

December 2004

FP-04-09

Subject: FFEL Consolidation Payoffs

Summary: Provides the FFEL community with instructions on enrolling with Federal Student Aid (FSA) to receive electronic payoffs for FFEL Loan(s) that are repaid by Direct Consolidation Loans.

Dear Colleague:

The Debt Collection Act of 1996 (the Act) requires Federal agencies to use Electronic Funds Transfer (EFT) to make payments. In particular, 31 U.S.C. §3332(f) of the Act states that all "federal payments" made after January 1, 1999 shall be made by EFT. The U.S. Treasury Department's regulations define "federal payments" to include "any payment made by an agency" which includes those "under Federal insurance or guarantee programs for loans". 31 C.F.R. Section 208.2(g).

To comply with the Act and to ensure more timely payment and to minimize burden to borrowers, we are changing our procedures for making consolidation loan payoff payments to lenders, guarantors or schools (institutions) holding Federal Family Education Loan (FFEL) Program loans that are repaid by a Federal Direct Consolidation Loan. Beginning in December 2004 but no later than March 2005, institutions must complete the steps outlined below to receive consolidation loan payoff payments from the Department via EFT.

### **Electronic Enrollment and Notification: General Guidance**

#### ***1. How does my organization sign up for EFT service?***

You may sign up for EFT payment and electronic manifest (the report that reconciles payments with specific borrower loans) by registering online at the Department of Education's Loan Consolidation web site:

[https://loanconsolidation.ed.gov/app\\_loanholder\\_application/loanholder/jsp/lhslogin.jsp](https://loanconsolidation.ed.gov/app_loanholder_application/loanholder/jsp/lhslogin.jsp)

Online registration will guide you through the process of enrolling for EFT service and for viewing the manifest. An initial account will be set up for your Loan Holder Administrator, who then will be able to add additional users for viewing the electronic EFT manifest.

***2. Who is the Loan Holder Administrator?*** The individual authorized by the institution to administer the organization's account.

**Application for participation in EFT is a simple process.**

***Step 1: Apply for an online account***

## FFFEL Consolidation Payoffs Cont'd.

You will first be asked to provide information about your organization and contact information for the person responsible for your account. *(If you are not the person authorized to administer your organization's account, please stop at that point and exit the system.)* You will also be asked to provide contact information for your supervisor as a back-up point of contact in the event that we are unable to reach you. Line item help is available on the registration form. The status indicators will keep track of where you are in the registration process. You may stop before completing either step in this process, and "Save" your work to be completed at a later date (up to 30 days after you begin the process). The minimum information required to save your application will be your last name and telephone number. When you re-enter the site, select "Retrieve Registration" to continue the process.

### ***Fields to be completed during registration:***

<b>Loan Holder Information</b>
Loan Holder Name: <i>(The entity that receives the funds)</i>
OPE ID (School ID, Lender ID, Servicer ID, or Guaranty Agency ID):
Loan Holder Type:
Street Address:
Address 2:
City:
State:
Zip:
Telephone:
<b>Loan Holder Account Administrator</b>
First Name:
Middle Initial:
Last Name:
Your Title:
Email:
Street Address:
Address 2:
City:
State:
Zip:
Telephone:
<b>Supervisor's Information</b>
Supervisor's First Name:
Supervisor's Middle Initial:
Supervisor's Last Name:
Supervisor's Title:
Supervisor's Department Name:
Email:
Street Address:
Address 2:
City:
State:
Zip:

FFFEL Consolidation Payoffs Cont'd.

Telephone:
<b>Loan Holder Organization Information</b>
Loan Holder:
OPE ID:
Funds Transfer: EFT/ACH
DUNS Number:
Taxpayer ID Number:
<b>Financial Institution</b>
(This is the institution that will receive the EFT disbursements.)
Bank Name:
Street Address:
Address 2:
City:
State:
Zip:
<b>Loan Holder Bank Account Information</b>
Account Number:
9 Digit Transit (ABA) Number:

***Step 2: Enroll in Electronic Funds Transfer***

After completing the application for an online account, you may begin the service enrollment process. Select the service for which you are enrolling and provide information relevant to the use of that service. When both steps in the process are complete, the status indicators will be marked "Pending Approval."

***Step 3: Print and Sign the EFT Enrollment Form***

After completing both the registration and service enrollment forms and confirming the information, you may "submit" the application for review and approval. You will also be asked to print the EFT enrollment form and mail it to the address in Step 4. Please ensure that your browser print setup is for portrait mode. The form must include both your signature and a signature from an official from your Financial Institution to verify the account information. These signatures should not be from the same individual.

***Step 4: Prepare a Cover Letter and Mail the Enrollment Form***

Prepare a cover letter on your official letterhead and include it with the EFT Enrollment form for mailing via U.S. Mail to the address specified below:

U.S. Department of Education  
EFT Enrollment  
P.O. Box 2324  
Montgomery, AL 36102-2324

**Online Account and Enrollment Approval Process**

After we receive your EFT enrollment form, your online account registration and EFT enrollment information will be verified. Your original EFT enrollment form and cover letter will be forwarded to our

FFFEL Consolidation Payoffs Cont'd.

Grant Administration Payment System (GAPS) for final EFT approval. Your online account will then be activated, and a user ID and password will be provided to your designated Administrator by phone.

***Question: Is there a Customer Service telephone number available?***

There is a toll-free number available to loan holders at 888-799-2474 (Monday - Friday 8 a.m.- 5 p.m. EST). You can also e-mail [greg.mccoy@eds.com](mailto:greg.mccoy@eds.com) or by fax at 334-206-7673.

We thank you for your cooperation. If you have any questions concerning the enrollment process, please contact Robert Kling by email at [Robert.kling@ed.gov](mailto:Robert.kling@ed.gov) or by phone at (202) 377-3292 or Angela Baker at [fsa\\_lr@ed.gov](mailto:fsa_lr@ed.gov) or by phone at 202-377-3322.

Sincerely,

Matteo Fontana  
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Federal Student Aid