How do we get the right message to you at the right time? So we're gonna kind of go through all of those areas. I just want to just emphasize that we're listening to your comments, and we are trying the best we can to provide services and tools that are most efficient.

So let's talk about split servicing. When we talk about split borrowers, we are talking about borrowers in a federal-loan umbrella, so whether it's a direct loan or a FFEL that has been put to the Department, that's what we determine as a federally held loan, and when we talk about split, we want to ensure that that borrower is at one servicer, so if they have a federally held put and they have a direct loan, we are going to get that borrower to one of the five servicers. The borrower has a – we say "commercial," or a non-federally-held loan at one of the servicers – that's not considered a split borrower. They would still have to use the consolidation mechanism in order to bring those loans together if they choose to. And, again, consolidation could be advantageous to the borrower. We just need to determine whether it is a benefit in that particular scenario. So when we talk about split borrowers, our goal is to ensure that a borrower with federally held loans remain at one single servicer. We currently have about 1.3 million borrowers that we have identified and we are in the process of getting to a single servicer. We expect all of those transfers to happen by the end of December, early part of January, so all of the borrowers that could be in a split scenario should be resolved by early January. Ongoing, we have a process in place to identify them and then correct them ongoing.

So one of the other suggestions, or one of the other areas where we received a lot of feedback, is, "How are you going to centralize information?" We have five servicers. "What can you do to standardize and bring consistency to some of the data?" So what we've done is we centralized some of the data within NSLDS. There are reports available via NSLDS that provides a snapshot or a view of what those borrowers are at your particular institution. In addition to that, we offered a new exit-counseling session that covers both fell and direct-loan borrowers, so, regardless of whether your borrowers are fell or direct loan, they would be able to access their account, their exit-counseling session, through the NSLDS tool, complete it, and be compliant. And then the other area that we received feedback on was about, "How do we centralize the delinquency information?" And so we centralized that also via NSLDS.

So let's talk a little bit about the delinquency report. So the delinquency report currently does not include information for GAs or loans that are serviced by ACS, so when we provide the delinquency information for schools, we started out by providing it for just the four additional servicers. However, ACS data will be available as of around the spring, March, April timeframe, so you will be able to see the delinquency report reflective of all five of the servicers. There are reports that includes put and direct loans held by the four additional servicers – we talked about it – provides various data filters, and you can access that through the IFAP site, so they have information, and I think the NSLDS session also talks about the delinquency report. There are two sessions, NSLDS, and then there's a delinquency session that you can also get information about that report.

Now, if the NSLDS report lacks the detail that you need in order to manage your portfolio, then the servicers still have individual reports that you could access. Now, I believe the servicers have sent out maybe welcome letters or communications to let you know how to access their sites. Again, if you come to the PC lab, if you come to the intra-sessions, that'll be your opportunity to kind of walk through their individual tools, but the servicer reports are gonna provide a greater level of detail, they're gonna offer some customization options, and it's gonna include loans that are serviced by your organization, so even though we've taken the step to say, "What do we need to centralize," the servicers are still gonna provide that level of detail that you may need on your campus, depending on how you manage your portfolio.

So one of the areas we're going to get into is consistency versus competition, and the reason we titled this way, because we received a lot of feedback and questions about, "Why are the servicers not doing this process identical? Why is – I'm getting this answer from one servicer, maybe a different answer from another." So we want to talk a little bit about what pieces of our contract are consistent and what pieces are really competitive. Before we get into that, we just want to show just the simplicity of the direct-loan processing cycle. So once you have a signed p-note, a dispersement, and an origination, the loan is booked into servicing. Okay? And I think you've seen this throughout the conference.

So when we talk about consistency, we're gonna ensure that all of our servicers comply with legislative and regulatory requirements and provide unique services. They're all gonna educate and inform borrowers as through tools to assist them in the management of their loans. They all offer some kind of repayment options tailored to the borrowers' needs. They may have online payments, they may have ACH, they may have different tools to help the borrowers stay on the right road to repayment. They have self-service tools and options for receiving bills and correspondence. Again, we're not prescriptive, but these are gonna be some consistent things that you see amongst the servicers, and they all offer dedicated servicers to schools to help manage cohort default rates.

So the areas that we're gonna touch on when we talk about consistency are servicing, delinquency and default aversion, payment processing, and onboarding. So first, we talked about that they must comply with legislative and regulatory changes, so as part of the onboarding process, all of the servicers are sending some sort of welcome letter to borrowers, to schools, to let them know they are the servicer. They're sending some kind of welcome packet and maybe introducing some kind of training. Now, while we are not prescriptive in what they say, you're gonna find a consistent tone in the messaging that's coming from each of the servicers. In the servicing area, they're all gonna offer the repayment plans that are available to direct-loan borrowers. Whether it be ICR or IBR, standard, extended, graduated, and alternative, all of them must offer those repayment plans. Deferment and forbearances are consistent across all of the servicers. They all provide some kind of web site or online tool. They are all committed to providing best practices. And one of the changes was that NSLDS updates are received and reported timely, so now they must report to NSLDS on a weekly basis, which was a slight change.

In the payment area, there were a lot of questions about, "Is my borrower gonna get one bill?" If the borrower has direct and put loans with that servicer, then, yes, they're gonna get a combined bill in most cases. I think that's the case. In most cases they're gonna get a combined bill, and the reason we cannot have a borrower with both federally and nonfederal, because we have mandates by the Department of Education about payment processing and lockboxes, so there are federal rules around how Department of Education lockboxes are handled, so we're gonna find consistency in how that mail process, the payment processing, works. There are no late fees or NSF charges to borrowers for our portfolio, and as we talked about when we were talking about split borrowers, we have standardized the process on how we do that, so once we identify them through the NSLDS feed, we're gonna assign a servicer and then get those loans transferred to one servicer. Again, a borrower-centric approach. And frequent FSA-mandated serial transfers that bring federal loans for the borrower together to a single servicer, and I think we talked about that.

Now, the last area, when we talk about consistency, deals with delinquency and default aversion. So, again, all of them are going to perform the required regulatory due diligence of up to 360 days delinquent. They're gonna provide school reports and data to support any cohort activities, and those can be specific reports, and they all have support for how a school could challenge that information, so they have school support services that you can utilize if you need to challenge your cohort reports. So when we talk about competition, we're really talking about three areas. Customer-service tools and delinquency, and some of them may cross, but for the most part we should see consistency in how things are performed. When we talk about customer service, those are areas where you may get a different – more than one phone call in a particular area, but, again, you may not get the same answer all the time when the borrower calls, and, again, because this is a borrower-centric approach, the borrower is just working with one particular servicer, even though the schools have to work with all five, it's the borrower that's only working with the one.

When we talk about tools and services, again, we focused on web-site functionality, more self-service options, early outreach activities to borrowers. One servicer may use Facebook or use social media. One may do something else. These are areas where there is competition, and there's a reason why we allow the servicers to be competitive in these areas, and we'll talk about that momentarily. Quality and channels of communication, texting, e-mail, web chat – those are all mechanisms that the servicers can use to keep the borrowers in healthy repayment options or keep them out of default. And, again, when we talk about delinquency and default aversion, there are going to be strategies that the servicers employ that will exceed the due diligence requirements that are effective in preventing defaults. There are improved access to data and reporting. Again, they're gonna tailor things based on school feedback, school suggestions, and they have specialized staff training for improved borrower communication. So, again, these are some of the areas where we're gonna see differences in how they perform.

So let's talk about servicer performance. So when we measure performance, there are certain servicer levels. Our service levels are borrowers, schools, FSA or the Department of Education, and borrower defaults, and the other area that we're going to evaluate is the program compliance reviews. So, again, rather than be prescriptive of the new servicers and dictate how they did their jobs, FSA decided to take advantage of the unique strengths of the different organizations by tying future loan allocation decisions to performance, so each servicer must satisfy three types of customers. It's gonna be your borrowers, your schools, and your federal personnel. We want the servicers to minimize default. So FSA developed a loan-allocation formula based on the relative performance of each servicers across these four dimensions. The allocation method is based on five separate measures: three customer-satisfaction surveys – there's a borrower satisfaction survey, there's a school, and then there's a federal personnel – and two default statistics – the percentage of borrowers that default and the percentage of dollars in default. And then servicers are ranked on these measures.

So then FSA aligns the annual allocation of the new loans with each servicer's performance in the following manner. There is a total number of points of 50 through the five measures, and then FSA uses percentage points to determine how loan allocations to each servicer are based. So let's talk a little bit about the survey tool itself. Again, we talked about the quarterly surveys designed to take ten minutes or less, very quick – the surveys of three groups, borrowers, schools, and FSA staff. Phone surveys of 1,000 respondents per quarter, or about 250 per survey, so this has now been increased to 1,250 because all five servicers are being surveyed. We randomly select by repayment status, and then the proportion of borrowers are in school, in grace, or repayment for all of the servicers. So for the schools, there are phone interviews of about 300 – actually now it's 375 – sampled for each servicer, and, again, all institution types for the servicer samples, and we ask the school personnel about only one servicer. For federal personnel, the surveyor goes out to about 200 FSA staff. It's an online survey. We all are surveyed on a quarterly basim, and we're randomly assigned to a single servicer, as well, and it cycles through in the other quarters.

So the purpose of the survey is to interview enough people to support the measurement. We want to treat statistically insignificant differences as ties, and I got a clarification that that doesn't happen – they are not treating the insignificant differences as ties, they are ranked. And then they are generated, and finally we rank each servicer based on these metrics, we will provide a score, and I believe the first one came out this past quarter, wasn't it? So if the surveyor calls, please respond. What we want you to do is base your responses only with your experiences with your federally held debt. In the event that the call comes in that it's not for the person intended, please forward that call to a colleague if the colleague works with that particular servicer. The quarterly surveys will begin December 1, day after tomorrow, and then the surveyor's the Discovery Research Group, so if you miss the call since you were in the conference, they will probably call back, so please participate.

And so now we are going to talk about hot topics. Okay. So what have we heard? There were a few – I guess hot topics. There were a few hot topics that we've heard in the past few weeks. One of them centered around how we process parent-plus deferments. Is that a good one? The other one was communications. How do we differentiate the various servicer messages? And there's just a general communication or uneasiness as to the many communications that the schools are receiving. There was a tone about managing a multi-servicer environment. And then the other one was, "How do I escalate things to FSA?" So let's talk a little bit about the parent-plus process – and correct me if I'm wrong.

So, through the parent-plus process, so in the initial, there is a – on the studentloan.gov site, there is a initial process where the parent can choose to defer their loan based on the student's enrollment, so it's a parent-plus application. Am I saying that right? Parent-plus application. And there is an indicator that is passed to the servicers that allows them to grant a deferment based on that student's enrollment. Now, the indicator is passed to the four servicers, and it's not currently passed to ACS. When we brought up that particular interface, we did not include ACS in that model, but we are evaluating whether that would be feasible. So that indicator is passed to all of the four servicers, and they update the accounts appropriately. Now, outside of that process, it is going to be the parents' responsibility to contact the servicers. They have paper processes, and I believe I'm correct when I say that they will exhaust enrollment data that they have available to determine the parents' eligibility before they send them to the school to validate their enrollment information. Is that correct?

So what's happening is – I think there were some questions about whether the process was consistent. So the servicers are all gonna try their best to validate the student's enrollment data through whatever means they have available before they require the parent to go back to the school and provide something to validate the enrollment. So on this particular one, are there any questions around parent-plus that maybe I didn't cover? Good. Yes.

*Audience:* What does that mean, ___ ____ _____ _____?

*Cynthia Battle:* You want to take that? Okay. So I'm gonna let them answer what that means.

*Male:* One of the things that –

*Cynthia Battle:* Getting that? Try that. Try the one in the middle. There you go.

*Male:* With the parent-plus loan that comes over from the COD, as Cindy said, it can be initially deferred by that flag being flagged to yes, and each one of the new federal servicers will put it in a deferred status. If a borrower's not in that situation and calls in to let's say Sally Mae, we'll put them into a deferred status, and our weekly NSLDS match will match them up, and we validate it electronically that way. NSLDS has turned into a very strong and reliable tool for the federal servicers here. The weekly match is in excess of 99 percent accurate, so we can avoid some of the paper exchanges that may have occurred years ago, because of this tool.

*Cynthia Battle:* Does that answer the question? Yes. Okay, any other questions about the parent-plus?

*Audience:* Just a question. Are school required to report to the Department of Education the student's enrollment status?

*Cynthia Battle:* So the question was, "Are the schools required to report to Department of Education the enrollment status," and the answer is yes.

*Audience:* So can the servicers tap into whatever system or reporting system to get the student's enrollment status?

*Cynthia Battle:* So the follow-up was, "Can the servicers tap into whatever data is available to validate the enrollment," and the answer is yes. The challenge could be that we don't have – the parent could have a – so, again, the servicers need to be able to validate the student's enrollment information, but if the student has no loan, then we wouldn't have anything to tap into. So the parent would have to provide some kind of deferment form that's validated by the school that verifies enrollment because if we don't have a student record, then we wouldn't know the enrollment data for that student.

*Audience:* ________________________________________.

*Cynthia Battle:* So the question was, "Do they report to NSLDS weekly?" Yes, that's a consistent way all of the servicers should be – are, not should be, are – reporting to NSLDS on a weekly basis.

*Audience:* ___________________________________________.

*Cynthia Battle:* Okay, so the comment was that you're contacting the servicer, and the servicer doesn't have the loan, but yet NSLDS says that the servicer has that loan. That must be a timing issue. Okay, we'll – I mean, could that be the case?

*Male:* I would say in those situations – that sounds unique, but we would definitely like to see some examples. If you can contact us and give us some examples we can take a look at and see what the root cause of the problem is, all of us would be more than willing to take that information back to take a look at our systems and see what the issue is. I see a couple of nodding heads out there. Seems like some others are experiencing the same thing, so, afterwards, if we could get some contact information and touch base with you afterwards and get some specific accounts, we can take a look at 'em.

*Cynthia Battle:* So can I just clarify, so that we know what we're trying to solve for? Are we talking about loans that at one point were just at direct-loan servicing center, ACS, and now have transitioned to somewhere else, and that's where we're seeing – no.

*Audience:* ______________________________ problem with your delinquency report ________________.

*Cynthia Battle:* Okay, so I think that the comment that we need to take back is just to evaluate how we communicate, I guess, amongst the servicers, when the school is looking in NSLDS, the loan says it's at one particular servicer, you contact that servicer, but yet it's not there. And who's calling? Is it the school, or is it the borrower?

*Audience:* _______________________________. We may make the call with the student president, and if they tell the student that they don't have the loan, then I may get on the phone and say, "This is what NSLDS is reporting. Can you help us out?" They can't help us. So we even try to call loan tracking.

*Cynthia Battle:* These are put loans. You're talking about put loans, correct?

*Audience:* Loans that were put.

*Cynthia Battle:* Loans that were put. Valerie for NSLDS is shaking her head, so we will take that back and evaluate that. Thank you. Okay, so there were another question in the back. Yes.

*Male:* Go ahead.

*Cynthia Battle:* He's gonna go to the mic.

*Audience:* Doesn't – when you report the clearinghouse at NSLDS, doesn't that show everybody's enrollment who's at your school? I mean, generally we send a file. Wouldn't it be easier to just – if they have parent-plus loans – I mean, I don't understand – 'cause I'm in a graduate school, so I don't deal with parent-plus loans, but occasionally we have issues with parent-plus loans. I don't understand why they're not just looking at the clearinghouse data. I mean, the NSLDS data that's sent from the clearinghouse or whatever way you do it.

*Male:* NSLDS is fed by the clearinghouse. The data, on a weekly basis, comes from clearinghouse to NSLDS, on a weekly basis it comes to the four new federal servicers here. We do a complete overlay of every record on our database, so in the case of Sally Mae, we overlay the data on 10 million records, the loan IDs, and if there are changes, we'll update it. There's a high degree of that accuracy. The NSLDS folks in the first row meet with us weekly, interrogate us on *(Laughter)* where our problems might be, so feedback here is gonna drive improvement on those – what I believe would be isolated pockets, where we do have a legitimate deficiency that an interrogation might fix or some other logic.

*Audience:* So what is, then, the problem, then? I'm not – I'm just –

*Cynthia Battle:* I'm not sure –

*Audience:* I mean, how is it any different from any of the other problems with, like, the student – the regular –

*Male:* Well, we've had lots of movement of loans lately. October was a very busy put month with a lot of the remaining lenders in the fell selling their loans –

*Audience:* But no matter where they're at, if you're checking the NSLDS data to see that they're in school –

*Cynthia Battle:* Again, we brought it up because we've received this comment in multiple ways for the last few months, so we just wanted to make sure that we addressed it, and if we're missing a piece, and it could be the movement, but, again, we are looking at it to make sure that we have processes in place, we've exhausted all the efforts in order to determine enrollment before we go to the school, but, again, we're, like you, trying to make sure we have the issue before we go off and try to do something. Mm-hm. Absolutely. So if anyone can lend something to the problem, then we'll know what we're solving for. Would you step to the mic for me, please?

*Audience:* While he's moving to the microphone, let me ask you to clarify the parent loan application that you refer to parent-loan application that you refer to that's on studentloan.gov on which the parent may request the market-deferment indicator. That's the initial parent-loan application?

*Cynthia Battle:* It's just the initial process. Correct.

*Audience:* Sorry, the initial application for a parent loan?

*Cynthia Battle:* Correct. So anything outside of that initial process, they would still, that parent would still need to contact – or, if a school does not use studentloan.gov, they would still have to guide the parent to contact the servicer and apply for that deferment. Yes.

*Audience:* My question's on consolidation loans. Consolidation loans now is a big issue because of all the split borrowing, and borrowers have loans all over the place. What's happening – and this has been happening for the last six to eight months – is when a borrower consolidates their loan with direct lending and their certification is sent to the servicer, servicer will send it back stating, yes, the borrower has a loan for $6,000. Direct lending sends 'em the $6,000. In the meantime, the loans were put with another servicer. That check then is sent back to direct lending, that borrower ends up with the consolidation loan with this previous other loans that were consolidated, and still there's another loan that was put somewhere else. There is no information given to the borrower regarding what's happening here, and what the answers we get from direct lending, which is ACS – I believe ACS services all direct-lending consolidation loans, am I correct?

*Cynthia Battle:* You are correct.

*Audience:* It's the borrower's responsibility to know where the loans are. Now, what Bill Taggart said is the Department is here to help everyone through the process.

*Cynthia Battle:* Correct.

*Audience:* They're not helping the borrowers through the process with direct lending and with consolidation loans, and I have a follow-up on the consolidation after the answer.

*Cynthia Battle:* Okay. *(Laughter) (Applause)* Mike, do you want to speak to – do you know – what is the scenario? Do you know the scenario?

*Mike Pamiato:* Yeah, I know what the scenario – I mean, I guess I would just need an example on this one to check it out further.

*Audience:* Well, back me up, I could probably give you 40 examples of that. Okay, so would I have to contact you, give you the examples, and then what?

*Mike Pamiato:* And then I'll work through 'em with you.

*Audience:* But, no, no, future forward, what is going to happen here? These loans are going to be put. Like the Department saying, "We're going to make all federally held loans to one bar." Loans are going to be continuously put. Borrowers are going to continually consolidate because when they go in and they see their portfolio in the exit interview and they see they have four, five, six different servicers, and they're getting six different bills, they're gonna say, "Wait a minute, I can't pay six people! I want to pay one person." Okay, they consolidate. They do everything they have to do. In the meantime, two or three are dropped, the borrower still has two loans somewhere else and a consolidation loan, so how is –

*Cynthia Battle:* First thing is, puts have ended, so it's not a growing problem, so we'll start there. Puts have ended, so the –

*Audience:* Put has ended.

*Cynthia Battle:* Put has ended as of September.

*Audience:* Right, but you still have direct loans that are being with four different servicers, though. So you have borrowers –

*Cynthia Battle:* No, no, no.

*Audience:* Yes, I –

*Cynthia Battle:* Let's fix the terminology. Fell loans are put. Direct loans are maintained or are being transferred, so if there's a split scenario, then – so say a borrower is on the direct-loan system, ACS, and then have been put with another servicer – we're gonna combine those so they're at a single servicer. So when you're talking about direct loans being put, I want to make sure that –

*Audience:* Is there a timeframe when this is gonna be combined?

*Cynthia Battle:* Yes. We're working through the split borrowers now, so they will be combined by the end of December, early part of January.

*Male:* December, early January. Yep.

*Cynthia Battle:* End of December, early part of January, we've identified about 1.3 million borrowers that could be split, and we're identifying those, so when you're talking about a growing consolidation problem, then I think that's where we need to kinda step back and look and see, "What conditions were your borrowers in, and how do we resolve those?" But we're not gonna –

*Audience:* And I'll send 'em the examples. Now, the follow-up for that is, for cohort default-date purposes, consolidation loans, because the borrowers are consolidating, obviously are a big issue here. The servicer for consolidation loan, direct-loan consolidation, will not provide a delinquency report on borrowers that were consolidated that had loans at any institution that there were individual institution. Is that going to be resolved? How do we know what borrowers are delinquent that have consolidation loans?

*Cynthia Battle:* Okay, that is still a – that one we have not resolved, so, yes, we are going to have to take that back. Yep. The issue of an underlying consolidation, if they consolidate and you wanted to be able to track that underlying amount.

*Audience:* Absolutely.

*Cynthia Battle:* Right. And we still have –

*Audience:* Well, there are schools that have hundreds, hundreds in their cohort. How are you gonna identify who's delinquent and who's not delinquent?

*Cynthia Battle:* Yes, that's one of the challenges that we have when borrowers are consolidated. We still have to work through that one –

*Audience:* Okay, but the school will be held responsible if the borrower defaults.

*Cynthia Battle:* Correct. Yes.

*Audience:* Okay. Thank you. *(Applause)*

*Cynthia Battle:* Okay, hold on, let me write my note. Okay, so the next question – okay, back in the back?

*Audience:* I just had a question about timing of servicers. We had a parent call and say, "Oh, I forgot to, on the plus application, indicate I want to defer it, so how do I know who my servicer is?" I checked, and I said, "Yes, it wasn't listed there," she called direct-loan servicing, was told, "I don't know, you should call around to the servicers and find out who your servicer is." How quickly should we see an NSLDS when either a plus or a staffered loan – direct loan, obviously, at this point – has been assigned to FIA or Sally Mae so that they can – maybe they want to make a prepayment, the parent wants to defer, or whatever the case may be. How quick does that loan get assigned and then we get access to that info?

*Male:* I'll answer a follow-on to the gentleman before you and yours. First off, when a new direct loan is originated over the common origination dispersement system, it has a distribution engine that goes out and looks where an existing federal-owned loan is, and assigns the new direct loan to that servicer. Now, with regards to how quickly does Sally Mae and the other federal servicers notify the borrower that we've received a new disbursement from the COD, that happens within 24 hours. A borrower may also go out to NSLDS student and look up where their loan is. That may have as much as a week's delay because we wait for that weekly overlay to see it, but that data should be reliable as well.

*Cynthia Battle:* And I guess I would add that, unless I missed your point, as soon as the loan is booked into servicing, the student or the parent is going to get some kind of communication that says, "We are your servicer. Your loan is in. Blah-de-blah-blah, status." Now, at that point, if they think or they believe that they should be in a deferment status, they are provided with the information for that particular servicer to contact them and request a deferment or forbearance or change the repayment.

*Audience:* So the parent or student would get notification right away. It might be weeks, though, before I would see anything on NSLDS to try and assist that family? And that's a onesy case, obviously, the one who said she didn't know and was *(Crosstalk)* told to call around –

*Cynthia Battle:* *(Crosstalk)* What's coming from COD?

*Audience:* But –

*Cynthia Battle:* Okay, I was gonna say – it's coming from COD, I just wanted to make sure. What is coming from COD?

*Audience:* __________________.

*Cynthia Battle:* Could you explain that? So there's something for the schools to see via COD *(Crosstalk)*, where that loan is –

*Audience:* *(Crosstalk)* Okay, so I could pretend COD instead of NSLDS. Okay, fantastic.

*Cynthia Battle:* Yes, and I want to clarify that.

*Audience:* Hi. On the person search page on the COD web, there's a borrower-servicer relationship page, which will show up as soon as it's assigned a servicer. So you will be able to check on an individual award basis for one-offs like that.

*Cynthia Battle:* Okay, so it come through COD, and after that you would be able to see it on NSLDS, and it's usually a weekly feed. Okay? And then question here.

*Audience:* I have a follow-up to the loan-consolidation and the cohort. If a borrower is in default and they consolidate their loan, I understand that that does not remove them from the cohort default. That does not remove their number from that default?

*Cynthia Battle:* Correct.

*Audience:* But if they rehab, if they rehabilitate their loan, it does, so the servicers offer loan rehabilitation? I didn't see that in the slide.

*Cynthia Battle:* Okay, so what was the last part of your question?

*Audience:* Do the servicers offer loan rehabilitation instead of consolidation to cure the default?

*Cynthia Battle:* Rehabilitation happens once the loan is default, so the servicers are out of that, so that would either be the Department or the private collection agencies that would handle a rehabilitation.

*Audience:* Okay, is it offered before then if they're past due?

*Cynthia Battle:* Rehabilitation is after the loan has defaulted, so it wouldn't be a – the servicers would still handle it just like a delinquent account, all the way up through 360 days. So it's just delinquent all the way up – there's a default piece, but all the way up until 360 days, the servicer still has it and servicer can still resolve it. Once it's transferred to collections, then that's when some of the collection tools, rehabilitations, consolidation is, true, an option, but that's once it's defaulted and transferred off of the servicer's system.

*Audience:* Okay, so I was a recent May graduate, and now I'm a _____ counselor, but I guess I'm in this weird in-between stage because I tried to consolidate my loans in June. Right after I graduated, I was trying to be on top of it and everything. And the servicer that I had at the time wasn't even listed on the Department of Education's loan-consolidation thing, so I didn't even know who to put, so I put my guarantor, and then, not only that, but then my loan servicer switched, like, eight times since then, and I kept getting notifications that they traded their loans or however it worked, and then I get told, then I realize, that there's this whole grace period of six months. Well, I knew that, obviously, but that my consolidation wouldn't at all be looked at until that happened, until that was over.

So finally my loan consolidation just got looked at, which they tell you they won't look at it until something like I think 30 days before the period, or 45, I think it was, and then it takes 90 days to process, so I have to figure out how to pay all my lenders, go through that whole process, which I don't get anything – I get tons of notifications from my lenders, but I get no notifications regarding when I have to pay, where I have to pay to. Any of that information from them is not there. It tells me how much I owe, it tells me, "Oh, you'll get this great benefit if you pay it off," but it doesn't tell me when I have to pay that, where I have to pay it, how much I'm gonna have to pay.

The loan consolidation tells me how much I'm probably gonna have to pay, but then they won't process my loan consolidation for forever *(Laughter)*, and then I'm not even sure it's gonna go through. I'm worried because the servicers aren't correct, that I put in, so I really just don't know what to do, and it's a whole nest of a situation, and I'm probably gonna go into default even though I'm trying to stay on top of it as possible. *(Laughter) (Applause)*

*Cynthia Battle:* So where is your loan? You don't know? *(Laughter)* Say it again?

*Audience:* I have two companies up there.

*Cynthia Battle:* *(Laughter)* Okay, can you see us afterwards so we can – *(Laughter)* I don't even know where to begin with yours. *(Laughter)* So, yeah, come by, let's look at it and see where we went wrong. *(Laughter)* Who else? I don't even know where I am at this point. Let's see. Oh, we have a question.

*Audience:* Something this gentleman just said, I just think it warrants clarification. If a student graduates in May, as in most colleges they do, and they choose to consolidate in June, early, because he was on top of things, or so he thought, is that true that the actual consolidation will not go through until the end of the grace period? That has not normally been the case. As soon as a student usually applies for consolidation, it will in fact go through.

*Cynthia Battle:* It will go through, so if the student chooses to delay or to extend their consolidation so that they don't lose their grace period, there's an indicator that says something about grace hold – I can't remember what the indicator is called. So the student can select that and say, "Delay my consolidation for whatever period of time so that I don't lose my grace period," so that's an option. But if the student wants to consolidate within the 30 to 45 days that it takes to consolidate, then they're able to do that, and they will do it immediately.

*Audience:* So, theoretically, if he did not check that box – because it is an indicator on there – then it should have actually gone through.

*Cynthia Battle:* It should have gone through.

*Audience:* And then he would have in fact lost his grace period –

*Cynthia Battle:* Right.

*Audience:* – as soon as he was funded. Correct?

*Cynthia Battle:* Yeah, he lost me a little bit in the eight servicers and moving around, so –

*Audience:* I actually consolidated my own son's loans, who was a May grad also, the night before I came here because I did want to see the entire process. Being a loan manager, I wanted to make sure that what I tell students to do and what to look for and the proverbial questions that crop up, that I was actually looking at the site firsthand, so I sat with my son and did that, and one of the things I just want to mention – on the direct-loans web site, when you go to consolidate, it uses the term lender, and I know – I do exit interviews at my school still. How silly is that? I do in-person exit interviews in group sessions because I think it has great value still for paying back your loans and understanding your debt. That being said, I say to my students all the time, every April, "There's a distinction between a lender, a servicer, and a guarantor, back in the old days."

And when I went on to direct loans, it says, "Pick your lender from the drop-down menu." So it uses the word "lender," only the lenders weren't there. They were ACS, as my son happens to have on one of his subsidized loans. So the lender or servicer thing needs to be addressed because we're trying to educate students and they get out there and they're like, "Well, she said pick the lender. This isn't the lender. This is the servicer guy." So, again, just continuity of terms would certainly be helpful. And I know where does it indicate that once you've got your drop-down, you can click on that guy, and it will populate all the stupid stuff that you have to fill in. So he's happier and filled it all in, then he finally realized, being an astute –

*Cynthia Battle:* And so that you know, we are looking at the consolidation tool itself to see where we can make improvements, so I will definitely look at that.

*Audience:* Yeah, those two things, just say –

*Cynthia Battle:* There was another – we got some additional feedback on how –

*Audience:* Click on the servicer, and it populates them, which is good.

*Cynthia Battle:* All right. Got it.

*Audience:* And _______, I believe that I'm not 100 percent positive on this, but – I don't know if you can hear me –

*Cynthia Battle:* Could you use the mic for me?

*Audience:* Oh, okay. I believe that I'm not 100 percent positive on this, but when it asks on the form – and I can't be sure of this because I don't remember that far back – but I believe it asks, "If you have a grace period, when does it end?" And so it doesn't – it's not like you can choose to put it off, like, blah blah blah, and it may have been, and I'm just pretty sure that it just said, "If you have a grace period, when does it end?" And that's why I put it off.

*Cynthia Battle:* Did you do paper, or you did electronic?

*Audience:* I did it electronically.

*Cynthia Battle:* Electronic. Okay.

*Audience:* And I also had the problem with the servicer-guarantor thing on there 'cause they – both those companies were on there, and it's like, "Okay, which one do I choose?"

*Cynthia Battle:* All right. You're gonna come see me after, right? *(Laughter)*

*Audience:* And they're gonna redesign that. Question on unsubsidized interest. I have a question myself. I tell students also to pay off their unsubsidized interest before the end of their grace period, and I always ask them to do it very carefully, usually by an old-fashioned check and a note, actually, write a letter and say, "I want this to go to my unsubsidized interest." But maybe I'm being overly cautious, having had one experience with one of your companies up here, long ago, on another child of mine. That being said, what I want to know is, when students ask me, "Well, can't I just pay it online, and if I go in during my grace period and I pay off towards the end of my grace period my unsubsidized interest – I've called, I've gotten the amount, and I want to do a $500 pay my interest – will it in fact go to the unsubsidized interest bucket?" I'd like to know that from all five of you, please. I want to assure them that it will and they don't have to do the stupid letter and write a real check.

*Bob Leary:* I can speak for Sally Mae. You can do it online with Sally Mae. You can direct that payment to a particular loan online. If you send in a check without a designation as to which loan, your in-school loan you're paying, you can have it reallocated by a call. If you do it by paper, you should be very specific in that regard, as well. Another important point. You, as schools, not wanting borrowers to pay more than they have to. Many of us up here offer quarterly statements that go out to the borrowers while they're in school, reminding them of just that fact, that you have this outstanding debt, your current payment is data, but if you elect to pay a little now, you could save a lot later, so it does a number of things for default prevention, it helps the cost of borrowing go down by reminding them that they have this outstanding debt and that a payment on their unsubsidized might lower their overall cost of borrowing.

*Dan Weigol:* I respond from the fed loan servicing side. Same concept. If they pay it online, they can target it towards a specific loan and put it towards the interest. If they didn't target it, I think we give it towards interest first and – any interest that's due, we would apply it to that first and then knock down the principal balance after that.

*Mike Pamiato:* That is the same with ACS, as well.

*Mary Roggeman:* And with Great Lakes, we would always apply it in the student's best interest, so in your example, yes, it would go to pay the interest, first.

*Kevin Herman:* With NALMAT that's the same case. In December we will, at the end of December, we'll have that special instructions on the Web, as well, so that you can enter in special instructions at the end of December to apply your payment how you would like to have that happen.

*Cynthia Battle:* And if it didn't happen, can the borrower contact you and say, "It should have been applied to interest," and then we can reallocate it based on a phone call?

*Male:* Yes.

*Cynthia Battle:* Okay. I figured that the answer was yes. Yes.

*Audience:* My question has to do with borrowers who are in repayment and who are in income-based repayment, and the common ways of reflecting that the Department of Ed has come in and picked up the unpaid interest. First of all, I'm wondering how often that that is reflected, and, also, is there some kind of systematic uniformity with regard to how that's shown in the statements for the borrowers.

*Cynthia Battle:* I don't think I'm understanding your question. You said, "IBR" – and what about the interest? Explain that to me?

*Audience:* The government will pay the –

*Cynthia Battle:* Oh, the subsidy for three years? Okay, I'm sorry.

*Audience:* So the question for a lot of us, from our borrowers, is, "Where do I see that someone has come in and picked that up – the government has come in and picked that up?"

*Cynthia Battle:* So the question is –

*Audience:* Borrowers that are income-based repayment –

*Cynthia Battle:* Right. For the three years, if they are negatively amortizing and they have a calculated payment that's less than the interest –

*Audience:* That's correct.

*Cynthia Battle:* – negatively amortized, then the government picks up the subsidy for three years, so your question is where in communications –

*Audience:* First of all, how often will that be reflected, and how often does the Department come in? I believe it's quarterly?

*Cynthia Battle:* So the accounting for the Department, and how is it reflected, and then how do we let the borrower know about that –

*Audience:* Right. It seems like each servicer represents it in a different way, which makes it even more difficult for the borrower.

*Cynthia Battle:* To share. Okay. You wanna – is there a – you understand the question?

*Male:* To really sum up the question, you just want to know how we reflect that payment. If they went and looked online or if they got a statement from us, how is that payment from the government reflected? Is that your –

*Audience:* That's correct.

*Male:* I can speak from federal-loan service. I'll have to check to see how we reflect that payment, with our staff. Unfortunately, I don't have that answer.

*Cynthia Battle:* I guess – because when you get down to that level of detail, are you seeing inconsistencies in how it's communicated? If that's what our to-do is, then we can take that back to find out exactly whether we're being consistent as to, one, how is it being reflected, how is it reporting from an accounting perspective, and then how are we communicating that to the borrower.

*Audience:* Yeah, I guess the feedback that I've received is that it's not apparent. It is a benefit of entering IBR, not a large benefit, but it is a partial-interest subsidy, so where can the consumer see that that is a partial-interest benefit for them?

*Cynthia Battle:* Okay. We will take that back and make sure we validate that. Thank you.

*Audience:* And my follow-up has to do with loan consolidation. What is the current timeline with regard to how long it is taking in the consolidation process currently? Do you –

*Cynthia Battle:* Do we have – 30 to 45 days.

*Male:* 30 to 45 days.

*Cynthia Battle:* That is –

*Audience:* I've had several students that applied at the end of May and just recently completed in November, so I'm hearing at least 90 days, so I just want to hear what –

*Cynthia Battle:* And do we know that it's not a scenario where they said that there was a grace period that was –

*Audience:* No, it was just their entering, and they want to get it consolidated immediately and enter repayment.

*Cynthia Battle:* Okay. And they consolidated, they went into the application process in May, and you have several cases where it didn't happen completely until November.

*Audience:* Right. That's correct. I just didn't know what the current timeline was.

*Cynthia Battle:* Okay. *(Crosstalk)* I'm sorry. Say that again?

*Audience:* Maybe the student checked the box.

*Cynthia Battle:* Well, I just asked her that, and she said no, the student hadn't checked the box, so we're unaware – I'm looking at Mike – we're unaware of any kind of processing challenges around the May timeframe, but we will definitely look at that. Okay. I'm ready for you.

*Audience:* Excellent. I'm just wondering what type of questions we can expect on the school survey. We hear a lot about, we're going to get surveyed, but what type of questions are we gonna be asked?

*Cynthia Battle:* They're gonna ask you questions – and I don't have it with me – they're gonna ask you things about satisfaction with the service provided, responsiveness, timeliness of the servicers, the tools, that's the other one, and the tools, so they're gonna ask you a series of quick questions about just your communications and your experience with that particular servicer. Yes.

*Audience:* I'm with the Association of American Medical Colleges, and a common option that our students is exploring as they go into residency is a mandatory medical residency forbearance. Now, along the same lines of interest accrual, they're wanting to know how often will the capitalization occur, and previously direct loans' capitalization policy was, as long as their forbearance periods were back to back throughout residency with no break, the capitalization would not be triggered until the end. Now the question is, "Well, sure, that's DL's policy, but will their federal servicers have the same policy?"

*Cynthia Battle:* And you are correct. That was one of the things we determined in one of our compliance audits, is that there were differences in the capitalization rules, so we're evaluating that now, so keep in mind that there were, even in regulations, there were – maybe the rule says, "The secretary may," and we exercised that judgment in the direct-loan portfolio and did not capitalize, so we do have – and to that point – we have identified where we could be capitalizing in different scenarios, so we are evaluating that, and we will correct that.

*Audience:* _______ ______ ________.

*Cynthia Battle:* All of the federal servicers will capitalize in the same manner.

*Audience:* And I guess I should ask more specifically – does that mean that potentially that the capitalization could be – 'cause it's a very friendly policy the way it has been. Could it be more aggressive as you evaluate the scenario?

*Cynthia Battle:* Could it be more aggressive?

*Audience:* 'Cause you're saying you were looking at it, you're reviewing it –

*Cynthia Battle:* There are differences in how we are doing that. You're asking can it be more aggressive, meaning –

*Audience:* I don't want this – I'm not lobbying for this –

*Cynthia Battle:* You're saying, "We want to be more aggressive?" No.

*Audience:* No, I'm saying I want to make sure that when the federal servicers all get on board and everybody's consistent that it remains the way it is today and that they could – my students could – get all through residency without that capitalization.

*Cynthia Battle:* Absolutely.

*Audience:* That's wonderful.

*Cynthia Battle:* Yes. Do I have other – okay. I see you.

*Audience:* My question is with respect to the payment. If a student rehab has NSECO, which is an overpayment, and a student sends the money directly to the lender, can that student have that money applied to satisfy their overpayment?

*Cynthia Battle:* Okay, so tell me the scenario again?

*Audience:* So the student was over their aggregate limit for a subsidized loan by let's say $23,150. The student then sent $150 to Sally Mae to satisfy that overpayment. Can that student pretty much be back at their aggregate loan limit? Because we have students call our school and say that Sally Mae will not accept, that they need to send it directly to the Department of Education.

*Cynthia Battle:* Do you know the – it sounds as – it could be – he says they're at their aggregate.

*Audience:* They're over their aggregate loan.

*Cynthia Battle:* They're over their aggregate –

*Audience:* – for subsidized loans.

*Cynthia Battle:* And then you're saying that they're sending in a payment –

*Audience:* They're sending in a payment to Sally Mae to satisfy their overpayment.

*Cynthia Battle:* And then what are you doing?

*Audience:* The student is then – Sally Mae is then directing the student back to the Department of Education, meaning that they won't accept their payment.

*Cynthia Battle:* They won't accept the payment.

*Male:* I'd like you to see me after the session.

*Cynthia Battle:* I'm not sure –

*Male:* I'm not sure whether we're talking about a reallocation of a sub to an unsub –

*Cynthia Battle:* Oh, is that what it is?  A reallocation?

*Audience:* It's pretty much – it can be pretty much a little bit of both because a student can satisfy their overpayment, but then, again, they can't reallocate from sub to unsub.

*Male:* In the between time between, it was originated, it has been sold to the Department of Education –

*Audience:* Correct.

*Male:* – and now we have a situation – you're in a highly specialized area that, if you could see me after the meeting, we could –

*Cynthia Battle:* How would we answer?

*Male:* – take steps to resolve that

*Cynthia Battle:* What's the process?  I guess if we tell him – so I guess the question – okay, thank you – the question is, is what is the actual process, or is it the problem?  I just want to make sure I'm clear on –

*Male:* One of the problems in it may not be his, is that we don't have an unsubsidized loan on the books at this point in time.  It's the creation of a new loan after the put, and it's very unique, not isolated, but it's a problem we have to walk through one by one with the borrower and the school.  It's been complicated by the fact that the loan was sold by the lender to the Department of Education, as I said, between the time you originated it or the lender originated it and now when it has been sold to the Department of Ed.

*Cynthia Battle:* All right. We have one more question.

*Audience:* ____ _____ _____ Stanford right now for split servicing reasons. What criteria are you using to determine which of the servicers are going to?

*Cynthia Battle:* It's a very complicated algorithm. No. What they're doing now is they're – if the borrower has an existing direct loan on the direct-loan servicing ACS system and they also have a put loan with one of the new servicers, that direct loan would go to one of the new servicers so that they are now whole.

*Audience:* Okay, so three quarters of our students had their loans originated this year, prior to all four of the new servicers being given new direct loans this year.

*Cynthia Battle:* For Archie this year. Okay.

*Audience:* And so we fear that all of those are going to go to that same servicer that got all those loans to begin with, which –

*Cynthia Battle:* Okay, so when did you begin your origination?

*Audience:* In June. Fifty percent of our student population was dispersed by July 1, or on a July 1 dispersement, for medical school, and –

*Cynthia Battle:* So potentially – most of the servicers were up and – no, you're saying no, at that time.

*Audience:* Sally Mae and Great Lakes were like second ___ _____ ____.

*Cynthia Battle:* Okay, so it was right around that time, before the other two were up.

*Audience:* All of them went to one servicer, and we kind of are hoping that –

*Cynthia Battle:* So, again – I don't want to set false expectations – if the majority of your portfolio went to, say, ACS at that time because the other servicers weren't up – they went to NALMAT? Okay. So then they went to NALMAT – so then finish the second part of your question? You're thinking that they're now moving again?

*Audience:* Where are those loans – all of these loans that have been at Great Lakes with all their felt loans all these years, we think are all gonna go away now.

*Cynthia Battle:* Again, what we're combining, what we realized with the puts, is that they are – because of the puts, we have direct loans that were on the ACS system, and puts that are split. Those are the ones we're making an effort to bring together. The others we had ongoing process to assign then to a single servicer. I don't know whether I – you have loans today at NALMAT.

*Audience:* The bulk of our new ten-eleven loans went to NALMAT because the others weren't up yet.

*Cynthia Battle:* So potentially they're going to stay at NALMAT because now we have already done the transfer of any loans that would be split. Okay, you're smiling, but maybe –

*Audience:* No, I'm sad.

*Cynthia Battle:* Oh, you're sad! *(Laughter)* Okay. One more question.

*Audience:* Actually, I have two questions that go together.

*Cynthia Battle:* As long as it's not consolidation. No, go ahead.

*Audience:* No, it's not consolidation. But I've heard today that you guys are updating NSLDS weekly.

*Cynthia Battle:* The servicers update NSLDS weekly. That's correct.

*Audience:* But I called into the servicers myself to verify what timeframe it is taking to update NSLDS, and I'm being told on the phone two to four weeks, and that was from almost every servicer.

*Cynthia Battle:* You're told by the servicers two to four weeks?

*Audience:* Two to four weeks for updating, and I was a little bit confused at that because I thought it was supposed to be a week. They're like "Well, if it's not over 30 days, I wouldn't worry about it." I'm like – I've been told that directly.

*Cynthia Battle:* You've been told that.

*Audience:* Well, my next question is a pretty basic – but we're new to the default program as of three months, only. We were trying to do it through NSLDS, and over the past three months I've come across some scenarios. I'm a little confused because I've had – it was five students that weren't on September's delinquent loan list, and then all of a sudden, the next month, they were 181 days late or delinquent, or 92 days delinquent, and I looked back to the old NSLDS report. They were not on there. I have those examples and I will send them, yes.

*Cynthia Battle:* Can you provide those examples so that we can look at that?

*Audience:* Yes, and I have –

*Cynthia Battle:* Do you want me to – okay, Valerie is NSLDS. If you can come to the booth at the PC lab for NSLDS and let us research that for you.

*Audience:* Okay, and I've had seven other students in the past three months where they did have a delinquency of let's say 40 to 60 days, but then, the very next month, it jumped up to 90-something days, and I didn't understand why they would jump up two or three months.

*Cynthia Battle:* Okay. So let's look at those and see –

*Audience:* Okay, but it is supposed to be a week.

*Cynthia Battle:* I'm getting – it's possible that it was payment reversals, so it could have been – yeah, that makes sense. Payment reversals could have caused –

*Audience:* I don't know how that works yet, so –

*Cynthia Battle:* So if you bring those examples, then let us look at that and explain that further for you. And you're talking about the tool, the NSLDS delinquency report, correct?

*Audience:* Yes, exactly –

*Cynthia Battle:* If you could stop by the NSLDS booth. All right. Well, thank you. Yes, yes, yes. Pardon me?

*Audience:* ____ _____ _____ ______ certifications.

*Cynthia Battle:* Okay, you have an answer. Okay, so for the consolidation, the one gentleman that's gonna come up and tell me about his consolidation question, there is a clarification on –

*Audience:* Yeah, just real quick, I wanted to clarify, and I wanted to check to make sure I was right before I spoke. If a borrower or a student submits a loan-consolidation application and selects a lender in their drop-down box or on their app, we will send out the certification to that lender. If that lender fails to respond, we do a follow-up request to that lender. If that fails, we then go to NSLDS to try to find that loan and that lender. In the same scenario, if the lender returns that search and said that they don't have the loan, we also, then, when we receive that return, go to NSLDS to see if we can find the loan and send it out. So I'm not sure if the issues are coming from the timing issues or we need to look at some of the examples, but that's the process we follow, whether or not there's some danglings out there we need to take a look at it.

*Cynthia Battle:* Okay, I think that concludes everything. Thanks, Doug.

*[End of Audio]*