



Direct Loan Servicing Reengineering - Version 1

Current Environment Assessment



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High Level Process Flow and Requirements

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System Narratives and Detailed Process Flows

System Cost and Volume Summary

High Level Technical Architecture

New Functionality



Objectives

The objective of reviewing the current environment is to document at a high level the “as is” state for selected systems that support the Direct Loan Program:

- Central Processing *
- EDEExpress *
- Loan Origination *
- Loan Consolidation
- Central Data
- Loan Servicing

The system architecture of the current environment is the result of years of development with a strong focus on individual applications and vendors. The same information is captured multiple times, resulting in data which is sometimes inconsistent and difficult to manage. Vendors and SFA representatives have historically focused on their specific areas, but have some duplicate and overlapping efforts resulting in inefficiencies and additional costs.

The process flow, cost, volume and technical environment information provided in this document represents a starting point for understanding the current environment and helps to initiate the discussion of potential reengineering options.

* where applicable



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High Level Process Flow and Requirements

The purpose of this section is to provide an overall picture of the systems that support the Direct Loan Program. The section includes the Direct Loan Program Process Flow and High Level Requirements.

The following process flow provides a high level view of the systems that support the Direct Loan Program. The flow demonstrates the general flow, sequence of events and the “ownership” of each process component.

The requirements provided describe the main functions of the Direct Loan Systems from the student completing the FAFSA to loan repayment.

High Level Requirements

Central Processing (CPS)

- Receive and Edit FAFSA Data
- Perform SSA, INS, and DCS checks
- Calculate Eligibility
- Generate and Forward ISIR & SAR

EDEXpress

- Packaging
- Create Loan Origination Record
- Create Disbursements and Other Transactions
- Receipt of ISIRs
- ISIR Corrections
- Pell Processing
- FISAP

Loan Origination (LOS)

- School Interface
- Gather School Information
- QA Loan Data:
 - Origination Record
 - Promissory Note
 - Disbursements
 - Adjustments
- Perform Drawdowns
- Image Promissory Note
- Perform Credit Checks
- School Reconciliations

High Level Requirements

Loan Consolidation (LCS)

- Receive Application
- Determine Potential Loans to Consolidate
- Perform Credit Checks
- Process Certifications
- Pay Underlying Loans
- Fund and Pass Loan Information to CDS

Central Data (CDS)

- Data Routing
- Interfaces
 - Loan Origination
 - Loan Consolidation
 - Loan Servicing
 - IRS (ICR Waivers)
 - Debt Collection
 - NSLDS
 - SAIG
 - Lockbox Payments
 - EDA Payments
 - Accounting
 - MIS Reporting
 - School File
- Stores Participant and Financial Information

Loan Servicing (DLSS)

- Maintains Loans
- Borrower Interface
- Generate Reports, Bills, Letters, and Statements
- Collections (up to 360 days)
- Manage Repayment Plans
- Skip Tracing
- Compute and Apply Interest
- NSLDS Reporting
- Operational Reports
- Process Payments
- Maintain Enrollment Status
- Deferments and Forbearances



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System Interfaces

The purpose of this section is to graphically depict the system interfaces focusing on the Central Processing System (CPS), EDEXpress, Loan Origination System (LOS), Loan Consolidation System (LCS), Central Data System (CDS), and Loan Servicing System (DLSS).

The borrower completes the FAFSA through FAFSA Express, FAFSA on the web, paper, schools, and 3rd Party Servicers. Paper FAFSA's are imaged by the Multiple Data Entry System (MDE). All FAFSA information is sent to the Central Processing System. CPS then edits data and performs matches against INS, SSA, DOJ, Selective Service, and NSLDS. CPS calculates the Expected Family Contribution and generates the Institutional Student Information Report (ISIR) and the Student Aid Report (SAR).

EDEXpress builds the origination record from the ISIR received from CPS. EDEXpress then forwards the origination record and disbursement record to the Loan Origination System.

The Loan Origination System receives loan and borrower information from the schools through EDEXpress or custom software. LOS books a loan onto the system once a loan origination record, a promissory note, and a disbursement record are received. PLUS loans are booked after receiving an approved credit check. After the loan is processed it is forwarded to the Loan Servicing System via CDS.



System Interfaces

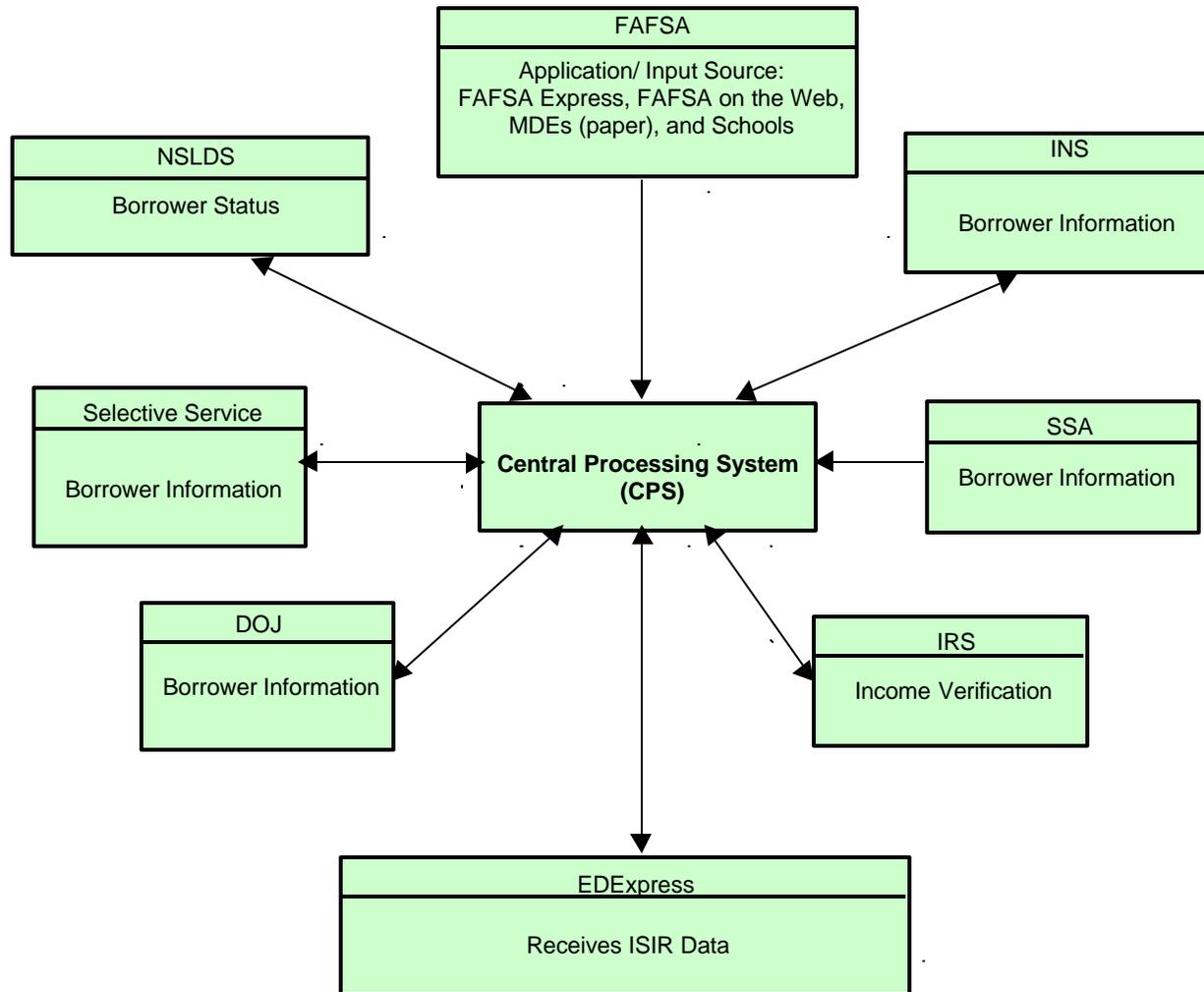
The Loan Consolidation System receives loan consolidation applications from borrowers by web, phone, mail, and courier. LCS interfaces with the borrower, lenders, NSLDS, IRS, and DLSS via CDS to gain all necessary loan information and complete all actions to consolidate a borrower's loans. LCS forwards the new consolidated loan file to the Loan Servicing System via CDS.

The Central Data System serves as a database and a router interfacing with multiple systems. CDS transfers information from loan origination and loan consolidation to the servicing system to book loan and borrower information. CDS is the main financial interface to Lockbox, EDA, and FARS accounting. CDS also maintains images and IRS waivers data.

The Loan Servicing System maintains the loan and borrower information. DLSS tracks loans received for the life of the loan from the booking process through payment in full by the borrower or until it the loan is passed to the Debt Collection System (defaulted loan). Main interfaces include customers, schools, CDS, and NSLDS.

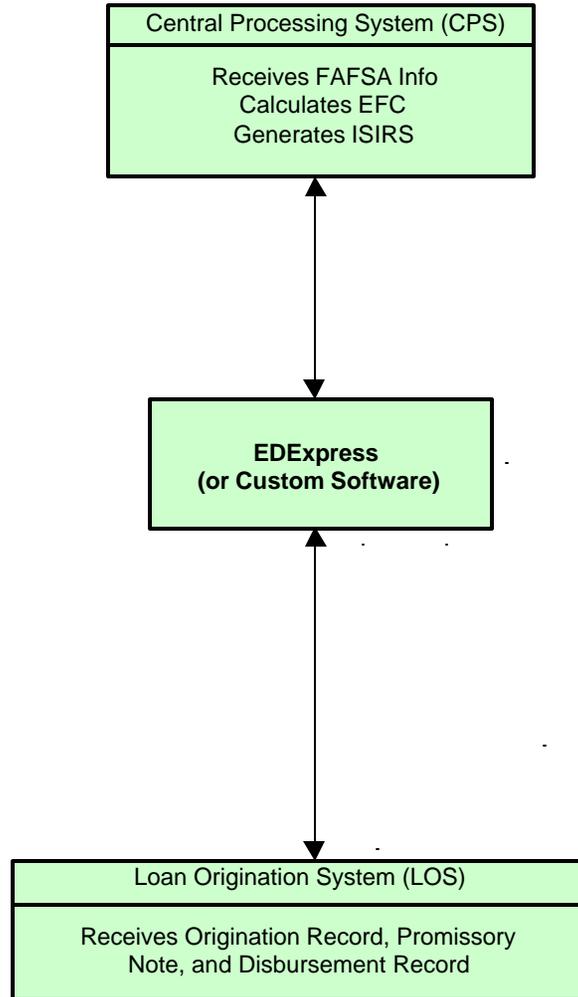
Central Processing System (CPS)

System Interfaces

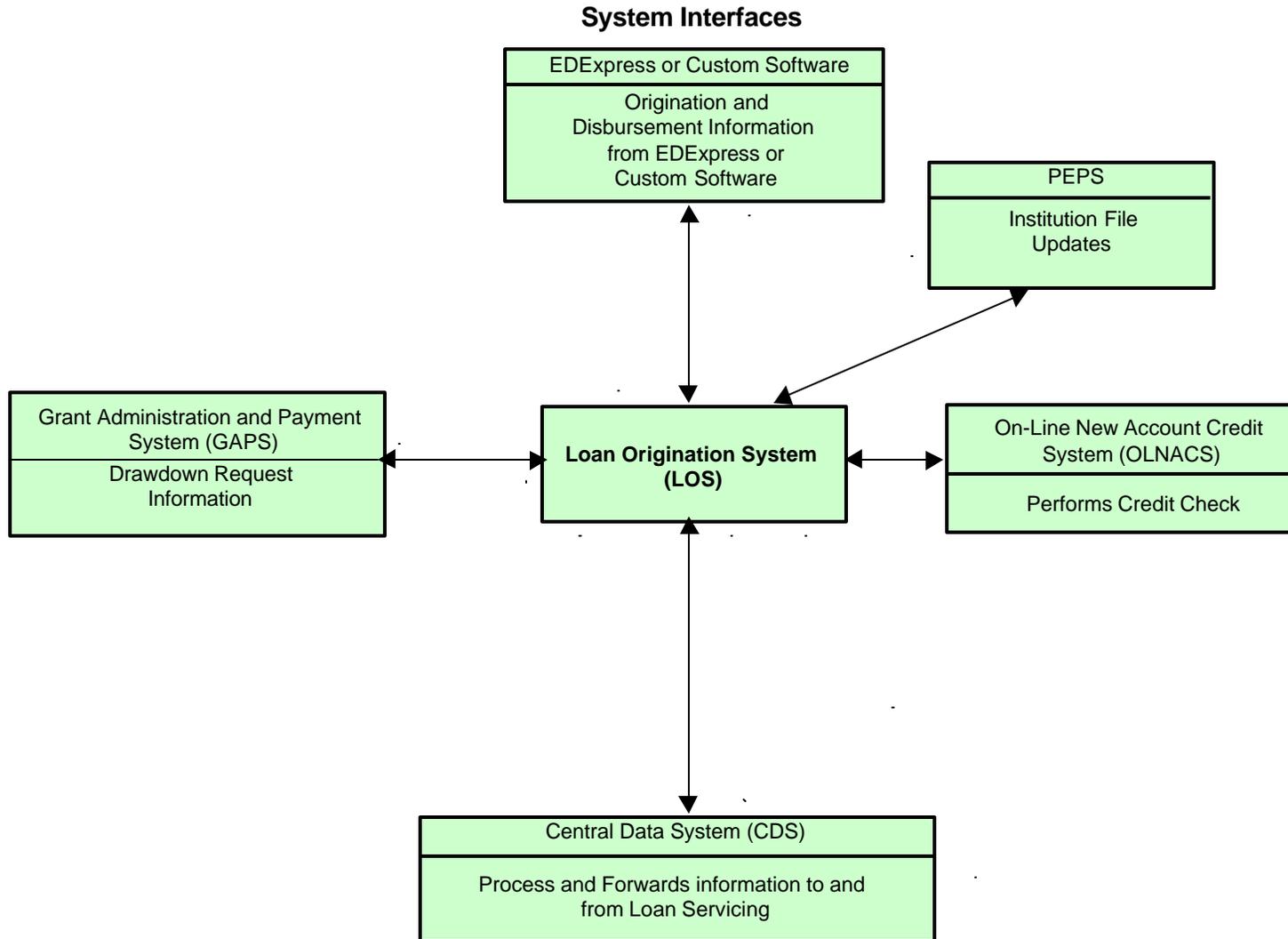


EDExpress

System Interfaces

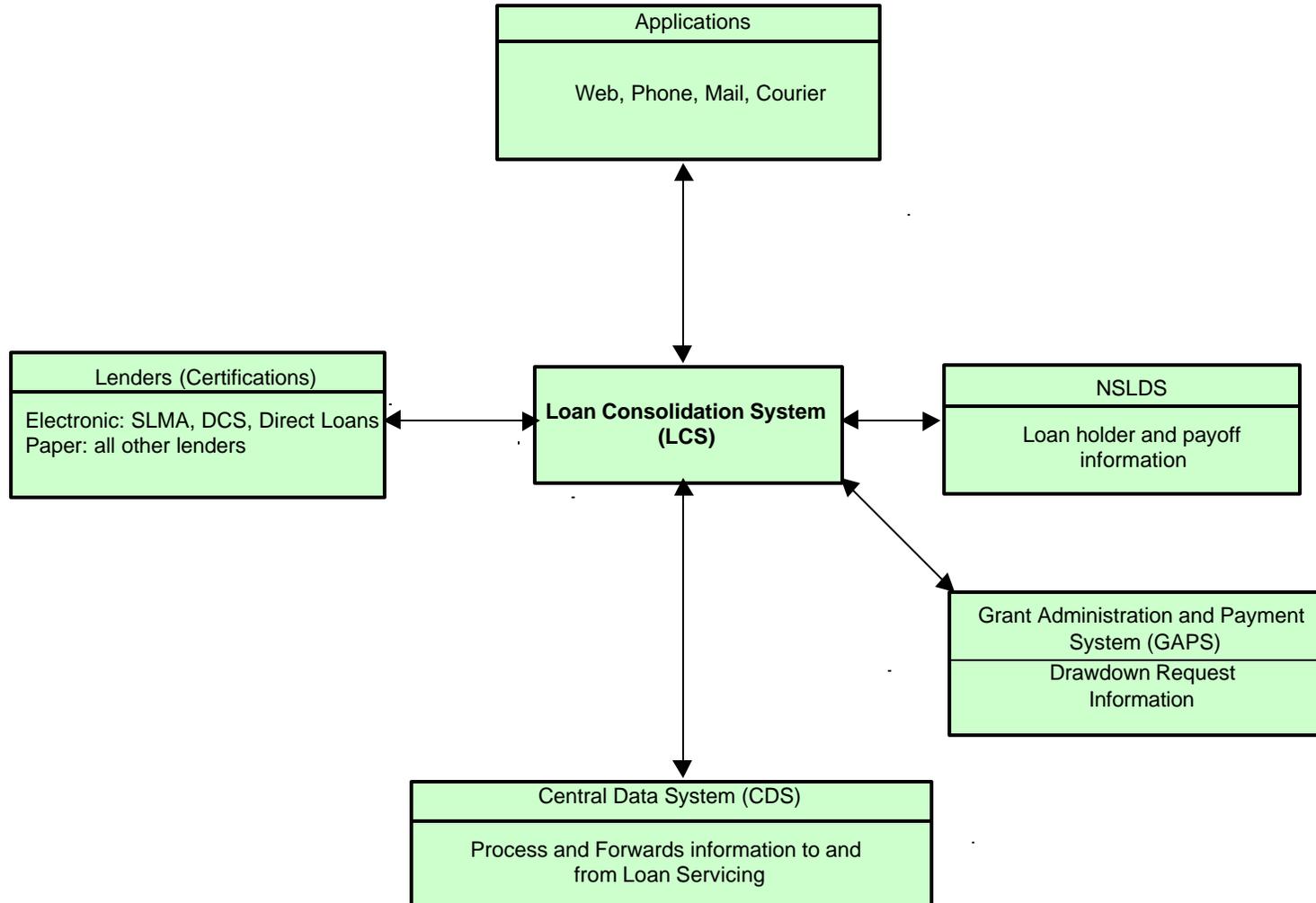


Loan Origination System (LOS)



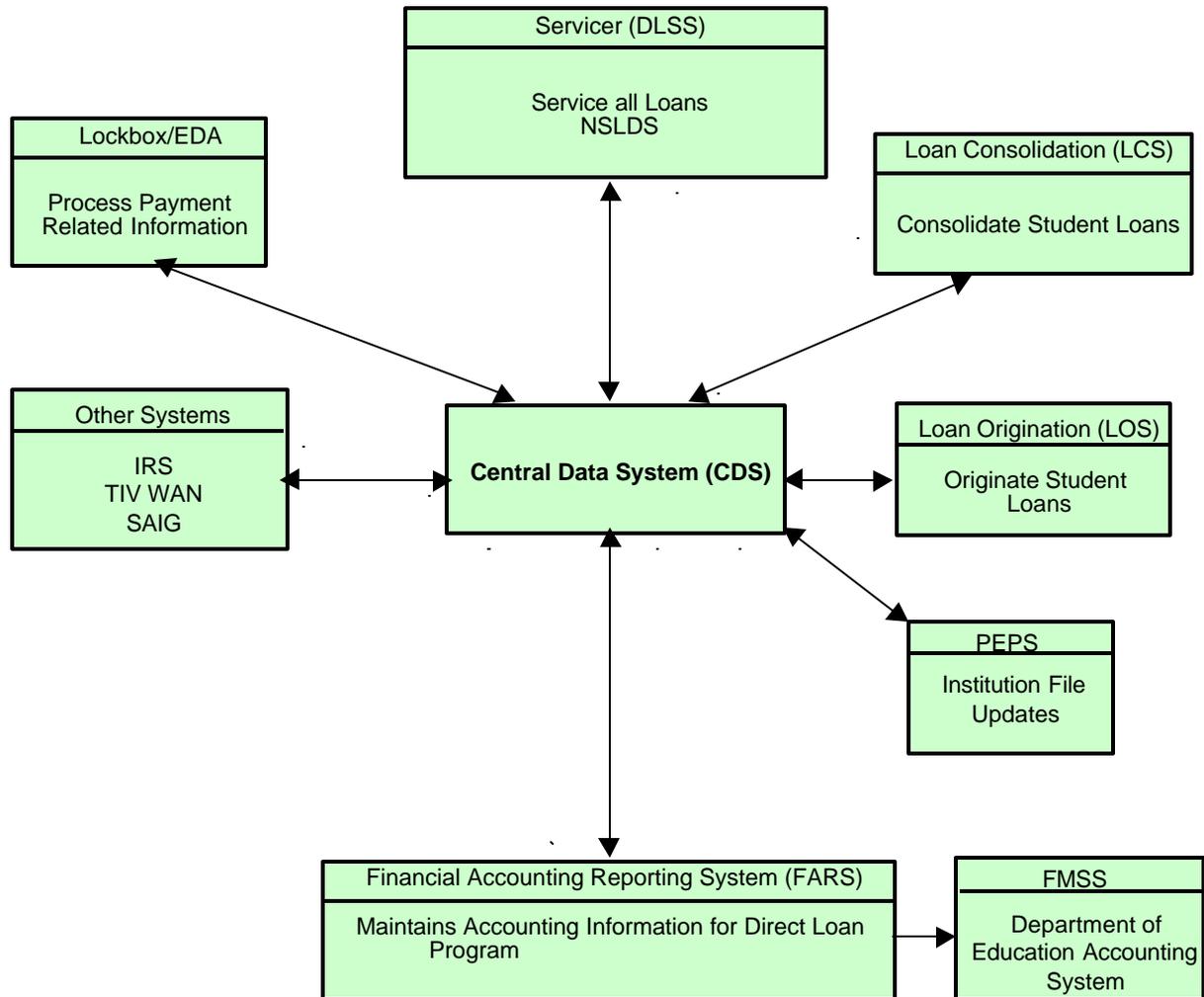
Loan Consolidation System (LCS)

System Interfaces



Central Data System (CDS)

System Interfaces



Loan Servicing System (DLSS)

System Interfaces

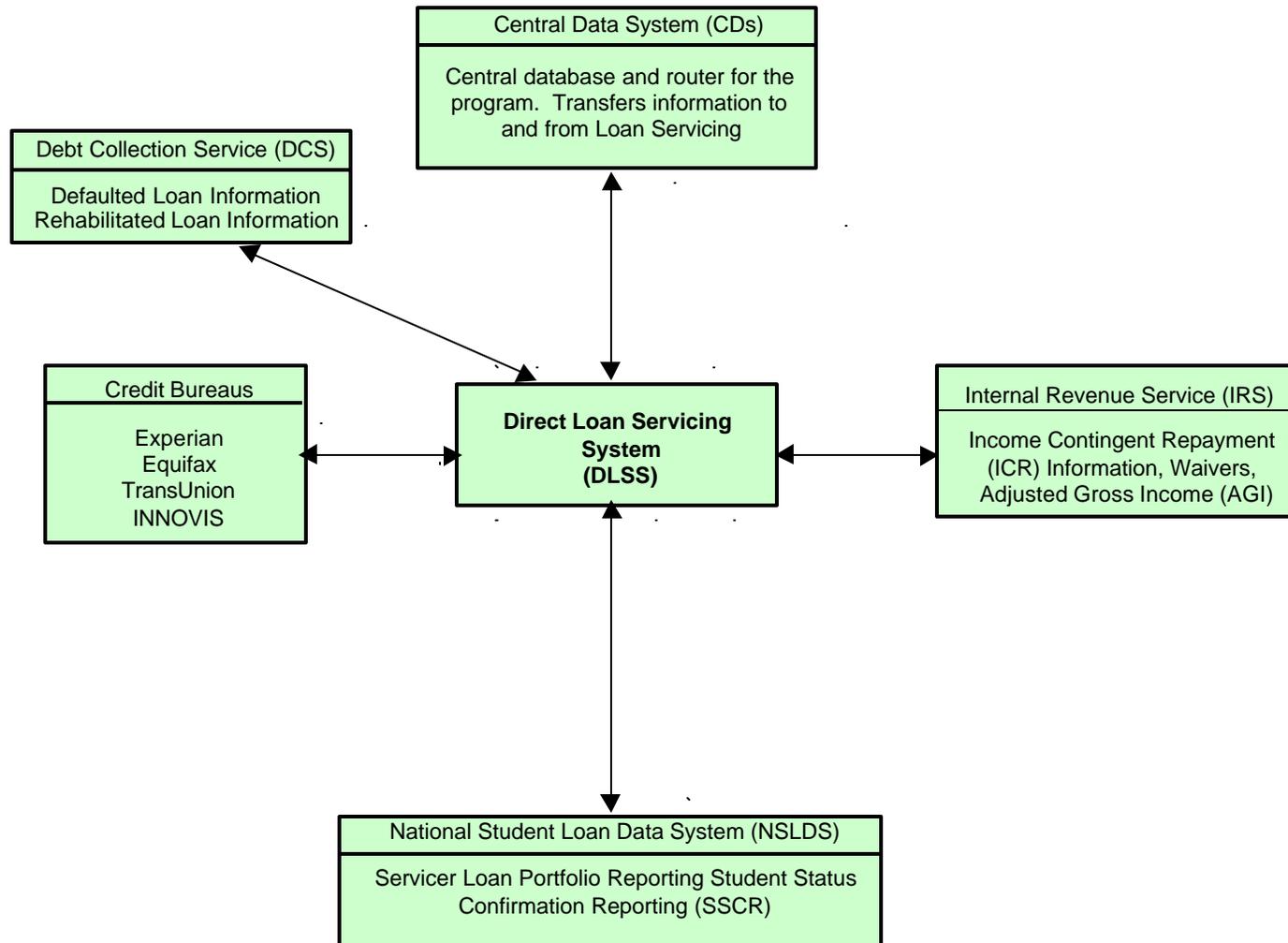




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Central Processing System

The purpose of this section is describe and graphically depict the main business processes for the Central Processing System. The following systems and processes are shown at a lower level of detail.

Central Processing System

- Before Compute
- Dependent Student/Parent
- Independent Student
- After Compute
- Submission Flow
- FAFSA on the Web
- Loan Renewal Application Records for PIN Generation
- Loan Renewal Application on the Web
- Corrections on the Web
- PIN Registration Site
- Import from Direct Loan Clients (WAN or API)

Central Processing System

The Central Processing System retrieves application information from FAFSA Express, FAFSA on the web, paper images (MDE), schools, and 3rd Party Servicers, etc. FAFSA data is edited and matched to INS, SSA, DOJ, Selective Service, and NSLDS for validation of indicative data. Please Refer to the following Detailed Process Flow Diagrams for a pictorial overview.

CPS performs edits on parent data for dependent students and performs student edits to determine Title IV Aid eligibility. Once edits are processed, CPS calculates the Expected Family Contribution (EFC) from the FAFSA information. The EFC plus the cost of attendance for a particular school and the enrollment status equals the eligibility for student aid.

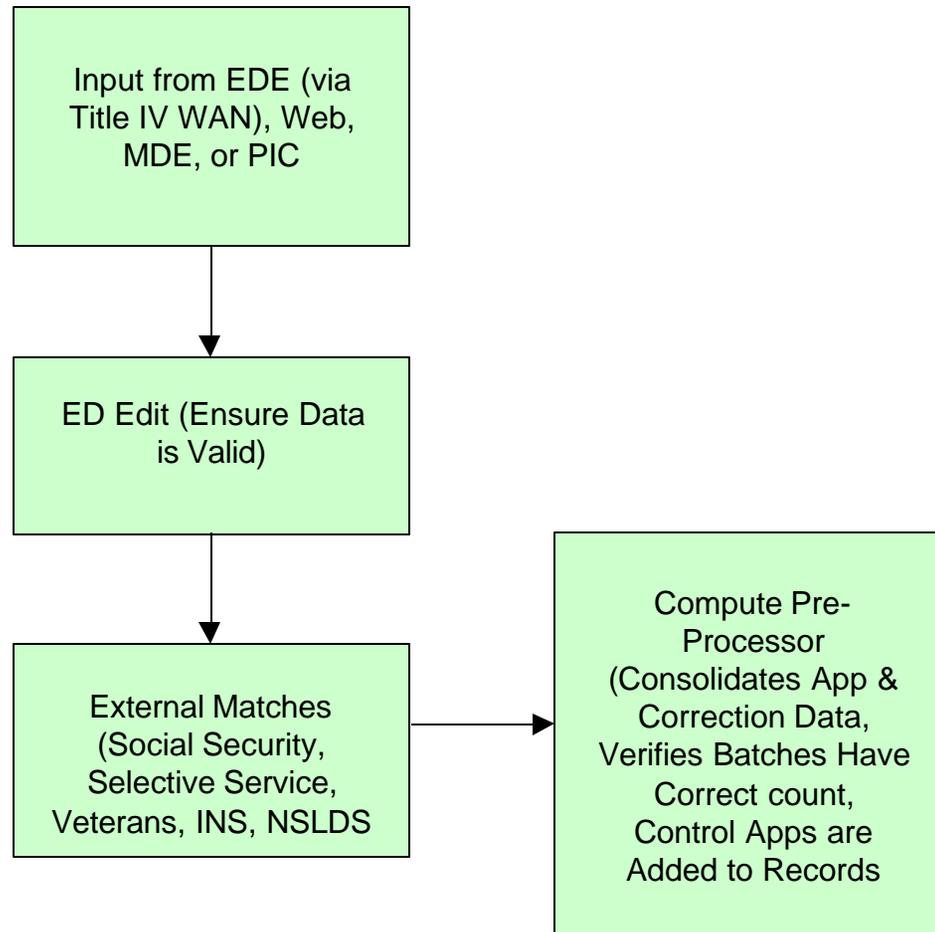
CPS creates the Institutional Student Information Record (ISIR) which gives the institution eligibility data. CPS prints the Student Aid Report (SAR) to give students their eligibility data. Eligibility can be modified at a later date. CPS forwards this information to the schools and students.

CPS interfaces with RFMS to provide the Eligible Applicant File and receive the Institution Master File.

The CPS system houses and maintains PIN Registration data. Borrowers request a PIN, and CPS then authenticates the request, generates a unique PIN, and mails a confirmation to the borrower.

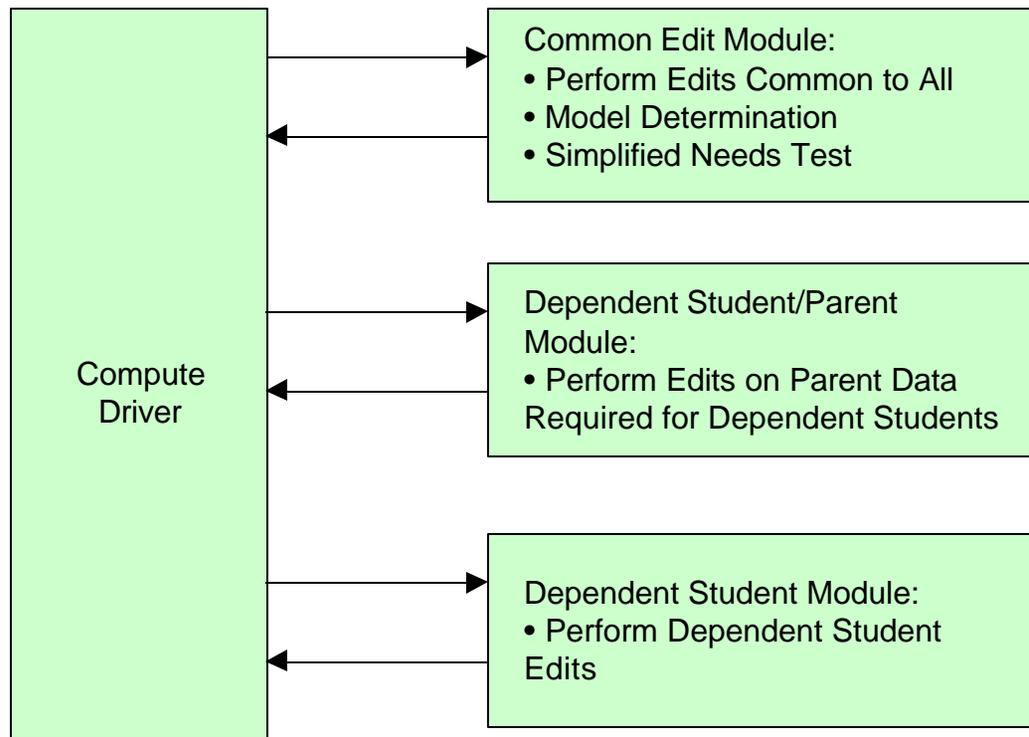
Central Processing System (CPS) - Mainframe

Before Compute



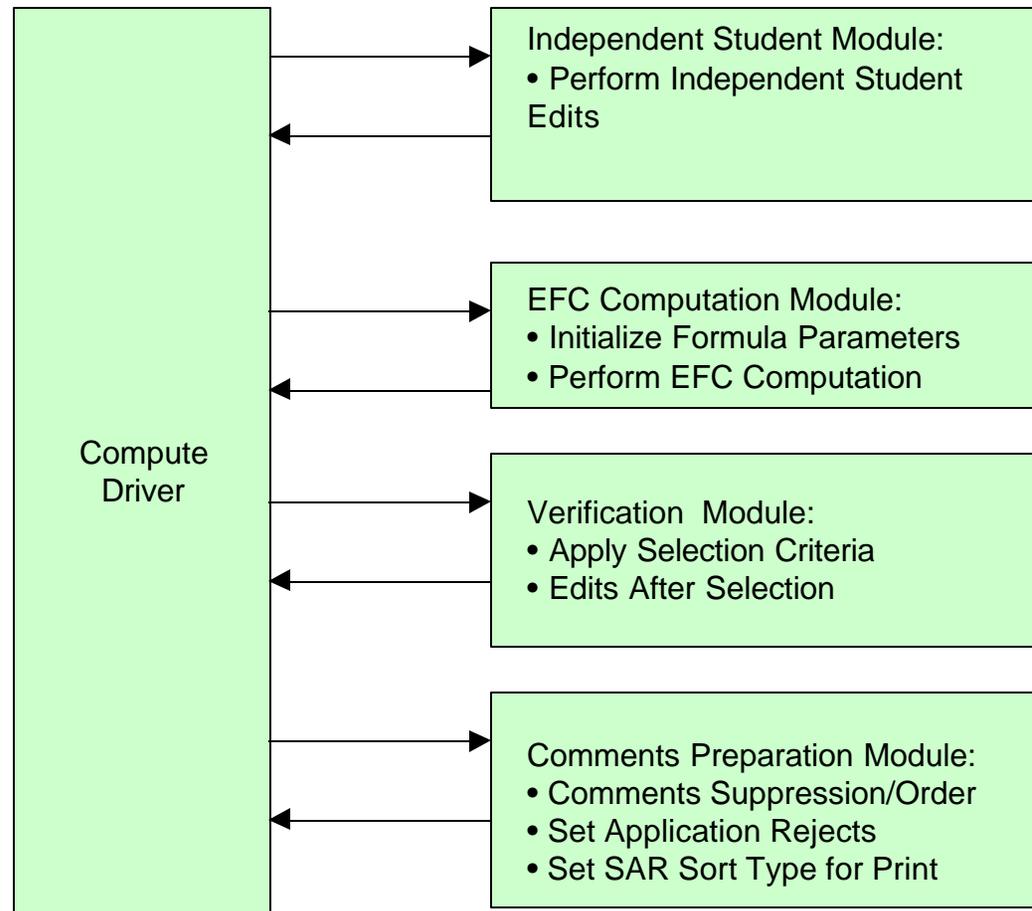
Central Processing System (CPS) - Mainframe

Dependent Student/Parent
(Edits and Manipulates Applicant Data to Determine Title IV Aid Eligibility)



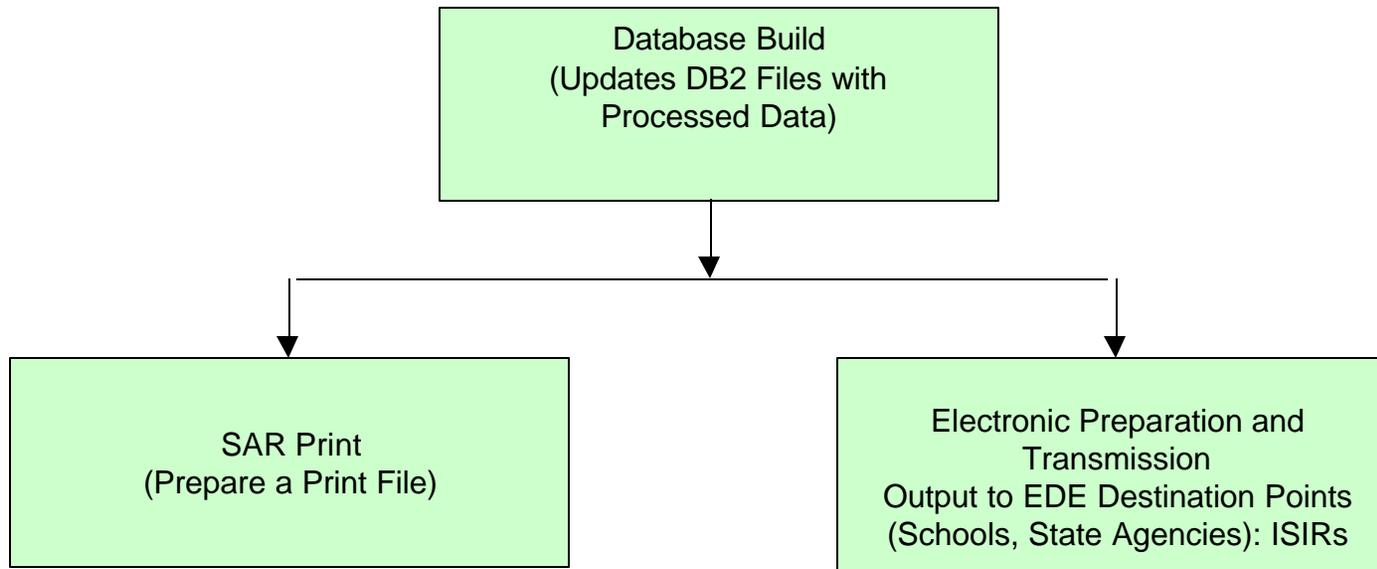
Central Processing System (CPS) - Mainframe

Independent Student
(Edits and Manipulates Applicant Data to Determine Title IV Aid Eligibility)



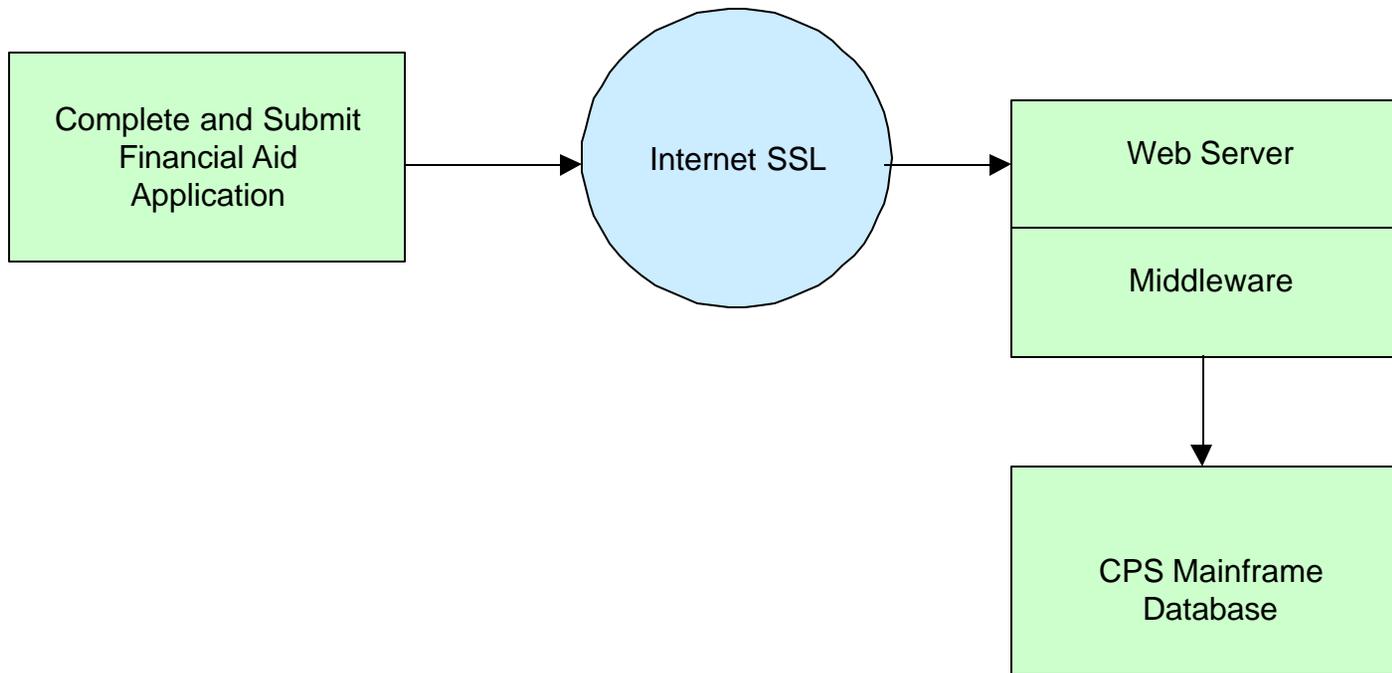
Central Processing System (CPS) - Mainframe

After Compute



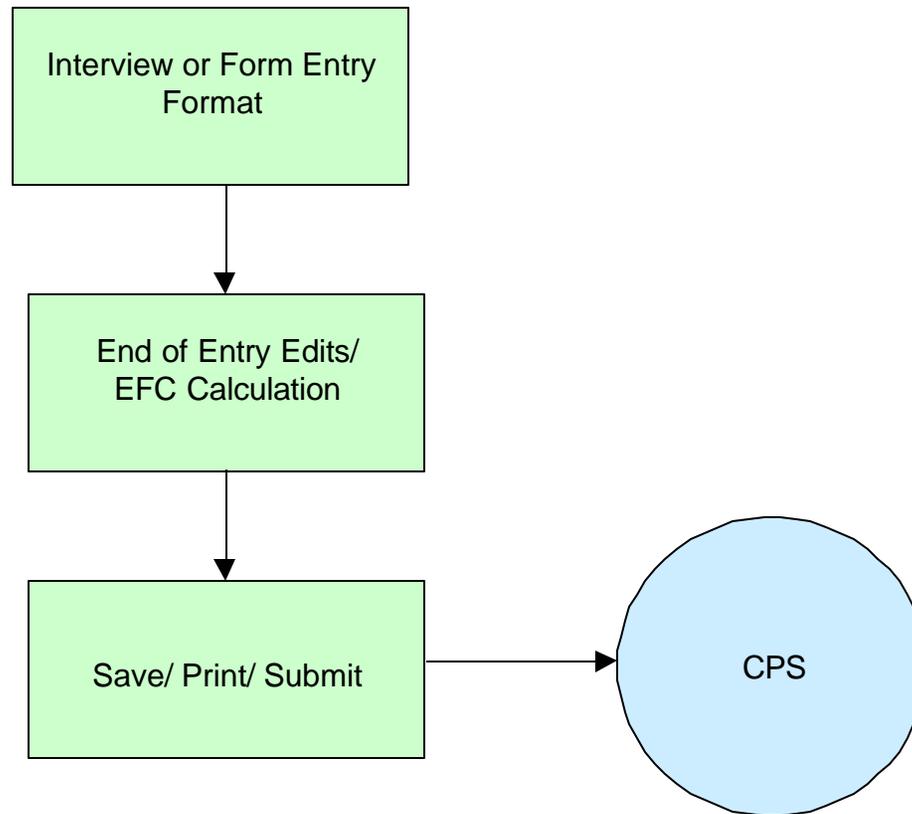
Central Processing System (CPS) - Web

Submission Flow



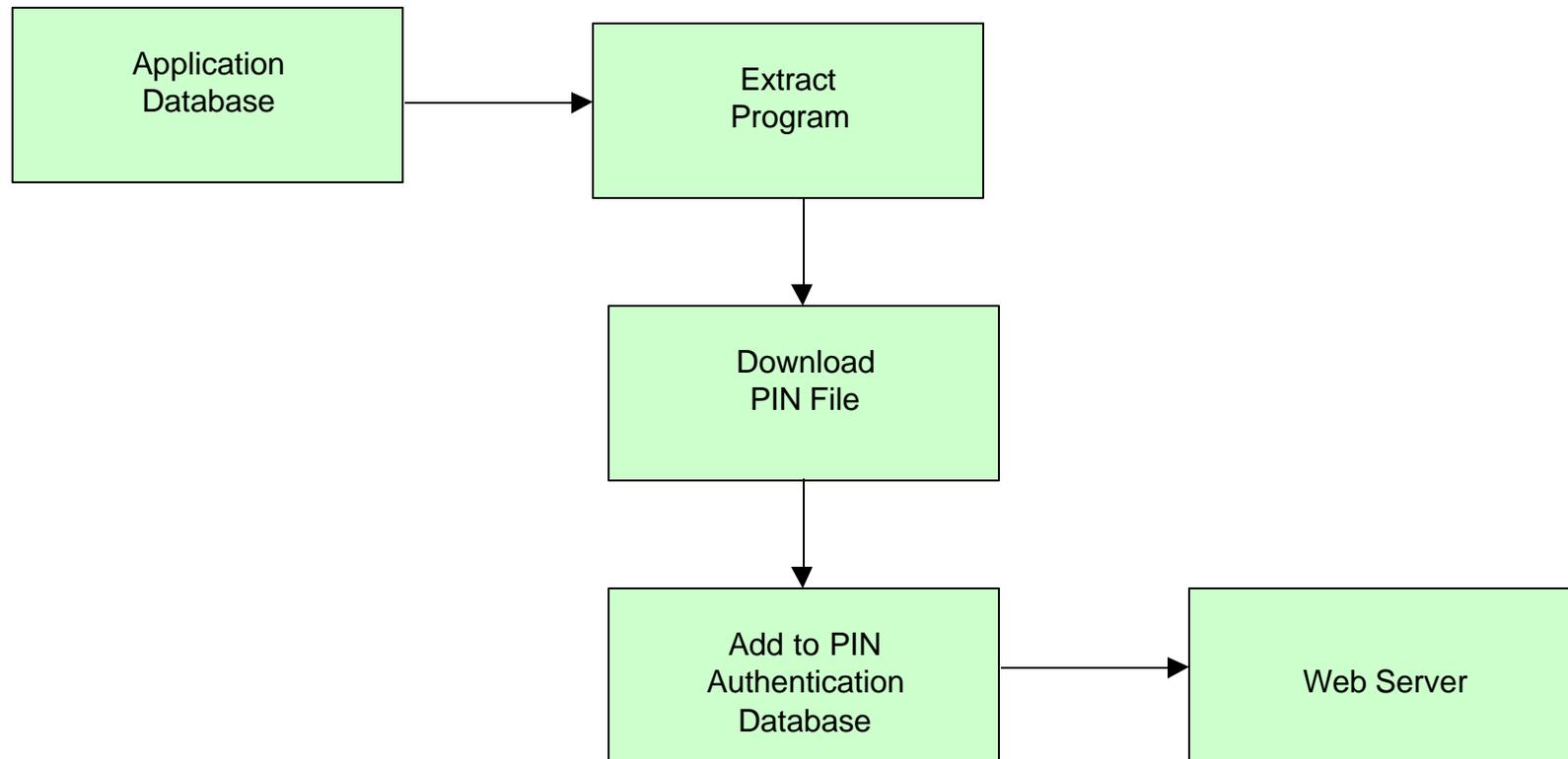
Central Processing System (CPS) - Web

FAFSA on the Web



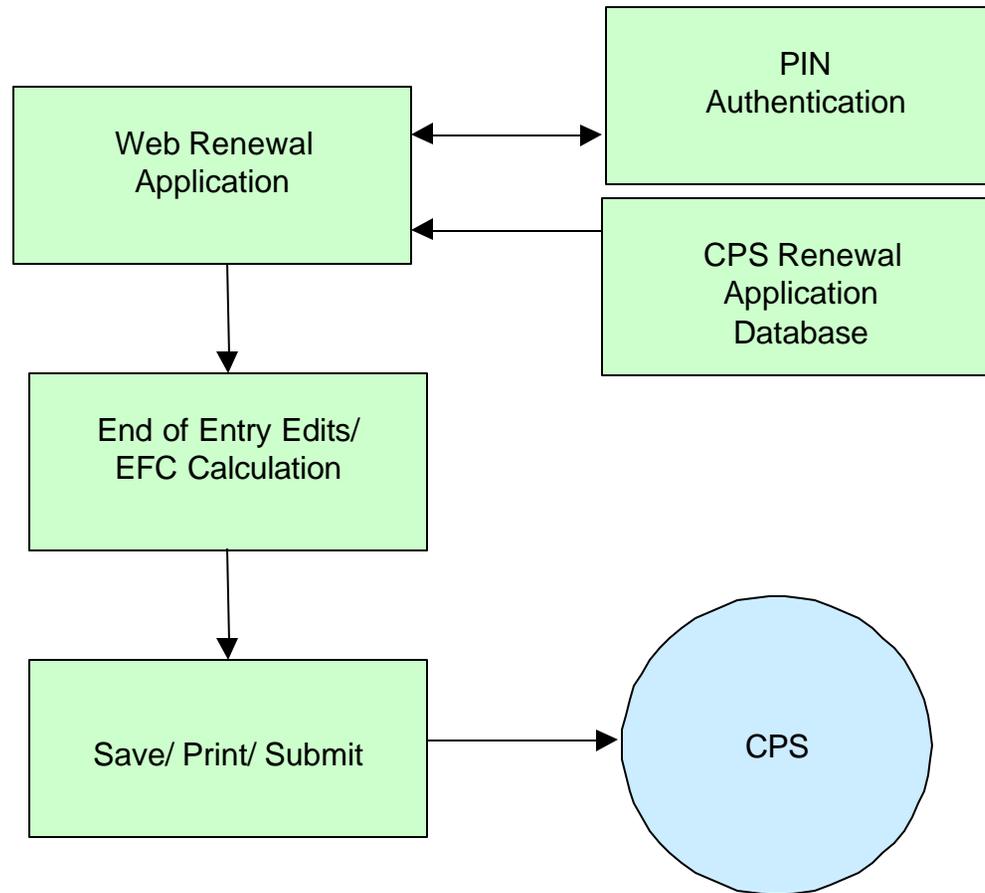
Central Processing System (CPS) - Web

Load Renewal Application Records for PIN Generation



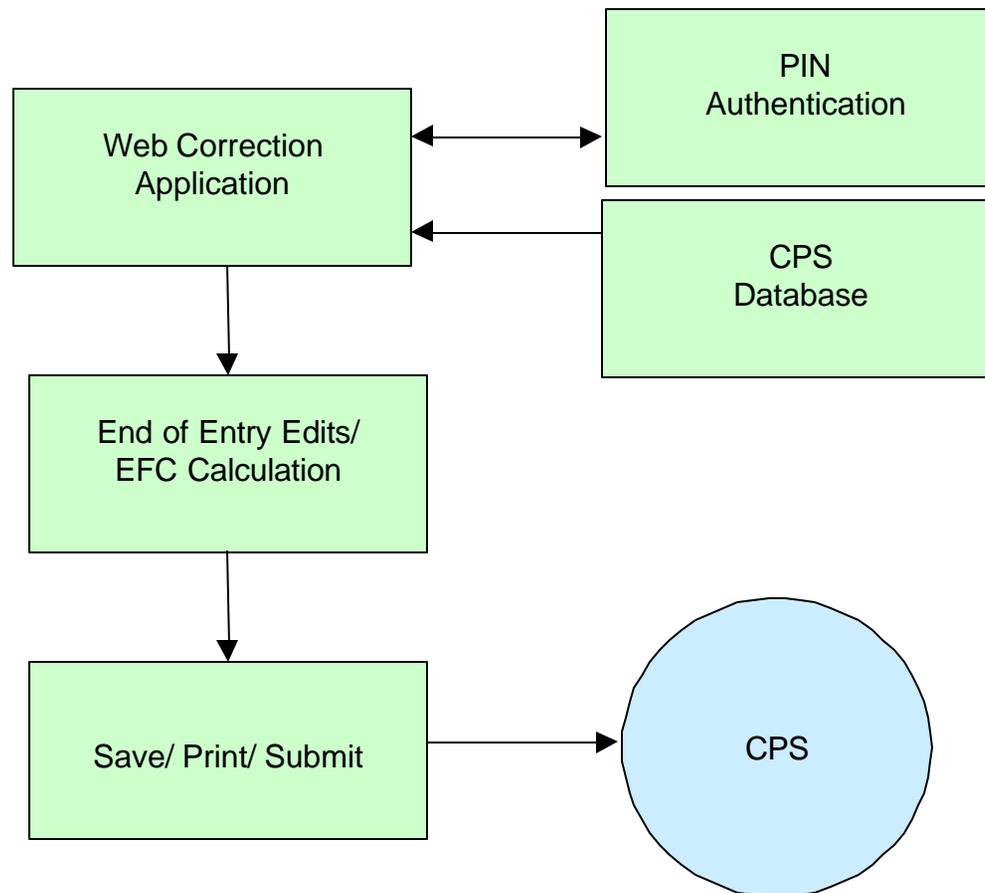
Central Processing System (CPS) - Web

Load Renewal Application on the Web



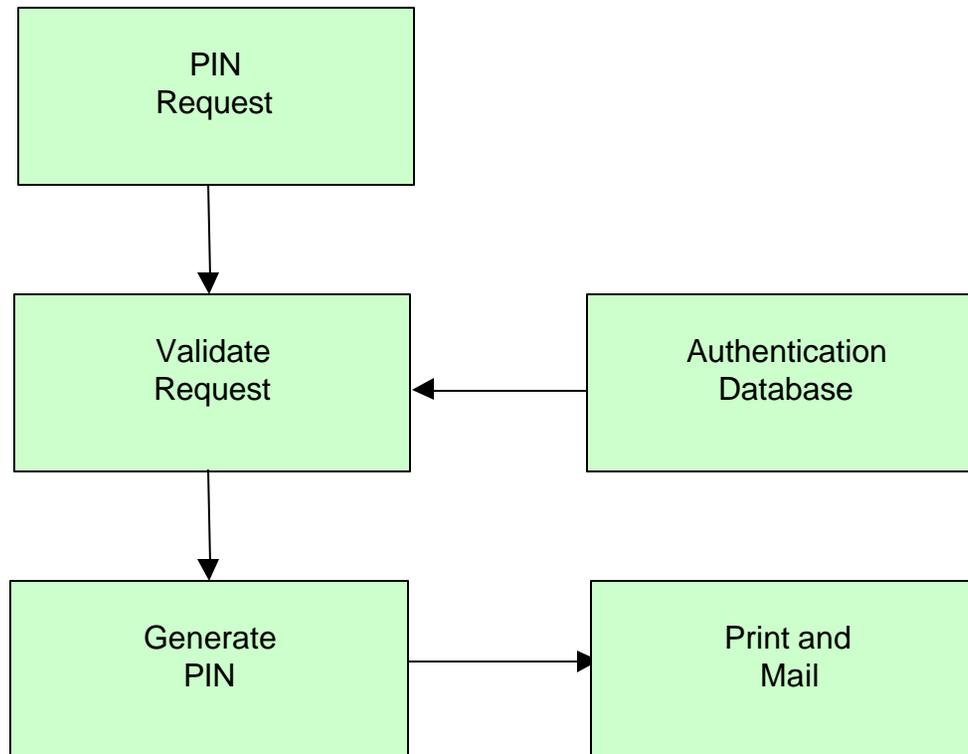
Central Processing System (CPS) - Web

Corrections on the Web



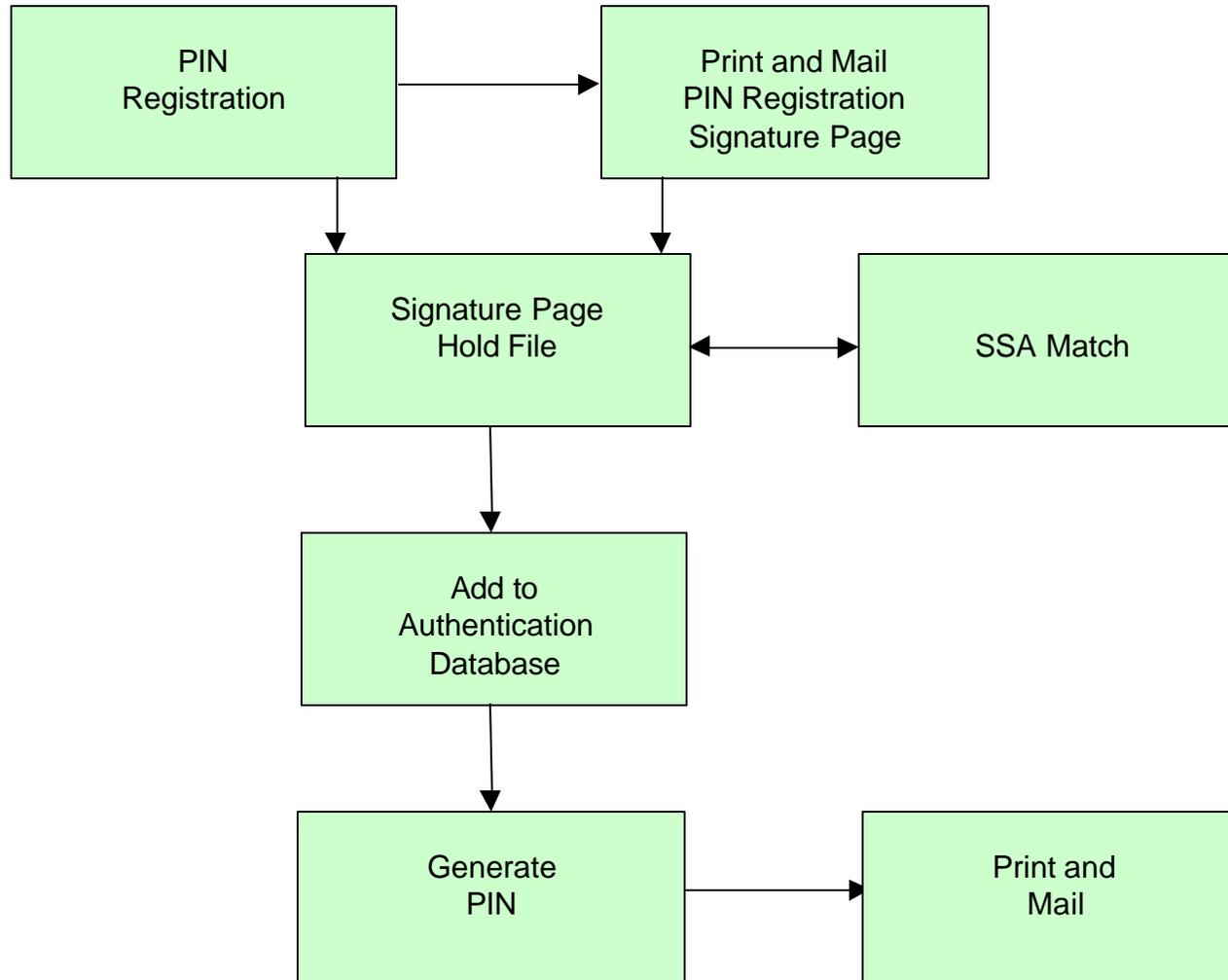
Central Processing System (CPS) - Web

PIN Registration Site



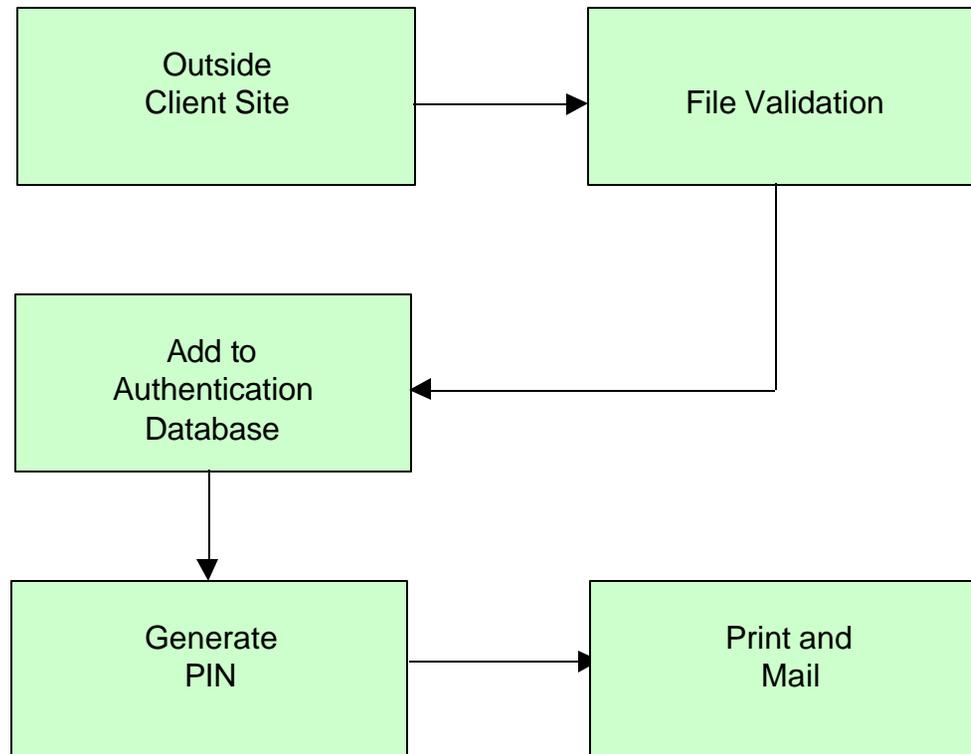
Central Processing System (CPS) - Web

PIN Registration Site



Central Processing System (CPS) - Web

Import from Direct Loan Clients (WAN or API)





EDEXpress

The purpose of this section is describe and graphically depict the main business processes for EDEXpress. The following systems and processes are shown at a lower level of detail.

EDEXpress

- Application Processing
- Direct Loan
- Return of Title IV Fund
- Packaging
- SSCR

EDEExpress

EDEExpress builds origination record from ISIR. This record initiates the school packaging process. The loan award equals the total cost of attendance plus the expected family contribution. A loan package can include Direct Loans, Pell, Scholarships, Grants, and Campus-Based Loans. EDEExpress can calculate a new EFC. EDEExpress documents tracking letters and creates award letters.

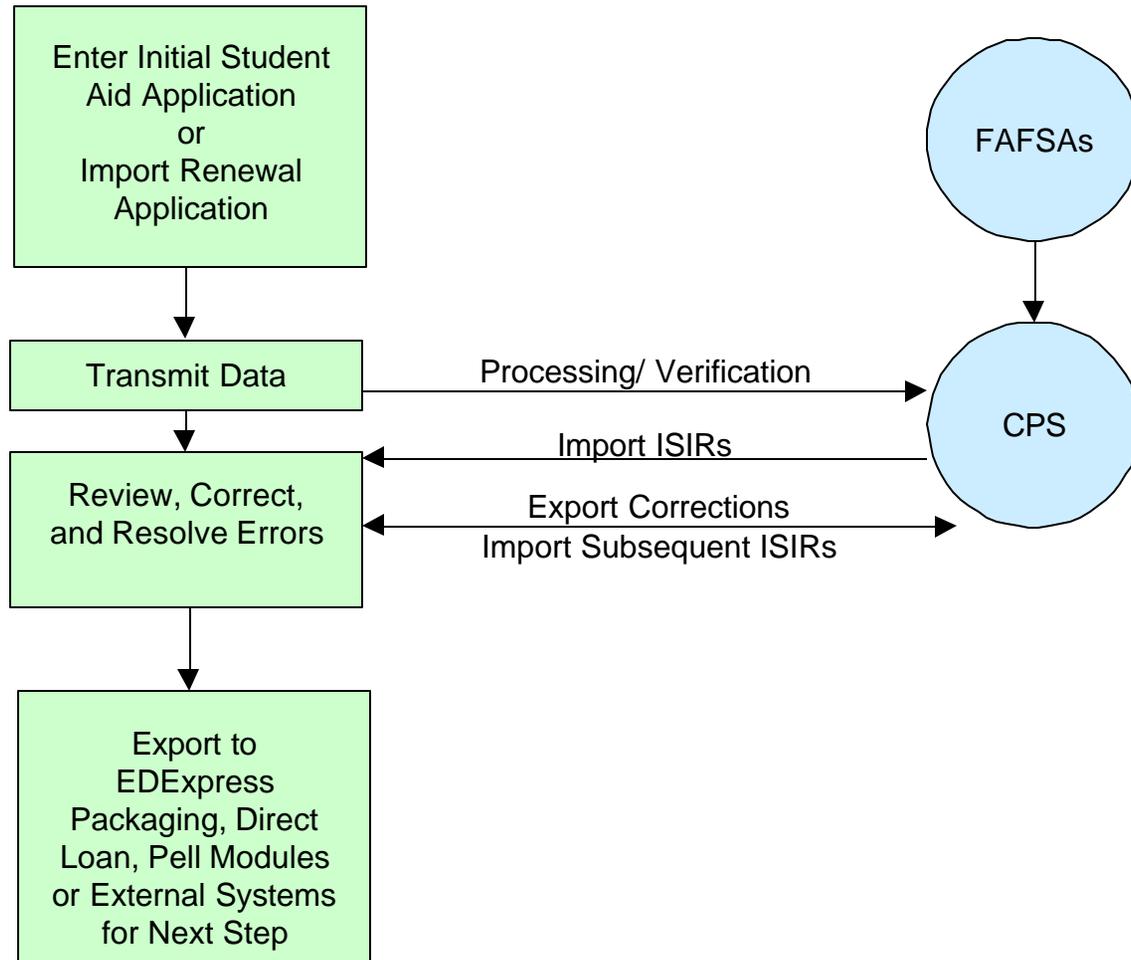
For the Direct Loan Program, EDEExpress creates the loan origination record, prints the promissory note, and creates the disbursement records. EDEExpress exports loan and disbursement data to the Loan Origination Center (LOC) for review/acceptance. After review, EDEExpress functionality includes the ability to import and change EFC data if required. Refer to the following Detailed Process Flow Diagrams for a pictorial overview.

EDEExpress imports the Student Roster from NSLDS. EDEExpress is responsible for updating the Enrollment Status and Anticipated Completion Date. The updated roster is exported to NSLDS.

EDEExpress can be customized with school calendar, parameters, program profiles, and aid types. Student attendance variables can be entered. EDEExpress can calculate aid eligibility and Title IV funds to be returned. Summary reports are generated.

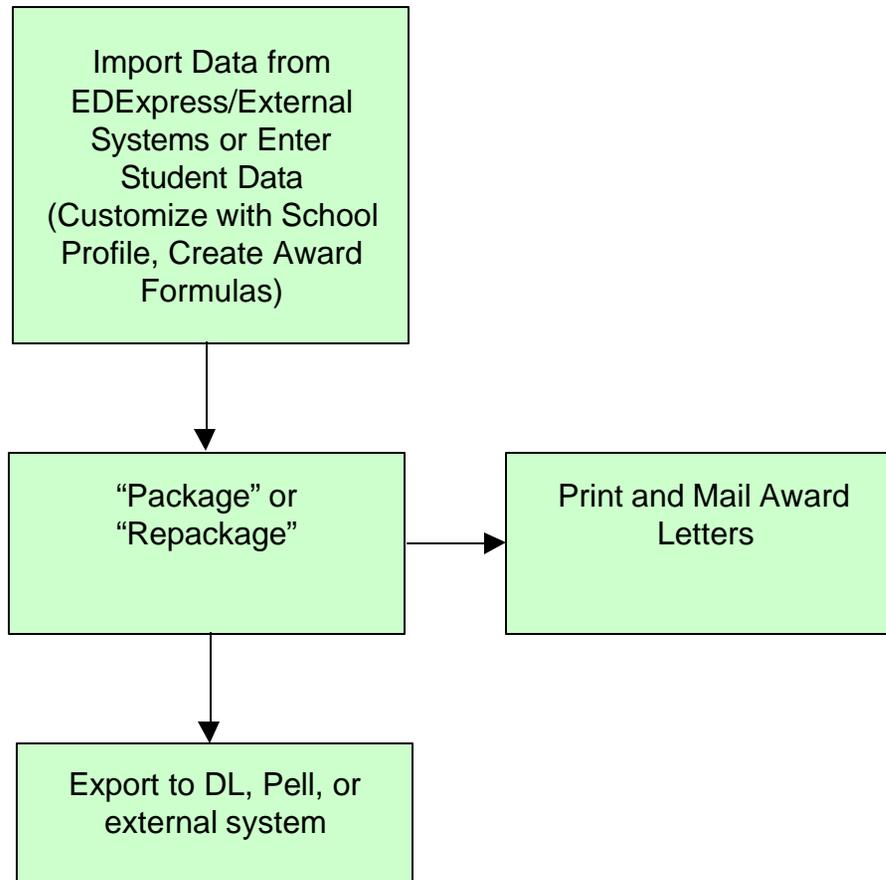
EDEExpress

Application Processing



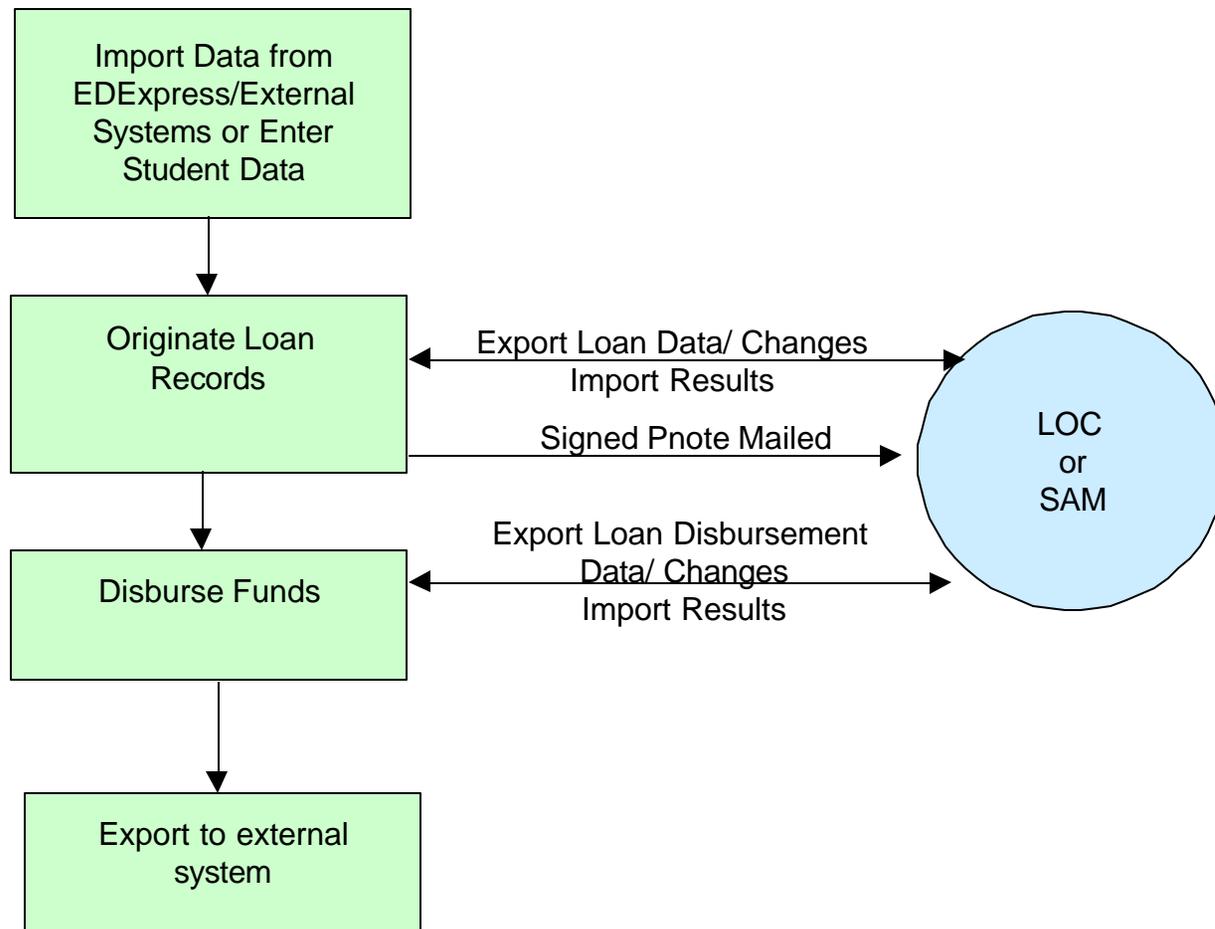
EDEExpress

Packaging



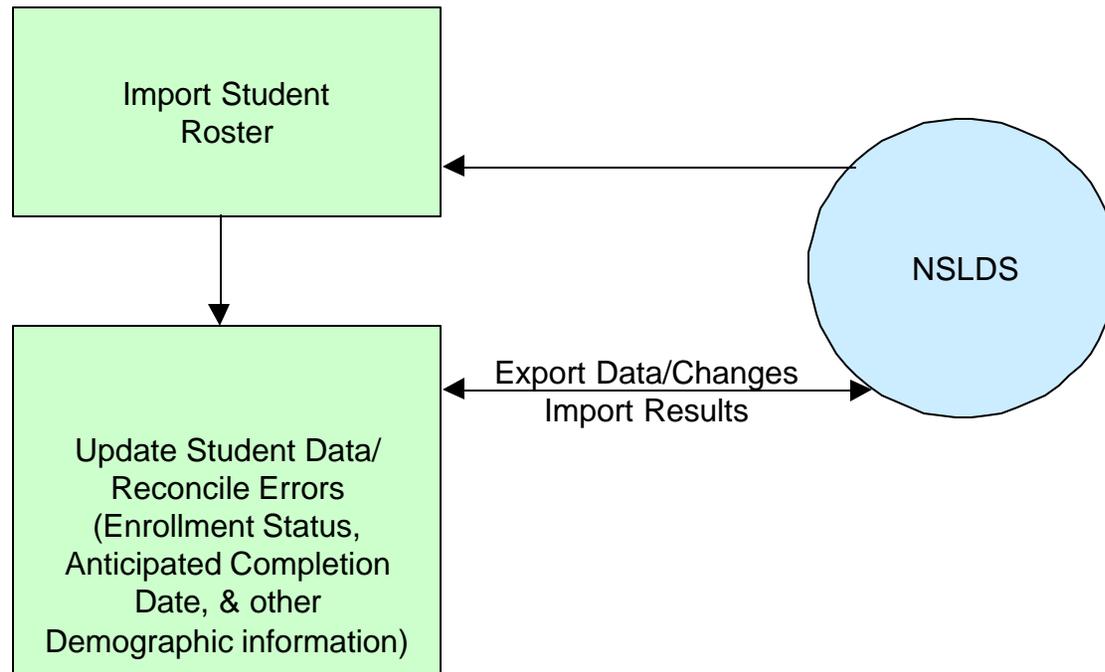
EDEExpress

Direct Loan



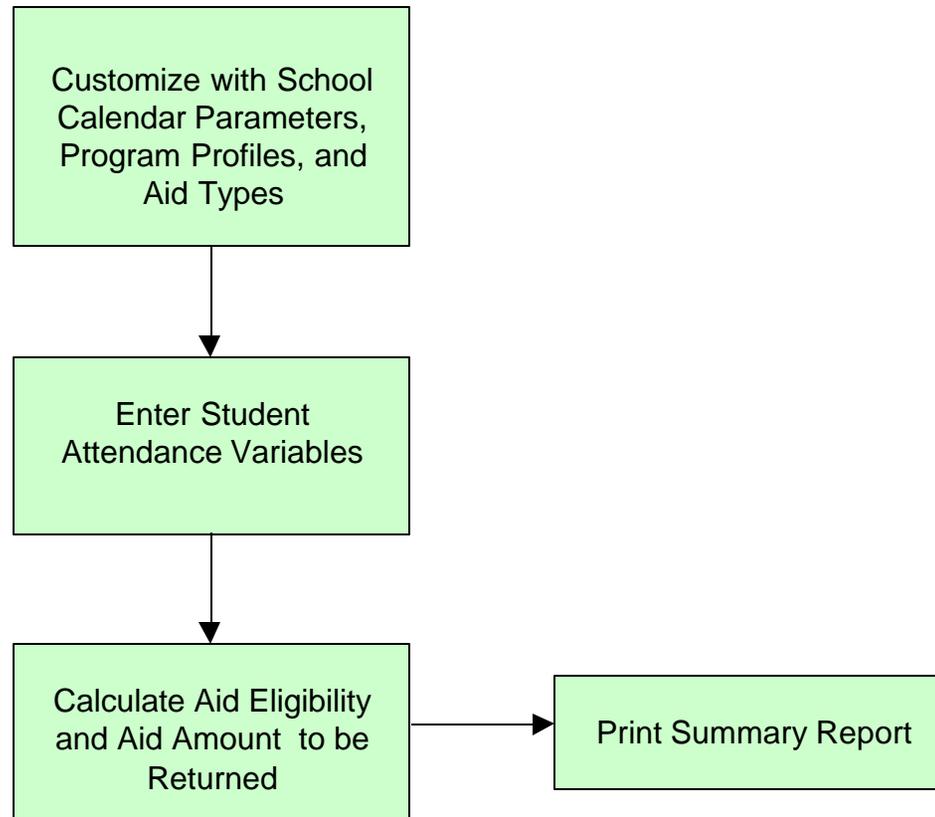
EDExpress

SSCR



EDExpress

Return of Title IV Funds





Loan Origination System

The purpose of this section is describe and graphically depict the main business processes for Loan Origination. The following systems and processes are shown at a lower level of detail.

Loan Origination

- Loan Origination Overview
- High Level LOS Functions
- Loan Origination Process (Sub/Unsub)
- Loan Origination Process (PLUS) Executes Credit Check
- PLUS Credit Decision Update (Override) Process
- Loan Origination Process (PLUS) School Executes Credit Check
- Loan Origination Change Record Process
- Promissory Note Process
- Disbursement Process
- Drawdown/Excess Cash Process
- Booking Process
- Servicer Refund Process
- Reconciliation Process
- System Balancing
- Request for Program Materials

Loan Origination System

To clarify, the acronym LOC refers to the combined system and manual processes that are used to support the mission of the Loan Origination Center in Montgomery, Alabama. The acronym LOS indicates the system functions of the Loan Origination Subsystem only.

Refer to the following Detailed Process Flow Diagrams for a pictorial overview of the Direct Loan delivery process from eligibility through payment processing. The overview and the following process diagrams provide a high level illustration of the various LOS interfaces and how the LOS is positioned in the overall loan origination process.

The LOS system provides direct interface with schools and the Student Account Manager (SAM). The Department of Education authorizes the schools to operate under five different operation levels/options. The differences in processing functions are shown on the chart below.

<u>OPTION</u>	<u>PRINT PNOTE</u>	<u>ESTIMATE FUNDS</u>	<u>DRAWDOWN (GAPS)</u>
Level 1 (2)	School or LOS	School	School
Level 2 (1)	School or LOS	LOS	LOS
Level 3 (S)	LOS	LOS	LOS
Level 4	LOS	LOS or School	School
Level 5 (R)	LOS	LOS	Department

Direct Loans are initiated at the school level. The loan and borrower information is collected, packaged and batched at the school and forwarded to the LOS using EDConnect or mainframe transmission and the Student Aid Internet Gateway (SAIG) (formerly Title IV WAN).

Schools may also create and process disbursements and change records using the EDEXpress software, Third Party Servicers or a Custom (Mainframe) System of their own.

Loan Origination System

Once Information has been processed for the records submitted by schools, the LOS generates an acknowledgment indicating that records have been received and processed. All records and batches submitted are edited using defined system edits that are available in the Direct Loan Technical Reference Custom Section.

The LOS generates letters regarding status, and requests for information, when necessary, for designated records. These letters are sent to the borrowers and/or schools who need to provide additional information or corrections.

The loan origination record contains the demographic, financial, and statistical information necessary to create a borrower record in the Department's Direct Loan database. This information includes Anticipated Disbursement data (date and amount).

The LOS receives a loan origination record from the school via the SAIG. Once the LOS receives the loan origination record, it is edited and validated. A credit check report is obtained for the borrower and/or endorser upon receipt and validation of a PLUS loan origination record or an endorser form. A credit check request is not performed on Stafford subsidized or unsubsidized loans.

If a previous positive credit decision has been received by the LOC within 90 days, the previous credit decision is used and a new decision is not obtained. The credit check request is forwarded through the contractor's credit check interface system (OLNACS) to the credit agency. The credit check result is recorded in the loan origination record and acknowledged to the school on the Loan Origination Acknowledgment. Borrowers or endorsers are notified of both accepted and adverse credit results.

In accordance with Department guidelines, credit results may be overridden. Rejected borrowers may appeal, in writing, citing extenuating circumstances. LOC personnel review appeals in accordance with Department guidelines and may override negative credit decisions with Department approval. In this case, a credit check override is acknowledged to the school. A "LO Extenuating Circumstance Credit Override Letter" is sent to the borrower as notification that the override appeal has been approved. If the override appeal is denied, the "LO Extenuating Circumstances Credit Override Rejection Letter" is sent to the applicant.

Loan Origination System

After a loan origination record has been established for a student, a Disclosure Statement is sent to the borrower based on the anticipated disbursements reported on the loan origination record. The Disclosure Statement is generated 10 days prior to the first anticipated disbursement date.

LOS receives change records from a school via the SAIG. A change record updates the loan origination record already stored on the LOS database. For example, a change record can update demographic data, dependency status, loan amount approved, anticipated disbursements, and anticipated disbursement dates. The changes are edited and validated and, if accepted, are applied to the loan origination record already in the LOS database. All records are acknowledged to the school as accepted or rejected on the Loan Origination Change Acknowledgment.

A promissory note is generated and sent to the borrower, either by the school or the LOC, depending on the school's level/option (see chart). The subsidized and unsubsidized loans are now processed with a Master Promissory Note (MPN) for each student. An MPN can be active for up to 10 years from the date of the first actual disbursement on a loan. This Master Promissory Note can be used for any additional Direct Subsidized or Unsubsidized loans the borrower may receive throughout their financial aid history. These promissory notes with multi-year functionality are called Multi-Year Notes (MYN). Although all subsidized and unsubsidized promissory notes are MPNs not all MPNs are multi-year. Only four-year institutions are eligible to participate in the multi-year functionality.

PLUS loans are not eligible for multi-year functionality or the MPN. The PLUS Loans are processed on the PLUS Loan Promissory Note. The LOC is responsible for receipt and storage of all promissory notes. Once these promissory notes are received and have passed through the editing process, the LOS is responsible for generating an acknowledgment to the schools notifying the school of receipt of the Promissory Note.

Completed promissory notes received by the LOC are reviewed in accordance with Department guidelines and are imaged, indexed, and stored in a fireproof, secure vault at the LOC. An imaged copy of the Promissory Note is displayed on a terminal along with the data of the electronic promissory note record. The promissory note record is then quality checked to ensure the Optical Character Reader (OCR) was done correctly; any errors are corrected. Once the promissory note is free of errors, the electronic image is stored on the system.

Loan Origination System

All schools transmit actual disbursement records to the LOC via the SAIG. The LOC edits and validates actual disbursement records. A loan must be disbursed in at least two actual disbursements. However, up to twenty disbursements are allowed for subsidized and unsubsidized loans. There are some exception schools which are allowed to fully disburse a loan in one disbursement.

If an actual disbursement record does not pass edits, it is rejected, and the school must resolve and resubmit it to the LOC. The LOC transmits a Disbursement Acknowledgment to the school, indicating all accepted and rejected disbursements. The LOS database produces the Anticipated Disbursement Listing (ADL) and the Actual Disbursement Roster (ADR). The ADL is created 45 days prior to the date of the first anticipated disbursement reported on the LOR.

The ADR, based on anticipated disbursements, notifies the school that the LOS requested the funds from GAPS and provides a detailed listing of the disbursements which are scheduled to be made with the funds. A valid accepted and signed promissory note is necessary to make disbursements for Level 2/Option 1 and Standard option schools. A promissory note does not have to be on file at the LOC in order for the Level 1/Option 2 school to make a disbursement. Some schools which have been designated as Access America Schools send their disbursements to the LOS via the Student Account Manager (SAM).

Funds are requested from the Grants Administration and Payment System (GAPS) using the anticipated disbursement dates and anticipated disbursement amounts reported on the loan origination record. The request for funds or “drawdowns” depends on the schools operation level. Level 1/Option 2 schools request their own drawdowns. Other school options have their drawdowns requested by the LOS, with the exception of Level 5 schools, whose drawdowns are performed by the Department of Education. If drawn funds are not dispersed within 3 days, the school has an Excess Cash Condition. Level 1/Option 2 schools may disburse this money to another student. However, if the money is not disbursed to another student it is deemed Excess Cash. All other levels/options must return the Excess Cash immediately after the 3 days. There are several methods for the Return of Excess Cash including ACH, Fedwire and Check.

A loan is booked when an origination record, a promissory note, and the first actual disbursement record are accepted by the LOS. For a PLUS loan, this includes a passed credit check or a credit check override. The loan information is formatted, the Credit Reform Code (CRC) is created, and both are transmitted to the Central Data Subsystem (CDS). Booked data is transmitted to CDS and then forwarded from CDS to Servicing. For 2000-2001 a new process of booking notification to the schools will be implemented.

Loan Origination System

If a borrower returns all or part of their student loan to the servicer within 120 days, it is considered a refund. This action affects the loan limits on the obligation and the change is electronically sent to the LOS through the CDS system. It is then communicated to the school or the Student Account Manager (SAM) so that the school can adjust their records accordingly.

Once records have been processed the school goes through a monthly cash balancing and reconciliation process. The LOS aids the school in their reconciliation process by producing the Direct Loan School Account Statement (DLSAS) that contains information for records that LOS has processed during the month and/or the 732 report which provides similar balancing data. The DLSAS has the months beginning and ending cash balance and financial record activity. The 732 report shows everything that is on the database for a school and its cash balance at a single point in time.

Schools may choose to utilize either report depending on their operational requirements and the needs of their internal reconciliation process. The Loan Reconciliation function facilitates the process for reconciling information from the LOS database with information from the schools internal systems. Reconciliation consists of balancing awards against disbursements, and is essential to school's and the Department's ability to provide accurate accounting and responsible fund management. Key records which are reconciled are cash receipts (drawdowns), return of excess cash, and loan disbursement records.

There are three types of files sent to schools; cash summary record, cash detail record and loan detail record. The DLSAS statement is generated each month for every school on file at the LOC and is transmitted to the school through the SAIG. If there is no activity during a month, a cash summary reflecting zero activity is sent to the school. The DLSAS report is sent as an electronic file which can be imported into the school's Direct Loan System and formatted to look like a monthly bank statement.

System balancing between the LOS database and CDS are performed on a daily and a monthly basis. There are 12 financial transactions that the LOS database sends to CDS. All of the transactions contain dollar amounts that must be balanced between the LOS and CDS, as well as balancing the number of transactions in each batch. The LOS produces a daily Schedule A Report. The Schedule A report lists the number of batches accepted and rejected by both the LOS and CDS, as well as the total number of accepted transactions for the day. In addition, the report lists the total number of transactions accepted by CDS by type, and the total dollar amount associated with the transactions. Schedule A is faxed to CDS every morning so that the figures can be confirmed by CDS. If there is an out-of-balance condition, an XE (error) transaction is sent to CDS describing the error. The results of any out-of-balance transactions within a batch are reported at the end of the daily Schedule A Report.

Loan Origination System

When the LOS database receives rejected financial transactions from CDS, the errors are investigated by a Systems Engineer and corrected for resubmission.

Three monthly system balancing reports are produced: Schedule A, Schedule B, and Schedule C.

The Monthly Schedule A is a summary of accepted/rejected financial batches. This report lists the number of financial batches accepted and rejected for the month. A further review of all the accepted batches is examined to determine how many transactions within the batches were accepted and rejected. In addition, the report lists by transaction type the number of transactions accepted and the dollar amounts associated with them. These figures are grouped into subtotals and grand totals, and include a fiscal year-to-date total of transactions, groups, and grand totals.

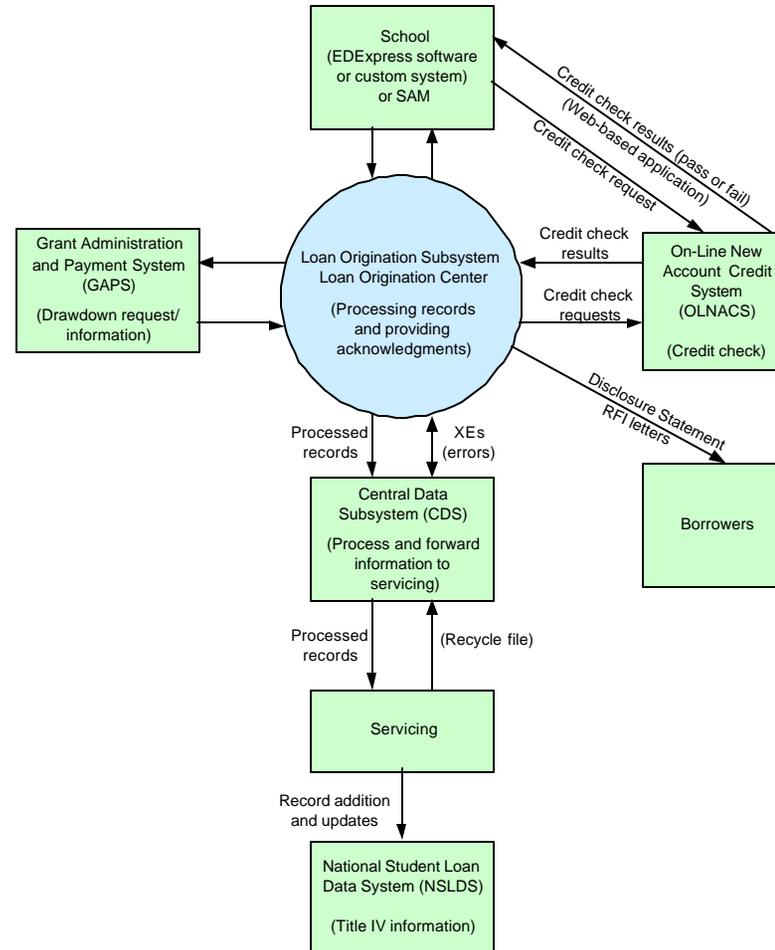
Schedule B is the Monthly Summary of Financial Transactions (Snapshot of the LOS Database). The report lists by transaction type the number of records processed (booked) on the database. These figures are grouped the same as Schedule A and then compared and any variances are reported. The monthly variance between Schedule B and Schedule A is also listed for each transaction type. Current month, fiscal year-to-date, and total outstanding variances by transaction type and amount are included on this report.

Schedule C is the Monthly Report of Work in Process (WIP). The report lists the number of transactions (and the dollar amounts associated with them) of all the records that have been processed (booked) on the LOS database, but have not yet been accepted by CDS. The data is listed by category and includes reasons for transactions not accepted by CDS such as, rejected transactions, rejected batches, unacknowledged batches, late transmissions and "other". The total of the Work in Process on Schedule C should equal the total outstanding variance for all transactions on Schedule B.

If a school needs program materials for the Direct Loan Program a request can be made and processed via the LOS. Materials such as Pre-Printed Promissory Notes, Entrance and Exit Interview Materials, etc. are available.

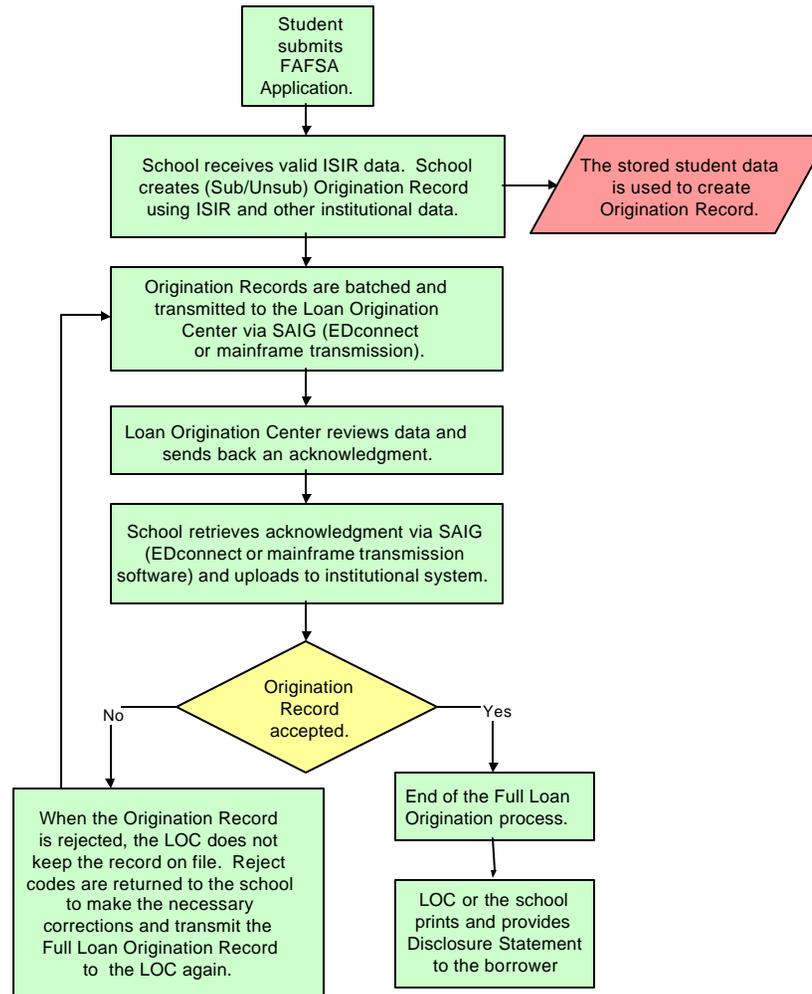
Loan Origination System (LO)

Loan Origination Overview



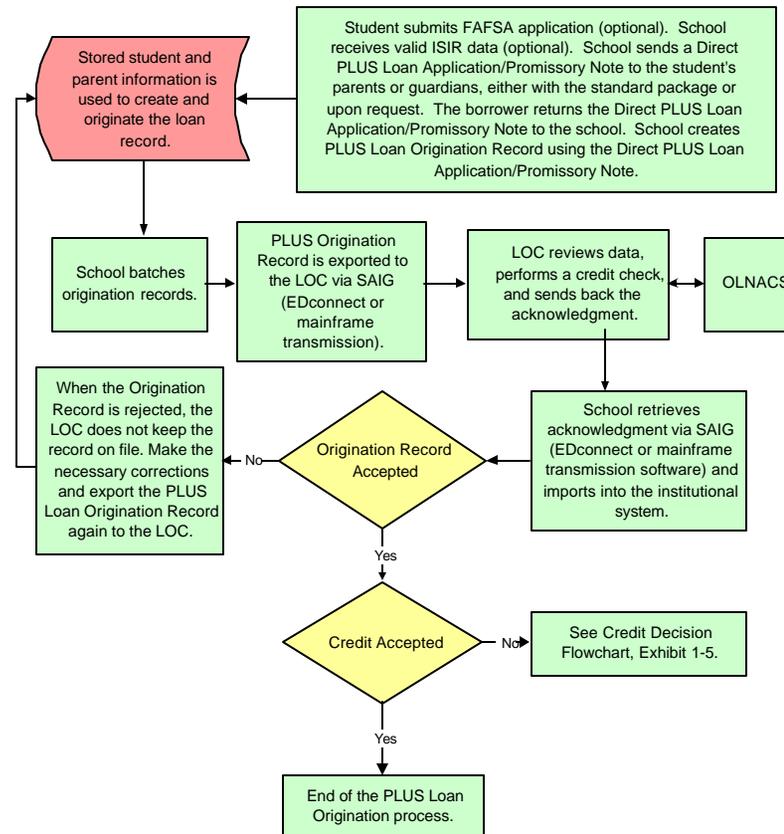
Loan Origination System (LO)

Loan Origination Process (Sub/Unsub)



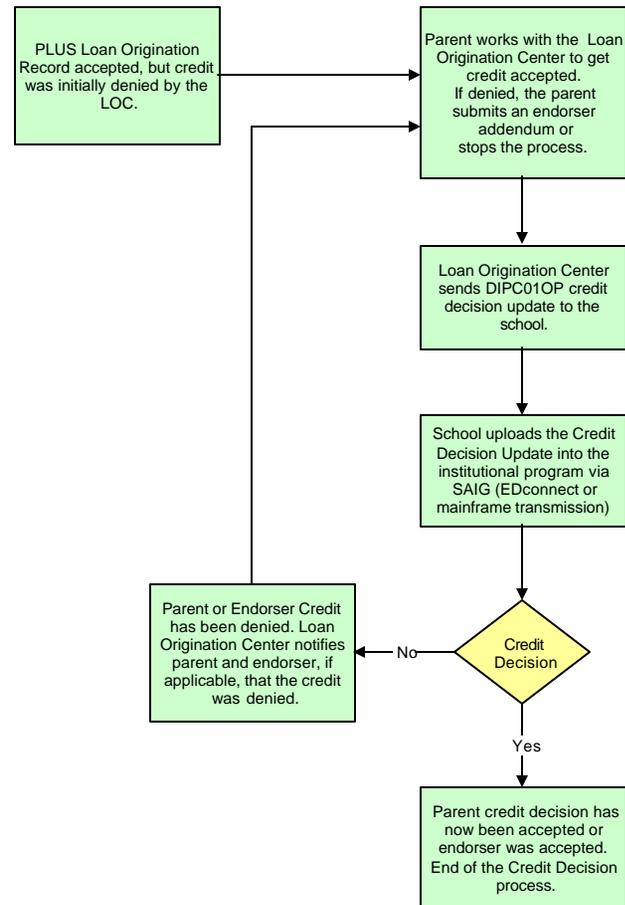
Loan Origination System (LO)

Loan Origination Process (PLUS) Executes Credit Check



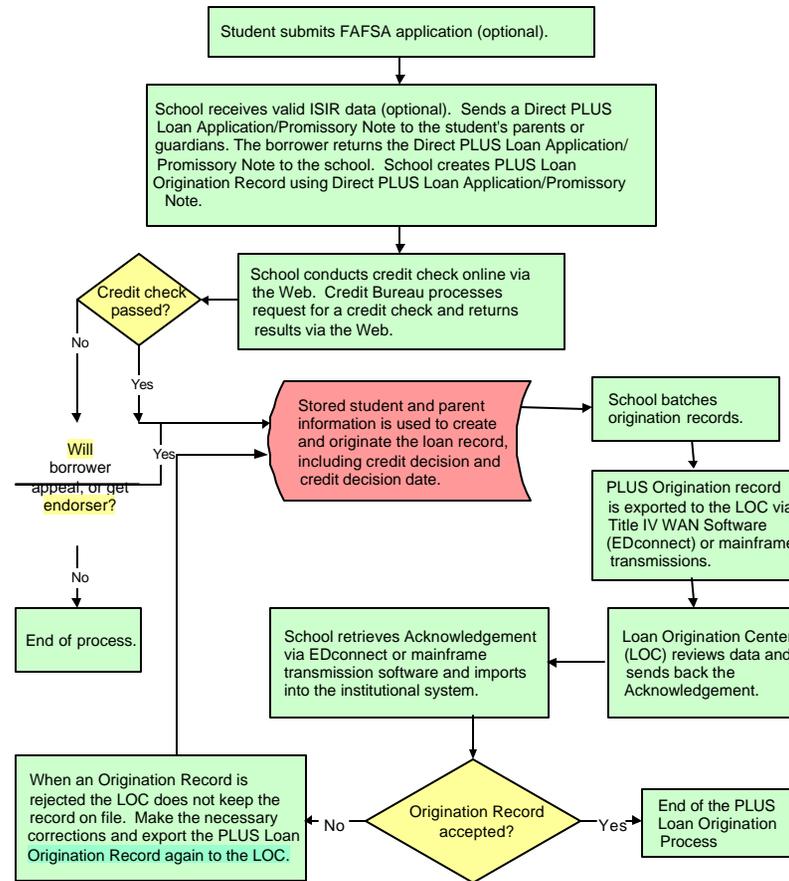
Loan Origination System (LO)

PLUS Credit Decision Update (Override) Process



Loan Origination System (LO)

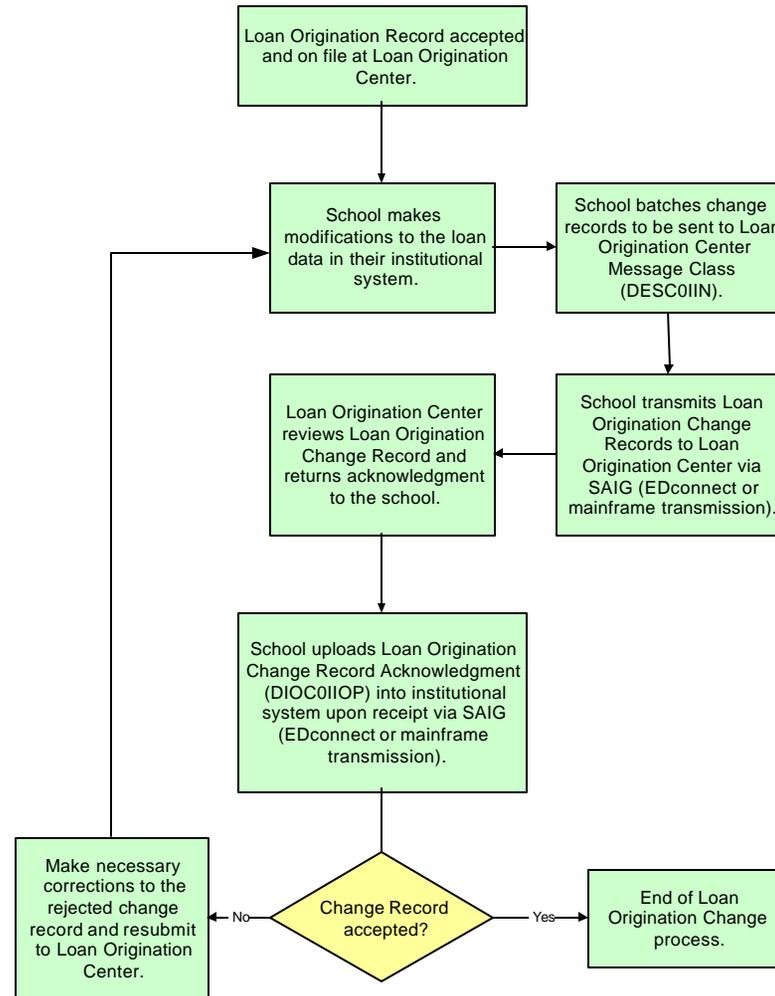
Loan Origination Process (PLUS) School Executes Credit Check **



** Indicates new process for 2000-2001

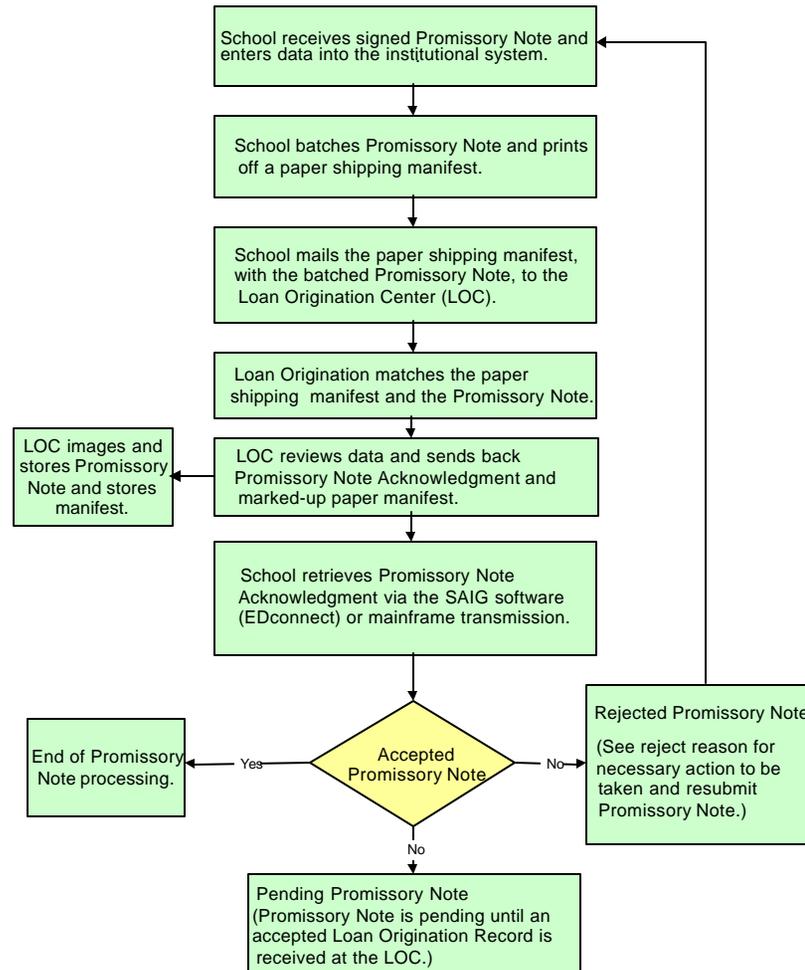
Loan Origination System (LO)

Loan Origination Change Record Process



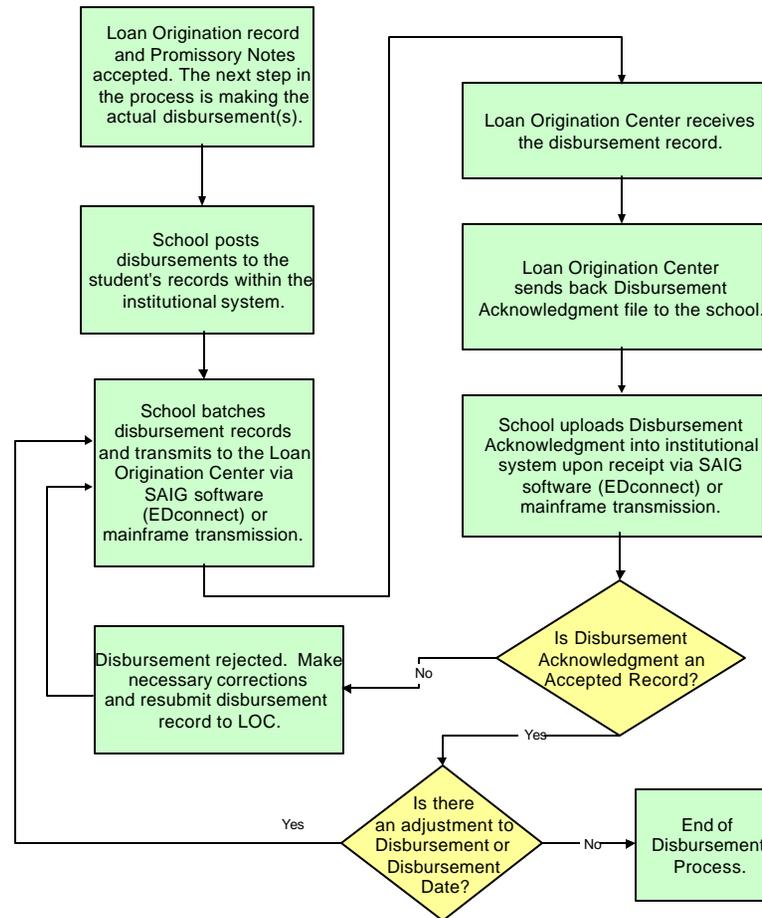
Loan Origination System (LO)

Promissory Note Process



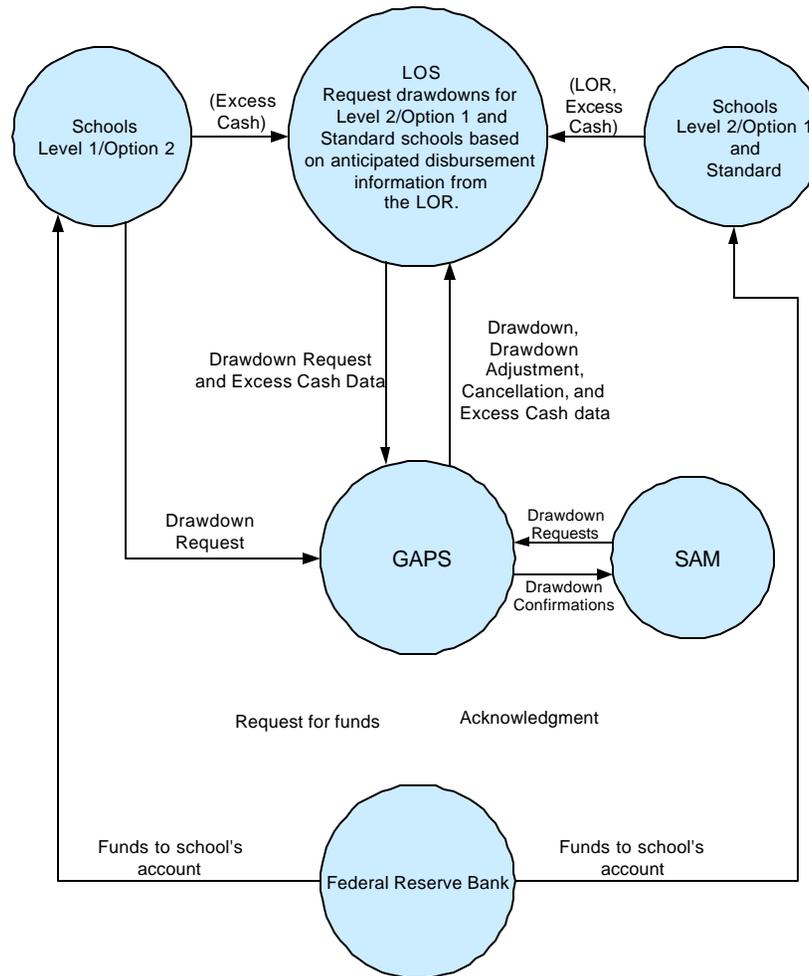
Loan Origination System (LO)

Disbursement Process



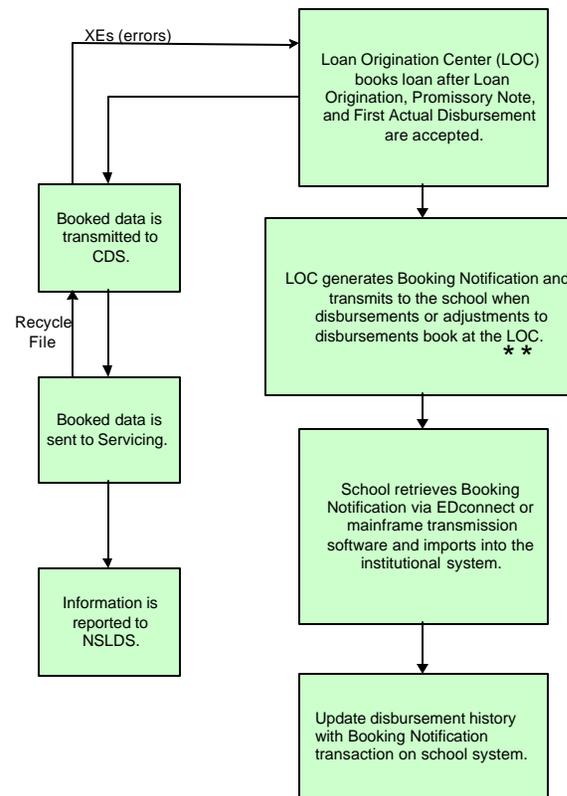
Loan Origination System (LO)

Drawdown / Excess Cash Process



Loan Origination System (LO)

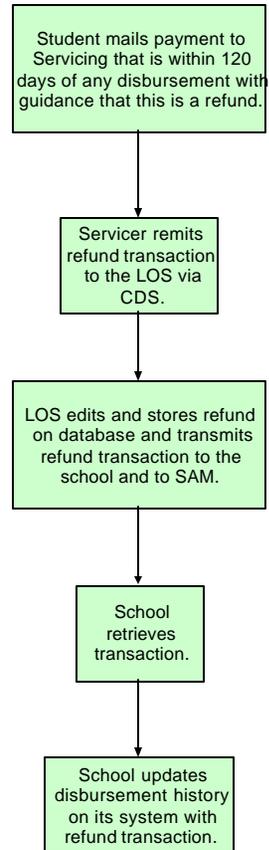
Booking Process



** New for 2000-2001

Loan Origination System (LO)

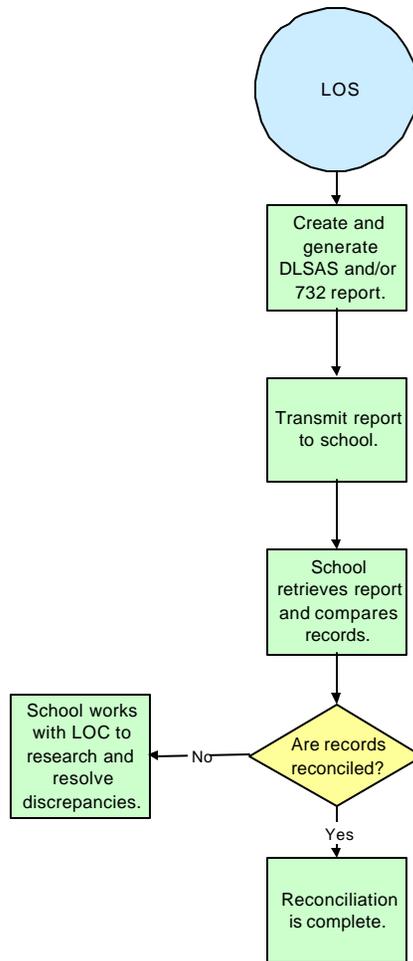
Servicer Refund Process**



**New for 2000-2001

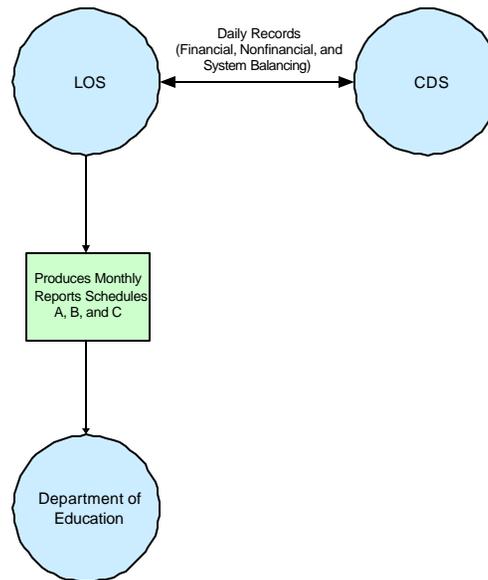
Loan Origination System (LO)

Reconciliation Process



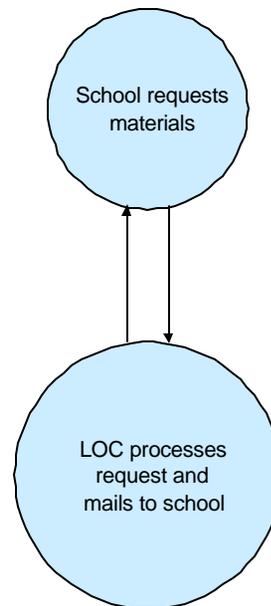
Loan Origination System (LO)

System Balancing



Loan Origination System (LO)

Request for Program Materials





Loan Consolidation System

The purpose of this section is describe and graphically depict the main business processes for Loan Consolidation. The following systems and processes are shown at a lower level of detail.

Loan Consolidation

- Loan Consolidation Overview
- Certification Process
- Non-Combined Application/
Promissory Note Process
- Consolidation Application
Process
- Combined Application/
Promissory Note Process
- Funding and Booking Process
- FastTrack

Loan Consolidation System

The Loan Consolidation (LC) System is the system responsible for processing applications for Direct Consolidation Loans. These loans may include a variety of eligible underlying loans as outlined in the Federal Guidelines for Direct Loan Consolidation. Refer to the following Detailed Process Flow Diagram Section for a pictorial overview.

Direct Consolidation Loans are initiated by the borrower at the Loan Consolidation Center (LCC) in Louisville, KY. An application request can be made via e-mail, mail, fax, or phone. An application may be completed by the borrower on the Consolidation Web-Site or through the mail. The borrower may complete an express application via the phone with a CSR. This method supports consolidation of Direct Loans only.

FastTrack Applications are submitted as application packages with all forms included, completed, and signed by the borrower. These packages are submitted by Debt Collection Services and from Collection Agencies. These applications are for borrowers who were previously in default, but are currently in satisfactory repayment and who are attempting to lower their payment amount or reinstate their credit through consolidation.

Once these packages are received they follow the same process as regular consolidation loans with minor exceptions. The first exception is that all borrower correspondence is included as part of the application package. If the package is incomplete, it is returned as a package to its source, rather than soliciting input from the borrower. The second exception is that the system is designed to process the application forms as they are needed, without stopping the process to send borrower correspondence. For example, the system recognizes that with a FastTrack application it can proceed directly to funding and booking upon completion of loan certifications, without sending the loan statement, and without waiting 10 days for a borrower response.

Applications that are mailed to borrowers are completed and returned to the LCC mailroom. Once the application/promissory note is received, it is imaged and goes through a dual data entry process. The demographic information and loan information is data entered from the application image.

The application then goes to Exam Entry for validation that all the data has been entered correctly. Next, it passes through system edits and, if edit errors are encountered, to a manual review. Once it passes all edits the data is written to the database tables.

Loan Consolidation System

If the Consolidation loan contains a Parent Loan for Undergraduate Students (PLUS), a credit check request is made to OLNACS. If the credit check decision is a failed decision, the borrower must obtain an eligible endorser who must go through the credit check process.

Once the application/promissory note has been processed, the LOS performs system edits, and generates the appropriate letters or a request for information (RFI). These letters are sent to the borrowers who need to provide additional information or corrections for their Direct Consolidation Loan. A borrower may add additional eligible loans to a Direct Consolidation Loan by submitting a request to the LOC within 180 days after the date on which the Direct Consolidation Loan was made. These are known as Supplemental Loans, and the consolidation becomes a Supplemental Consolidation. These loans go through the same process as the previous loans submitted on the original application. The application then goes through Exam Entry and the application is processed and ready for the loans to be certified.

An applicant may complete a Request for Estimated Repayment Session and/or select a repayment plan prior to the consolidation loan being booked at Servicing. If no payment plan is selected, and the loan is not forced Income Contingent Repayment (ICR), the Standard Repayment Plan will be assigned to the loan. However, if the borrower selects a repayment plan or is assigned a repayment plan and that plan is the ICR plan, the borrower must complete additional documentation (ICR Waiver, and if less than 2 years since graduation, the Alternative Documentation of Income (ADI) form).

The ICR waiver gives permission to the Direct Loan Program to request income information from the IRS. Once the ICR waiver is received, the document is imaged and forwarded to the IRS for approval before proceeding with the consolidation. This interface will take place in order to verify the most recent income information to set the borrower up on the ICR plan. An enhancement to the ICR process has been developed and will be implemented in the near future. Under this enhancement, once the ICR Waiver is received, the consolidation loan can proceed to funding and booking. A response from the IRS is no longer necessary before proceeding. This enhancement will also remove the requirement of the ADI form. The loans are now ready for certification.

Verification certificates are generated and mailed to the loan holders. These verification certificates are returned from the loan holders to the Loan Origination Center (LOC) in Montgomery, AL. The certification process includes verification of balances and loan types reported on the Consolidation application. Certification of DCS, SLMA and Direct Loans are processed electronically by the LCS.

Loan Consolidation System

In addition, there is a current initiative underway to develop electronic certification for all lenders. The LOC processes the verification certificates. The Certification Team contacts the loan holders and sends a letter to the borrower and the loan holder if a certification has not been returned. A report is created and sent to the Department of Education for Verification Certifications that are outstanding by more than 30 days.

Verification of Defaulted loans held by the Debt Collection System (DCS) is performed electronically. Some borrowers are unsure of their underlying loan information. The loan holder information can be accessed and researched via an on-line connection to the National Student Loan Data System (NSLDS).

If all certifications are returned for the combined application/promissory note, the loan summary statement is mailed to the borrower for review. If the loan statement is not acceptable to the borrower, the borrower must contact the LOC within 10 days, or the loan will automatically fund and book.

There are still some older applications being used by some borrowers that are not combined with the signed promissory note at the front end of the process. Express applications also fall into this category. These applications require a promissory note to be sent to the borrower along with the loan statement. These loans will not be paid to the loan holders until the promissory note has been signed and returned. This approach is necessary for express applications because a caller on the phone cannot provide the signature until they receive correspondence from the program.

After the borrower signs and returns the promissory note, the promissory note is imaged, data-entered, system edits are applied, and processed if all system edits are passed. If there are any errors the LOC will send RFI letters to the borrower for additional information or correction. The system then searches to ensure that all supporting documentation has been received for the loan (ICR form, ADI form, etc.). The LOC is responsible for receipt and storage of Promissory Notes.

When the loan promissory note has been returned (for the old applications), or 10 days have elapsed for the (combined application/promissory note), the loan enters the funding and booking cycle and the payoff of underlying loans to the loan holders occurs. Payment is made by SF1081 to Guarantee Agencies and DCS.

Loan Consolidation System

A check is sent to Guarantee Agencies for late fees and collection cost only. Private lenders are paid by check. There is a current effort underway to allow lenders to be paid by Automated Clearing House (ACH). This effort is scheduled for February 2000 implementation. A request for funds to payoff loan holders is made by fax to the Grants Administration Payment System. GAPS then forwards the necessary funds to the Loan Consolidation Bank Account at Compass Bank in Montgomery, AL. The checks are mailed to the loan holders once verification that the funds have been deposited to the Compass Bank account has occurred. The loans are then booked and booking transactions are passed to the Central Data System (CDS) and forward from CDS to Servicing.

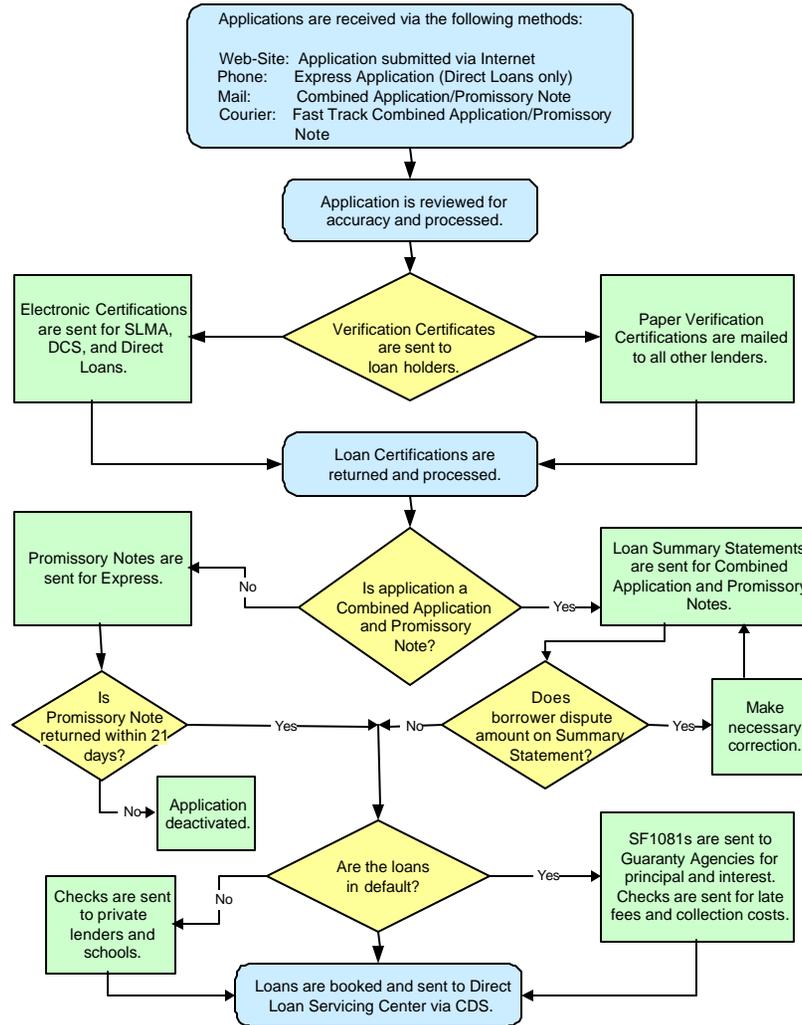
Payoff to loan holders may create an overpayment or underpayment condition. If one of these conditions is created an adjustment must be made to the borrower's account.

Overpayments occur when the amount to pay off the loan at the loan holder is less than the payment they received. These funds should be returned promptly by the loan holder to the LOC and the borrower's repayment amount must be reduced. These funds are often returned by the lender in summary form, without proper underlying loan identification, and the funding and booking team at the LOC must match the amount to the proper loan.

Underpayments occur when the amount to pay off the loan at the loan holder is more than the payment they received. When this condition happens, the funding and booking team must determine if the underpayment occurred due to principal, interest, late fees or collection costs. If the underpayment occurred due to collection costs, the team must calculate the payment to ensure that the late fees charged by the loan holder does not exceed the regulatory amount of 18.5%. If it does, then the loan holder is contacted and notified why the additional amount is not eligible. If it is established that there is a legitimate underpayment, funds are requested and a payment for the additional amount is made to the loan holder. Once this payment has been made, the borrower's account is adjusted.

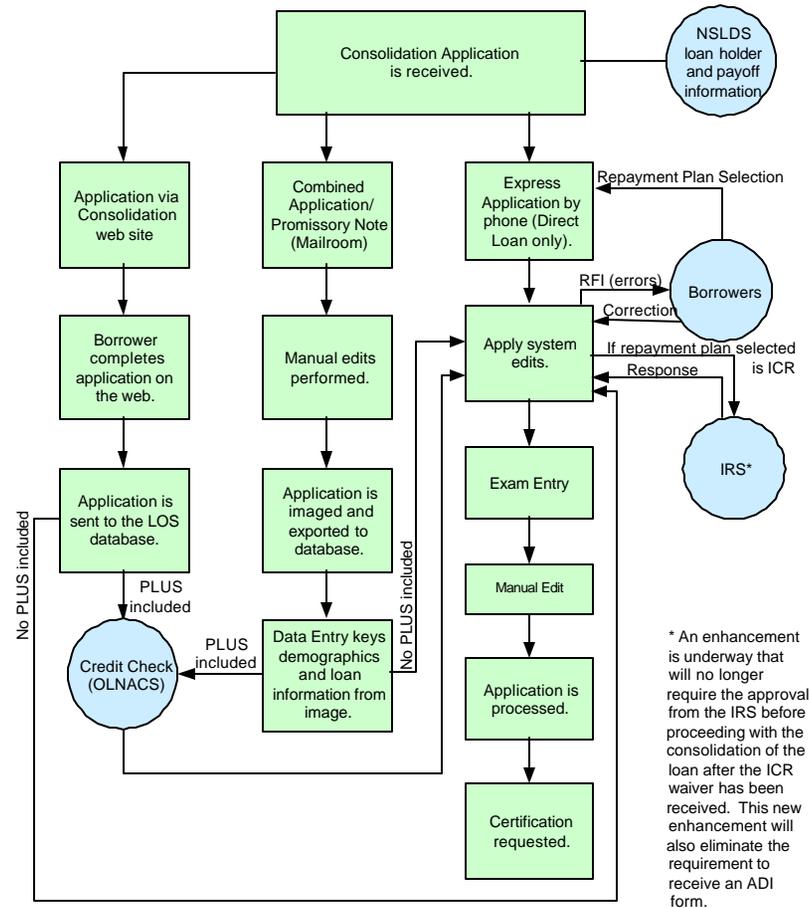
Loan Consolidation System (LC)

Loan Consolidation Overview



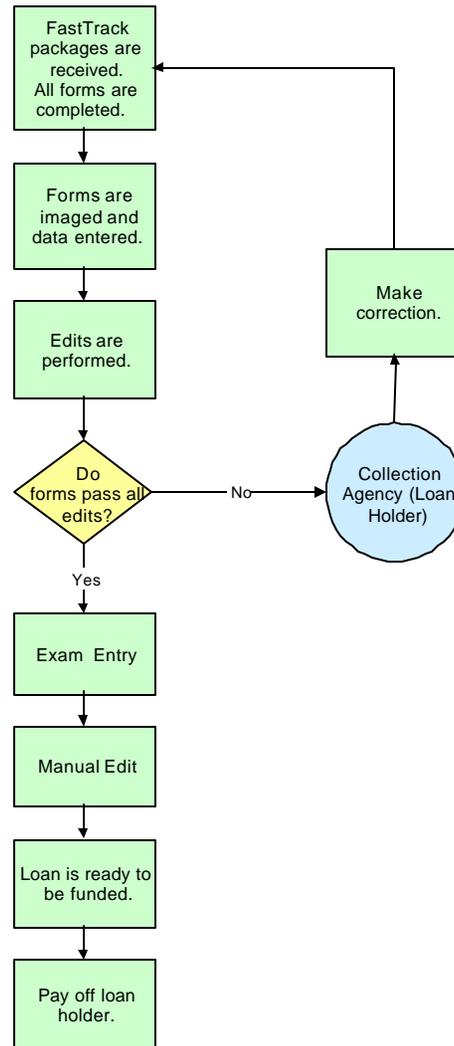
Loan Consolidation System (LC)

Consolidation Application Process



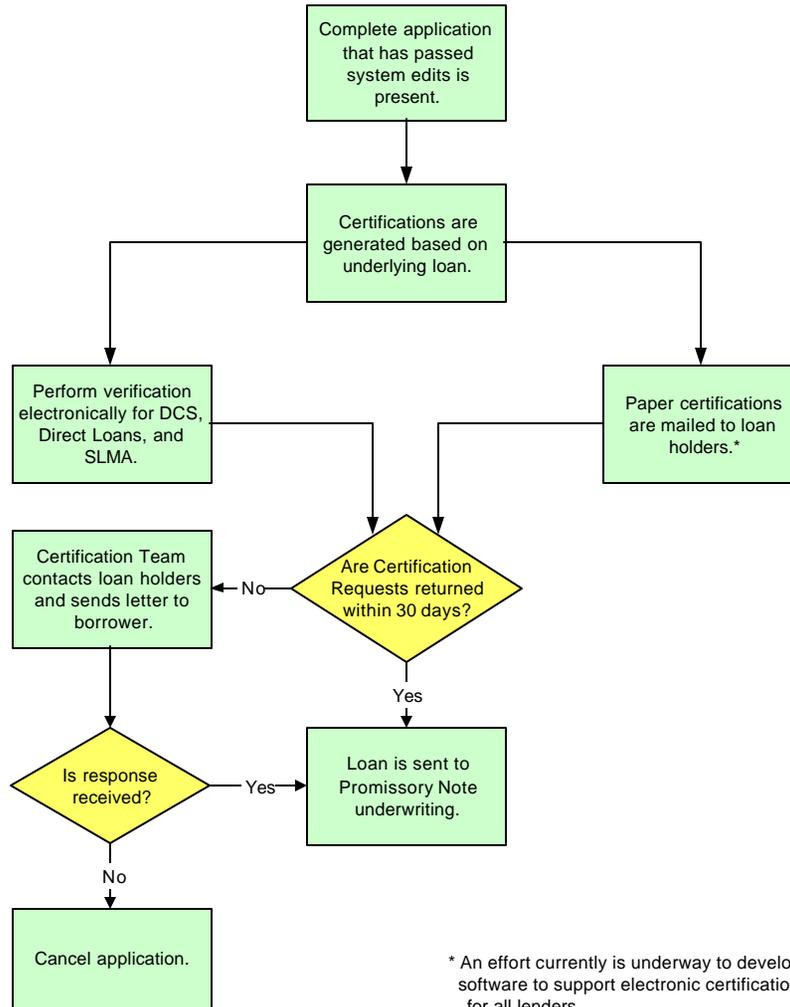
Loan Consolidation System (LC)

FastTrack



Loan Consolidation System (LC)

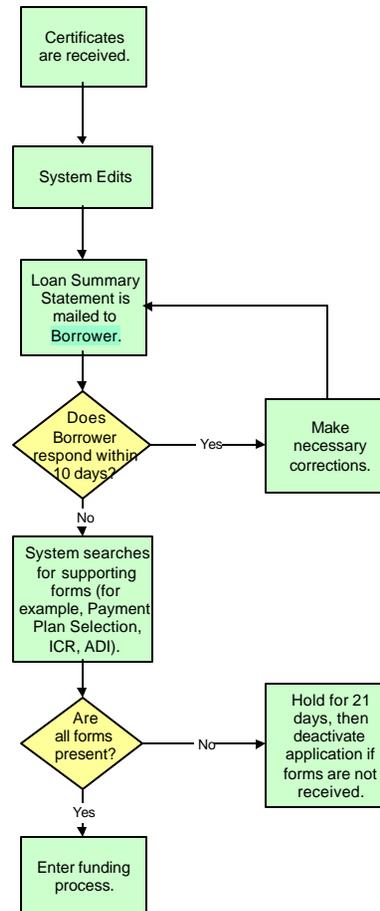
Certification Process



* An effort currently is underway to develop software to support electronic certification for all lenders.

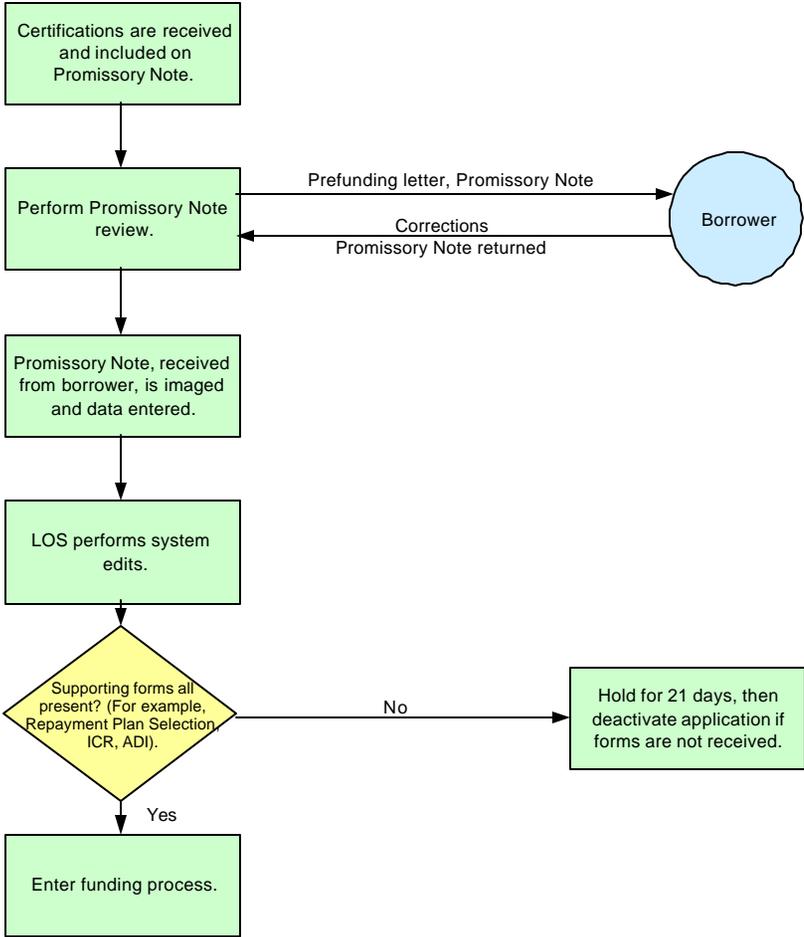
Loan Consolidation System (LC)

Combined Application/Promissory Note Process



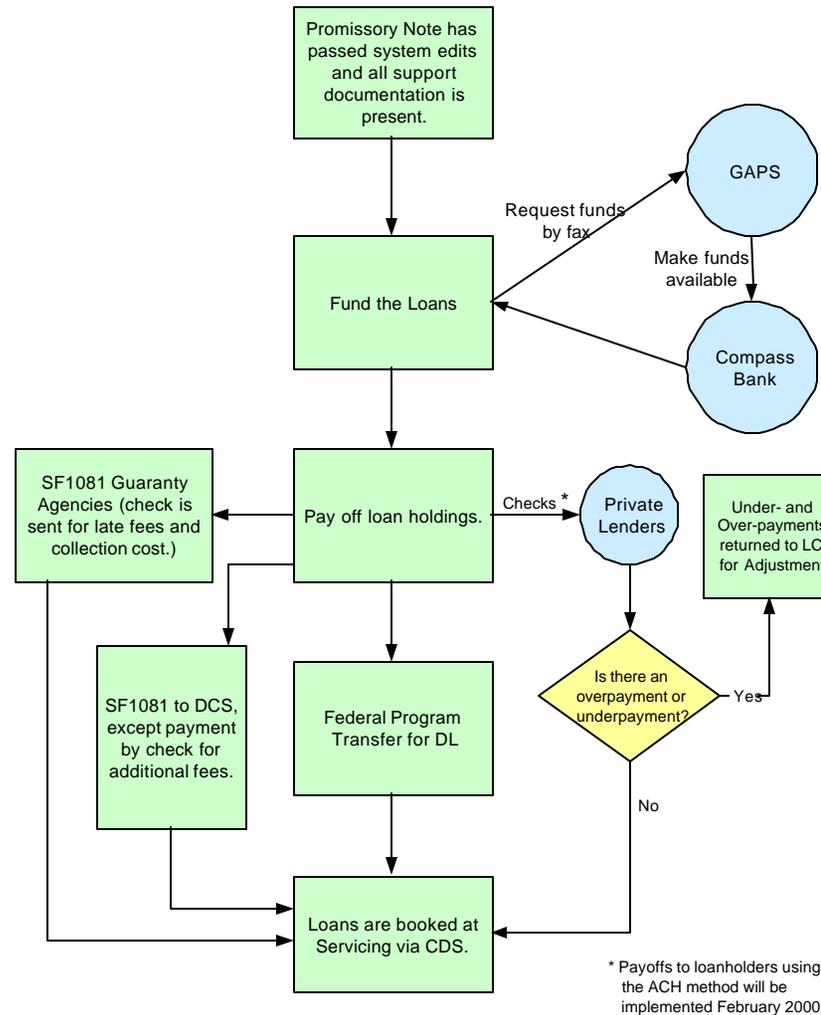
Loan Consolidation System (LC)

Non-Combined Application/Promissory Note Process



Loan Consolidation System (LC)

Funding and Booking Process





Central Data System

The purpose of this section is describe and graphically depict the main business processes for Central Data. The following systems and processes are shown at a lower level of detail.

Central Data

- High Level Functions
- Routes Loan Data Between Partners
- Record Participant Information Changes
- Report Delinquency to Schools
- ICR/Income Processing
- Setup & Accept Loan Repayment
- Support Consolidation of Direct Loans
- Record Funds
- Imaging Transfer

Central Data System

This summary presents a high-level description of the processes by which information is currently handled in the Central Data System (CDS). Refer to the following Detailed Process Flow Diagrams for a pictorial overview.

CDS reports the initial formal recording or booking of a loan to the Servicer with a transaction containing loan and participant information. Participants may be students, borrowers, endorsers, or co-makers to the loan. Within the Direct Loan Program, the Servicer is the owner of information about the participant. CDS does not change borrower information (SSN, date of birth, name, address, etc.), unless the responsible Servicer servicing the borrower's portfolio provides the information. CDS reports subsequent disbursements on a previously "booked" loan to the Servicer.

CDS reports loan and disbursement cancellations to the Servicer. Generally, such cancellations are initiated by actions at the Institution and passed to CDS by the Loan Originator. CDS reports changes to the original loan amount (the amount for which the borrower signed a promissory note) to the Servicer. CDS also reports changes in the amount disbursed for a specific disbursement to the Servicer/LOS. The Servicer may also receive payments earmarked as a disbursement refund in Year 7.

Loan detail modifications are changes to information about a given loan which do not affect Direct Loan Program accounting information. Valid changes reported under loan detail modifications are corrections and/or changes to information about a loan. CDS reports changes to non-program accounting significant loan information, such as a change in a promissory note number, to the Servicer.

In addition, CDS reports changes to the SSN of a loan participant, date of birth or name changes, and address changes to the Servicer. Since the Servicer is the owner of borrower and loan information not related to loan amount or disbursement amount, the Servicer sends confirmation transactions back to CDS, allowing CDS to update information in the CDS database and forward information to LOS. CDS does not update its participant information until the Servicer has updated its information.

Servicer/LOS-identified errors in the transaction or conditions on the Servicer/LOS database, which suggest that the transaction action requested is inappropriate, are reported to CDS. Any transaction may have multiple errors associated with it. CDS reports any errors in transactions received, back to the originating partner an error transaction.

Central Data System

Periodically, the Direct Loan Servicer reviews the loan portfolio to determine if the borrower is either in delinquency for repayment or in default for a specific loan. The Department of Education defines the specific business rules for the determination of borrower delinquency and defaulted loans. The Servicer provides a monthly report on delinquent and defaulted loans to CDS.

The Lockbox receives and deposits payments for the Direct Loan Program. The Lockbox sends the payments and deposit summary documents to CDS. The Lockbox sends non-sufficient funds FNF for any returned item or data correction. CDS passes payments to the Servicer using Payment Receipt Transactions and Non-Sufficient Fund Application Transactions.

The Servicer and the borrower together determine the method and terms of loan repayment. In the case where the borrower chooses the EDA repayment method (Pre-Authorized Debit), the Servicer passes payment setup payment parameters to CDS. The borrower may elect to change his or her repayment method at any time during the loan repayment period.

For the EDA repayment, the Servicer reviews applications, returning incomplete ones to the borrower. The Servicer batches complete applications and forwards them with a transmittal letter to the EDA vendor. The EDA vendor returns new application information, pre-notification failures, and borrower change information to the Servicer through CDS. If CDS receives a pre-notification failure from the EDA vendor, CDS cancels any repayment setup that might have occurred for that borrower.

The Servicer then sends CDS the initial setup information. If EDA repayment is to be suspended, changed in amount or cycle date, or deleted, the Servicer sends this information to CDS. Once EDA repayment is established, periodic withdrawals from the Borrower's account are managed by CDS.

Central Data System

A borrower may request that his or her student loan be consolidated. The LCS takes action to perform the loan consolidation. The Servicer, as the holder of Direct Loans to be consolidated, participates in the consolidation process. The LCS requests Direct Loan payoff certification for a borrower from CDS. CDS identifies loans held by the Servicer for the borrower and requests loan payoff information from the Servicer. The Servicer provides payoff certification information to the LCS through CDS. The Servicer then receives information specifying the amount to be applied to payoff a specific loan from LCS through CDS. The Servicer reports any over or under payment information to the LCS via CDS.

Direct Loan partners report to CDS changes in the Department of Education funds. Funds being reported are drawdown by Institutions, return of excess cash, and interagency transfer of funds.

CDS maintains the master institution file for the Direct Loan Program. ED maintains all information in the CDS Institution file on-line. The CDS interface group performs as ED's backup. In addition, the Loan Origination contractor can modify specific Institution file fields on-line. Periodic batch updates to the Institution file are provided by ED's Postsecondary Education Participant System (PEPS). Weekly updates, which add new schools and provides demographic updates, are provided to CDS by PEPS. The Graphical User Interface is used to convert existing schools to the Direct Loan program and to perform eligibility updates. If institution information is modified, CDS reports the changes to the Servicer/LOS.

The batch initiated by one partner for transmission includes transactions, where financial information is being passed from the sender to the receiver. Transactions in error are returned to the sender for resolution. In addition, accepted transactions are counted and the record count of accepted and processed transactions is acknowledged to the sender. The financial batch cycle is considered complete after acknowledgment of accepted transactions and the receipt of error transactions are received by originating partners.

A business rule has been established that the financial batch cycle will take no more than 2 processing days. The first processing day takes place at the sender. The receiver's processing day begins with receipt of the sender's transmission. The receiver sends acknowledgements and errors by the end of its processing day.

Central Data System

Each financial batch is considered in balance if the formula below results in a zero value:

Total value of financially significant fields sent to the Servicer/LOS
Minus Total value of financially significant fields accepted by the Servicer/LOS
Minus Total value of financially significant fields reported in error by the Servicer/LOS Equals Zero.

Since CDS and the Servicer/LOS have financial batch information to determine that a financial batch is in balance, each party makes an independent determination that a given financial batch is in balance. When CDS determines that a financial batch is out of balance, the problem is referred to the CDS Interface Group for manual resolution with the Servicer LO or LC Interface Group. The Financial Batch Summary Level Balancing records accumulate to support Periodic System Balancing and the daily Schedule A Report.

The Monthly System Balancing process provides assurance that CDS and the Servicer or CDS and LOS both reflect the same amount and value of transactions processed correctly at each site over a given period of time. The process is designed to detect any discrepancies in the data passed by the Servicer to CDS and then to FARS or from LOS to CDS to DLSS or FARS.

DLSS, LOS, and CDS prepare a monthly System Balancing report presenting information from transaction activity. As a further aspect of Monthly System Balancing and Reconciliation, each Servicer/LOS prepares a Monthly Summary of Financial Transactions (Servicer Portfolio) Report and a Monthly Report of Work in Process. The Monthly Summary of Financial Transactions Report shows the change to the Servicer/LOS portfolio for a particular period as a result of the reporting period's business posted to the system. Its source is the Servicer/LOS database not the transaction activity.

The work in process information is based on a Servicer/LOS snapshot which reflects all transactions in batches dated on or before the last calendar day of the period and acknowledged on or before the next following business day. All transactions in batches that have not been acknowledged by the next business day following the end of the reporting period will be included in monthly system balancing for the following period. Such transactions are work in process and will be reconciling items between CDS-FARS and the Servicer or CDS and LOS.

Central Data System

For the purposes of monthly System Balancing, a month includes all financial batches initiated by either CDS or the Servicer/LOS included in a transmission sent within the month i.e., transmitted after midnight on the first day of the month and before midnight on the last day of the month.

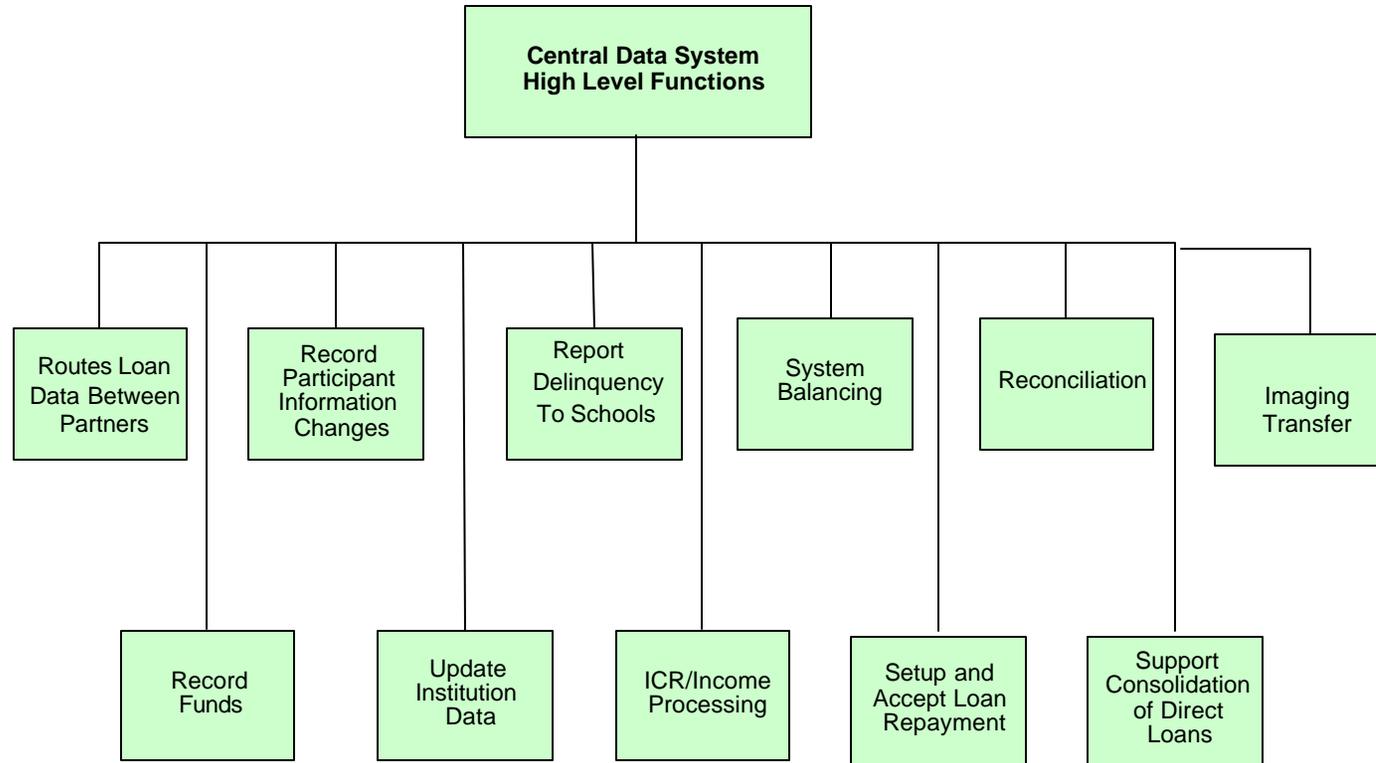
CDS and the Servicer/LOS both prepare independent monthly system balancing and reconciliation reports. The Servicer will submit monthly system balancing and reconciliation information to CDS. CDS Accounting compares and reconciles the reports. Inconsistencies are resolved during the comparison process. After inconsistencies are resolved, CDS reports completion of reconciliation to ED, with copy to the Servicer.

LOS reconciles with the institutions on a regular basis during each academic year. In addition, LOS reconciles with the institutions when they complete the close out of an academic year. The Megarecord process facilitates the close out process for an academic year. The disbursement confirmation by the Servicer for all transactions booked during a month aids LOS in reconciling with the institutions during an academic year.

The Direct Loan Program images are maintained by the Servicer/LOS and CDS. LOS maintains all images related to Loan Origination, such as promissory notes and Loan Origination correspondences. The Servicer maintains images related to the servicing of each loan including ICR Waivers. Standard image exchange protocol is maintained by CDS to ensure timely image exchange. Servicer/LOS can request images. The TIFF 4 formatted image is returned if available.

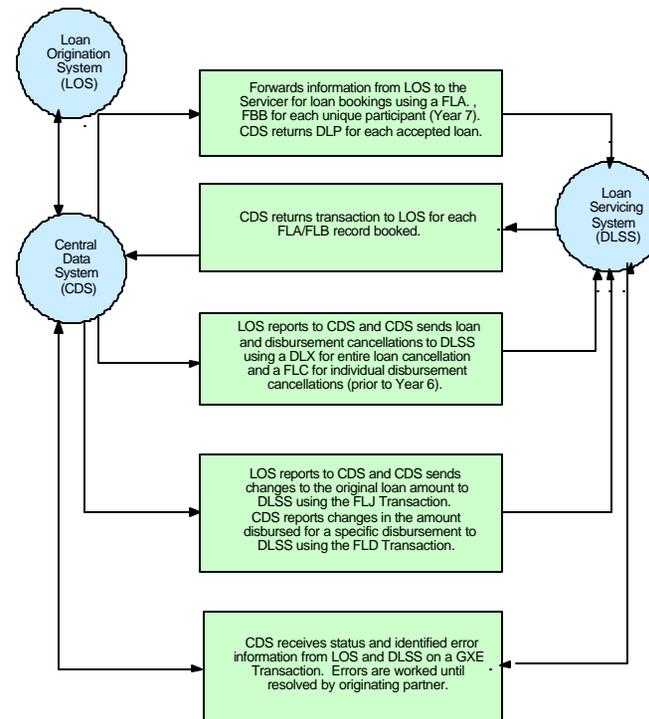
Central Data System (CDS)

High Level Functions



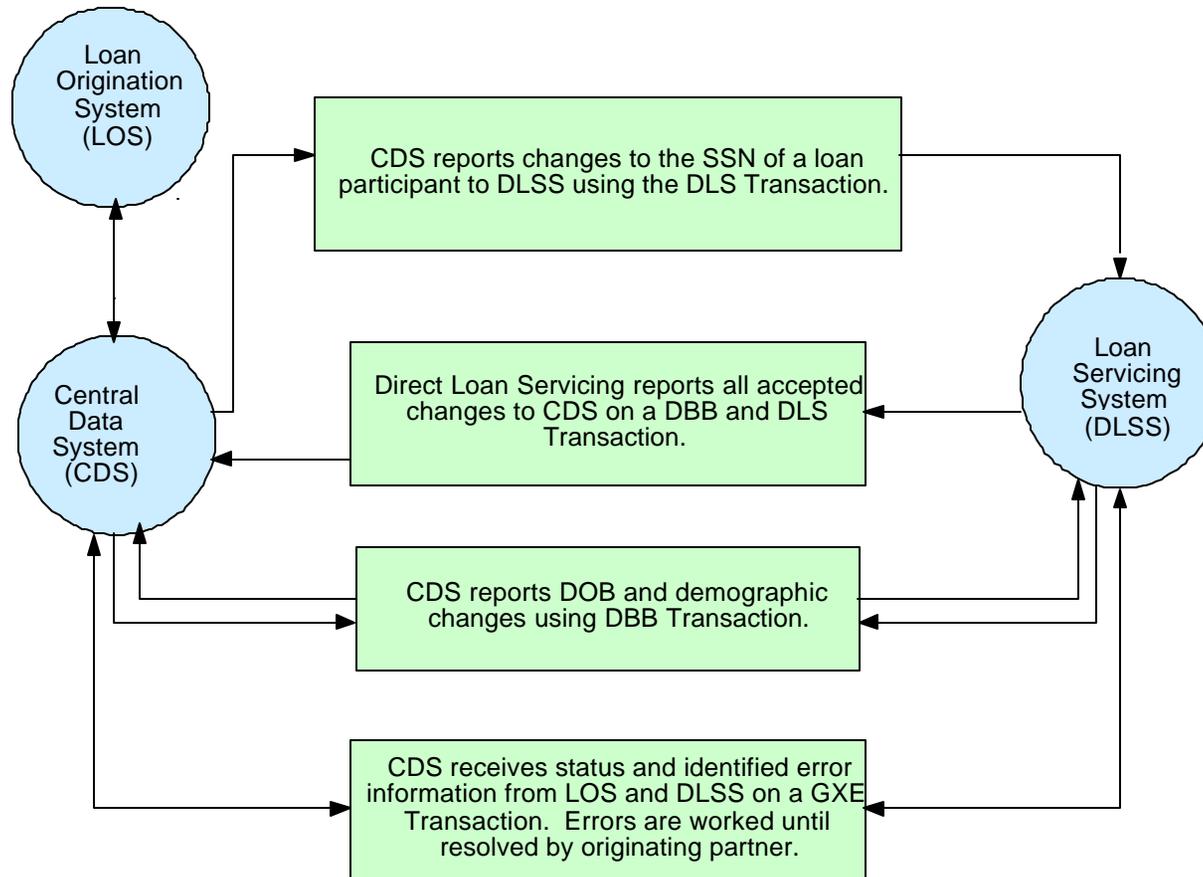
Central Data System (CDS)

Routes Loan Data Between Partners



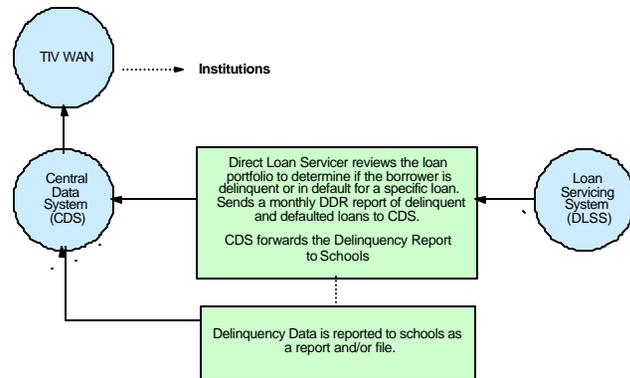
Central Data System (CDS)

Record Participant Information Changes



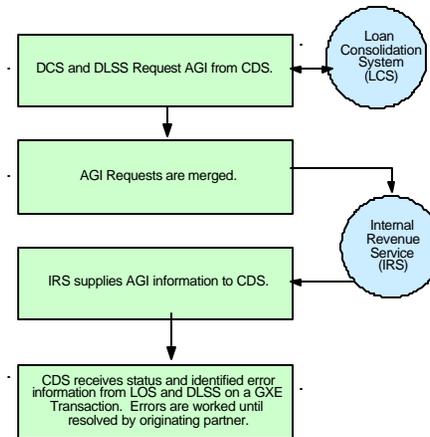
Central Data System (CDS)

Report Delinquency to Schools



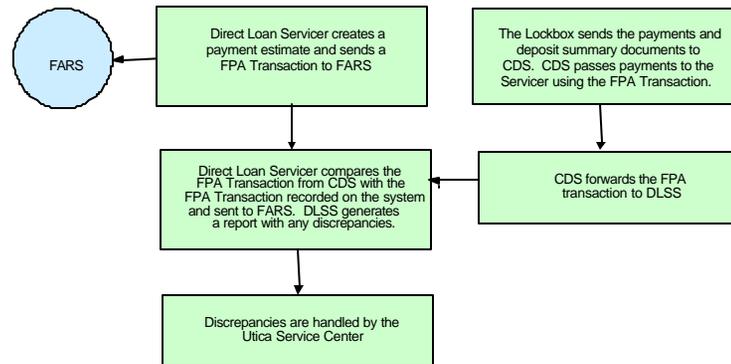
Central Data System (CDS)

ICR/Income Processing



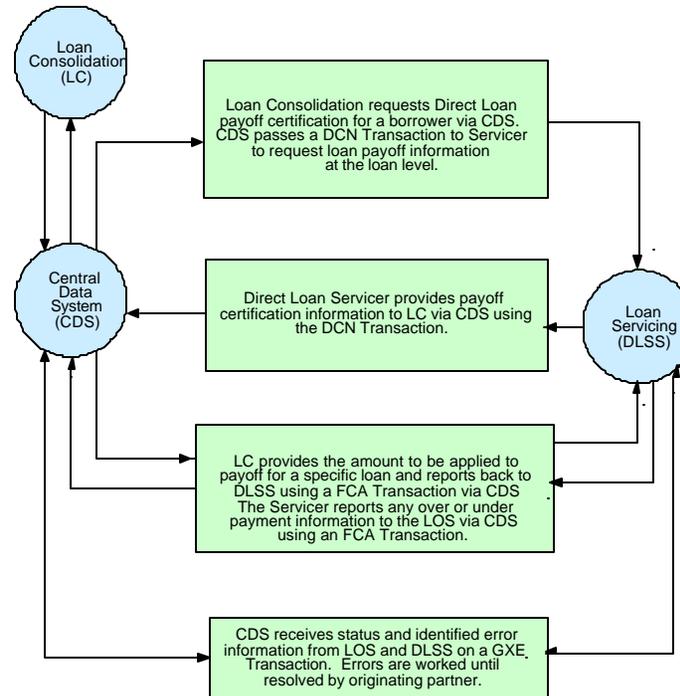
Central Data System (CDS)

Setup and Accept Loan Repayment



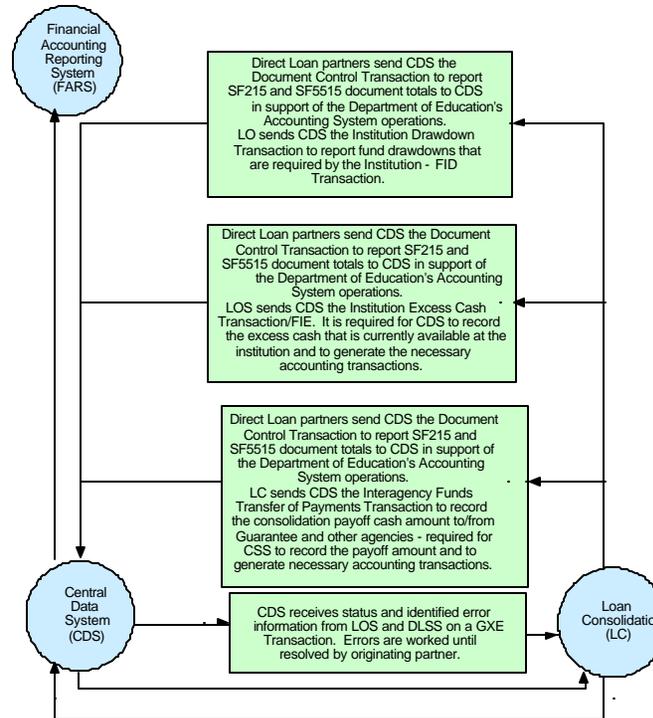
Central Data System (CDS)

Support Consolidation of Direct Loans



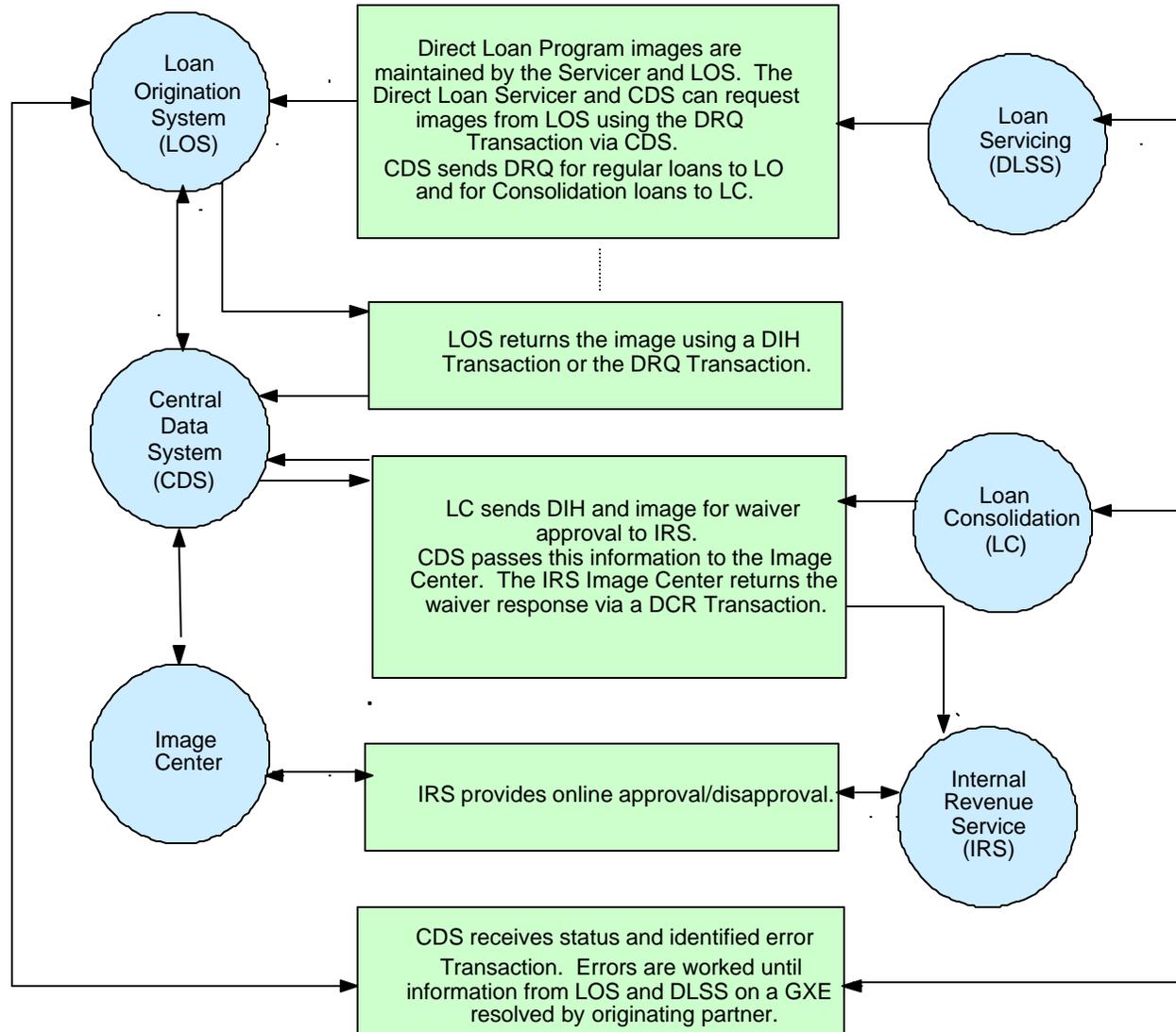
Central Data System (CDS)

Record Funds



Central Data System (CDS)

Imaging Transfer





Loan Servicing System

The purpose of this section is describe and graphically depict the main business processes for Loan Servicing. The following systems and processes are shown at a lower level of detail.

Loan Servicing

- High Level Functions
- Initiate Loan Servicing
- Maintain Borrower/Loan Status Information
- Produce Borrower Bills
- Review Outgoing Bills & Statements
- Perform Collections & Skip tracing
- Process Borrower Remittance
- Perform Customer Service
- Maintain Data
- Terminate Loan Servicing
- Generate Reports

Loan Servicing System

This document presents a high-level picture of the processes by which information is currently handled in the Direct Loan Servicing System (DLSS). The high-level functions and subordinate processes are shown for each functional area. Refer to the following Detailed Process Flow Diagrams for a pictorial overview.

The Servicing system will track loans received from the booking process through the in-school period and through payoff from either the borrower or the Department of Education as in the case of a defaulted loan.

The loans and disbursement information are received from LOS via the Central Data System (CDS) subsystem. A loan is booked by LOS only when a loan origination record is on file, an actual disbursement is received for the loan, and a valid signed promissory note is on file. The loan servicing functions include maintaining and updating status of borrowers and their loans throughout the life of loans. As the status changes, the system provides all necessary functions to process loans and notify the borrowers of any relevant activities.

Participant changes may be identified through the Servicer interface with National Student Loan Data System (NSLDS). NSLDS maintains information about all Department of Education (ED) Title IV loans and associated participants. The Direct Loan Servicer reports changes in the Servicer loan portfolio to NSLDS monthly.

The servicing system provides the borrowers with a monthly billing statement which is produced on one of four billing cycles: the 7th, 14th, 21st and 28th. Each bill contains the regular payment due, past due amounts, and any penalties such as late fees and dishonored check fees. All routine, new and modified bills and statements must go through a quality assurance review before they are sent to the Fulfillment Center for mailing. All payments received are accumulated throughout the day at the Lockbox, reconciled to the deposit at the close of daily payment operations, and applied to borrower accounts overnight.

Collection activities begin when a borrower has not made their scheduled payment and is ten or more days late. From this date, additional collection activities occur which include sending letters and calling the borrower at home and, if necessary, at work. The servicing system automatically generates notices and letters if the borrower continues not to make their payment.

Loan Servicing System

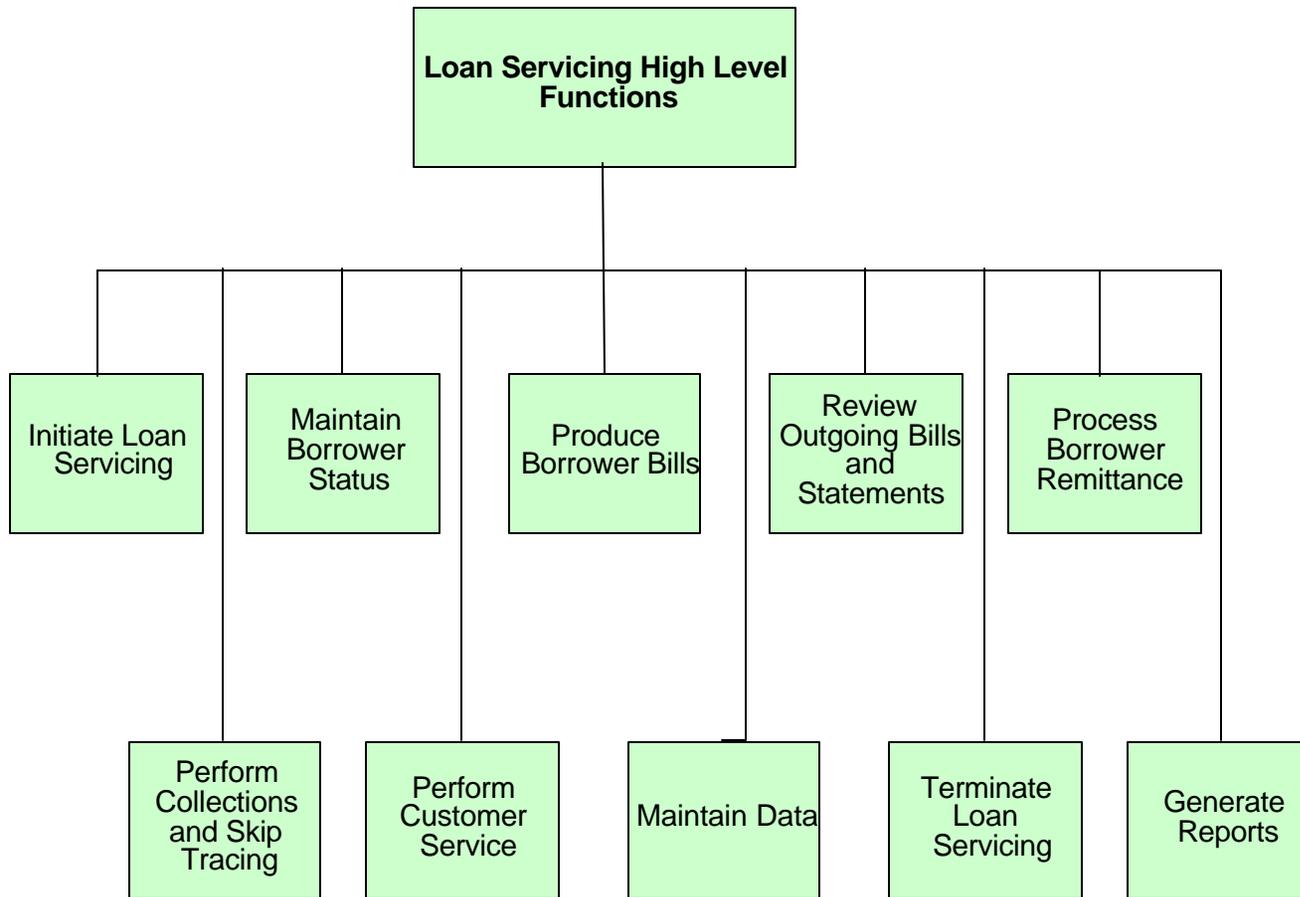
The Customer Service Representatives deal directly with borrowers to answer questions, resolve complaints and process any deferments, forbearances, and correspondence. The records of all actions taken to resolve issues are maintained for each account. Any data relevant to loan servicing activities is maintained. Specifically, the system receives, processes, and stores data regarding the borrower, endorser, loan, institution, and disbursement from various agencies/systems.

Loan servicing activities end when a loan is paid in full, discharged, or transferred to DCS. Defaulted loans are sent to ED's Debt Collection System (DCS). The appropriate information and documents are solicited for loans canceled due to death, disability, or bankruptcy. Any overpaid accounts are reviewed before refunds are generated.

The system generates various reports and files used in the operation of the DLSS. The system also provides loan information to outside agencies/systems such as the Department of Education's DCS, National Student Loan Data System (NSLDS), IRS, FFEL Consolidators, and credit bureaus.

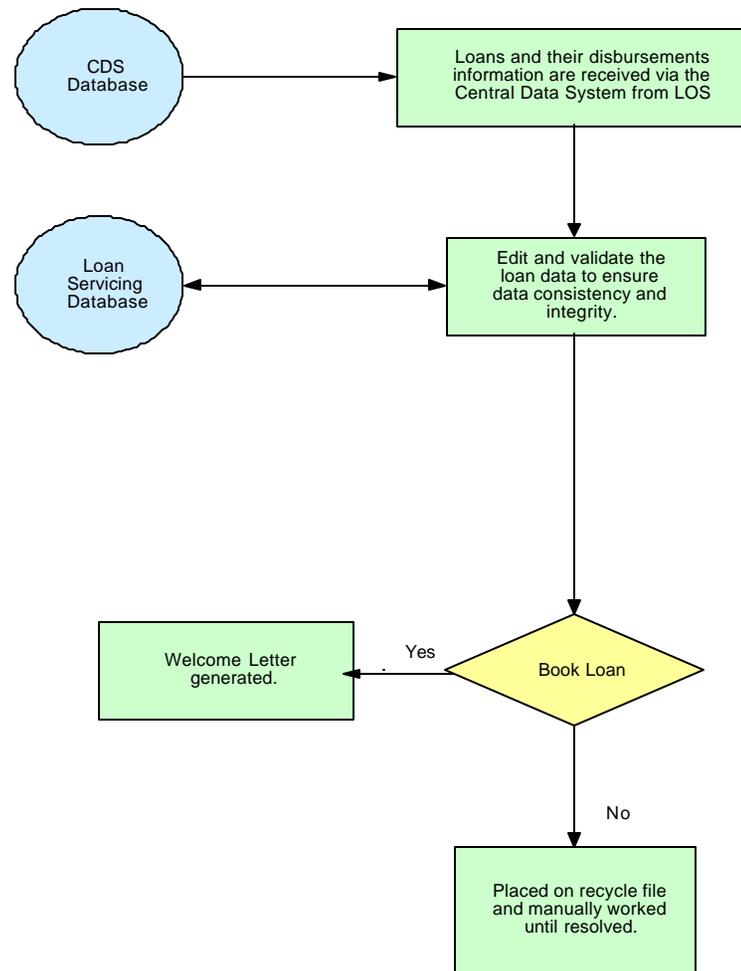
Direct Loan Servicing System (DLSS)

High Level Functions



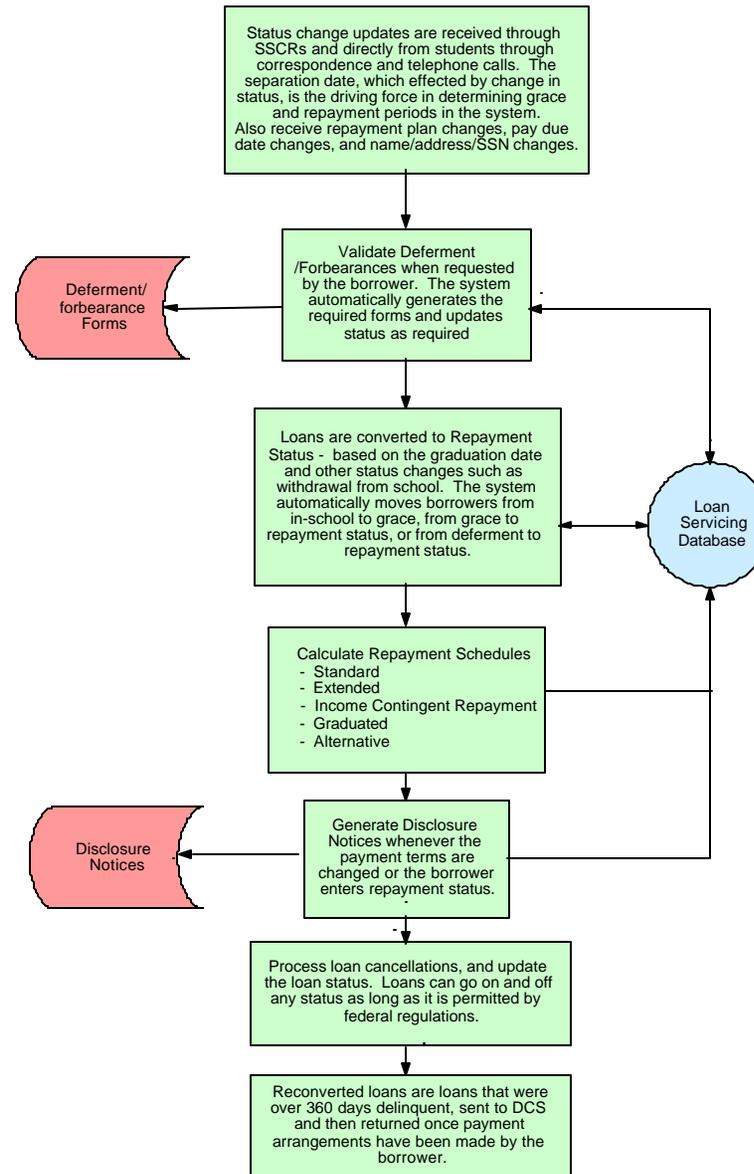
Direct Loan Servicing System (DLSS)

Initiate Loan Servicing



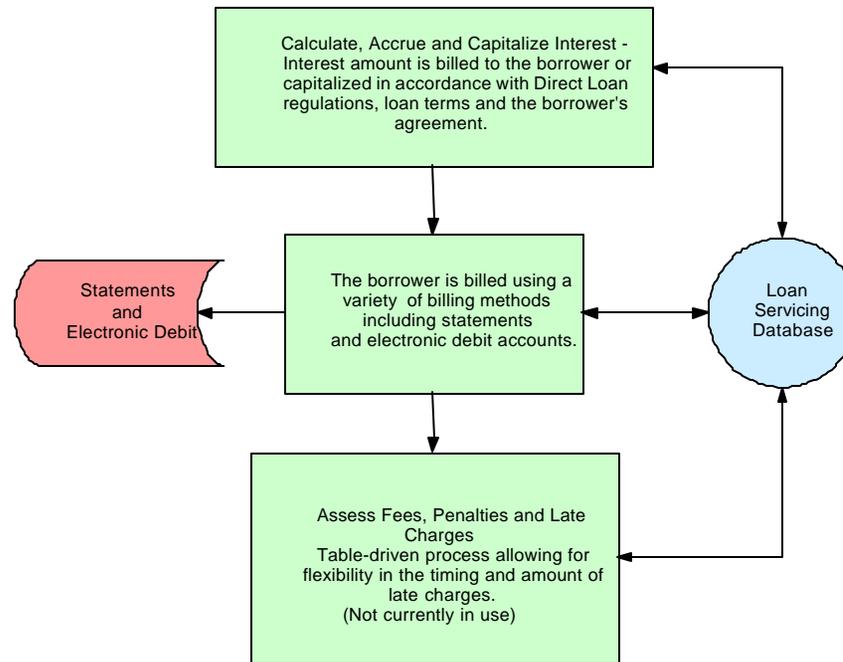
Direct Loan Servicing System (DLSS)

Maintain Borrower/Loan Status Information



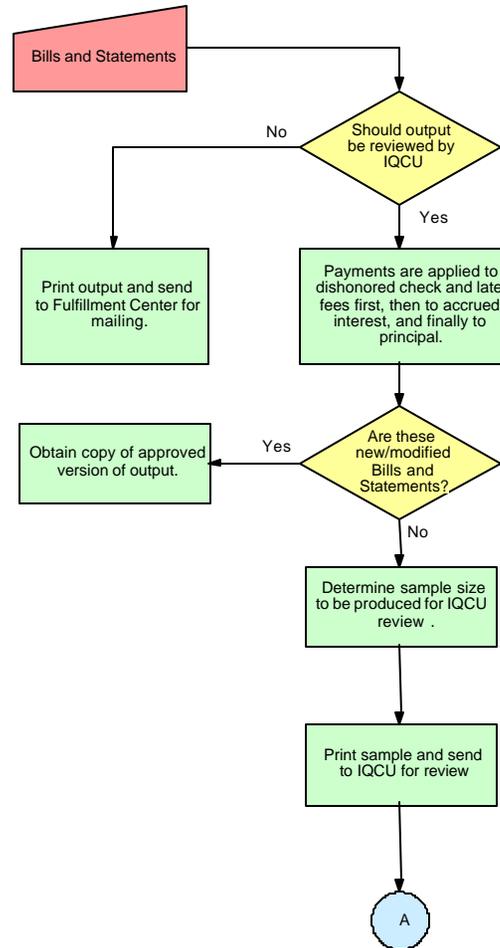
Direct Loan Servicing System (DLSS)

Produce Borrower Bills



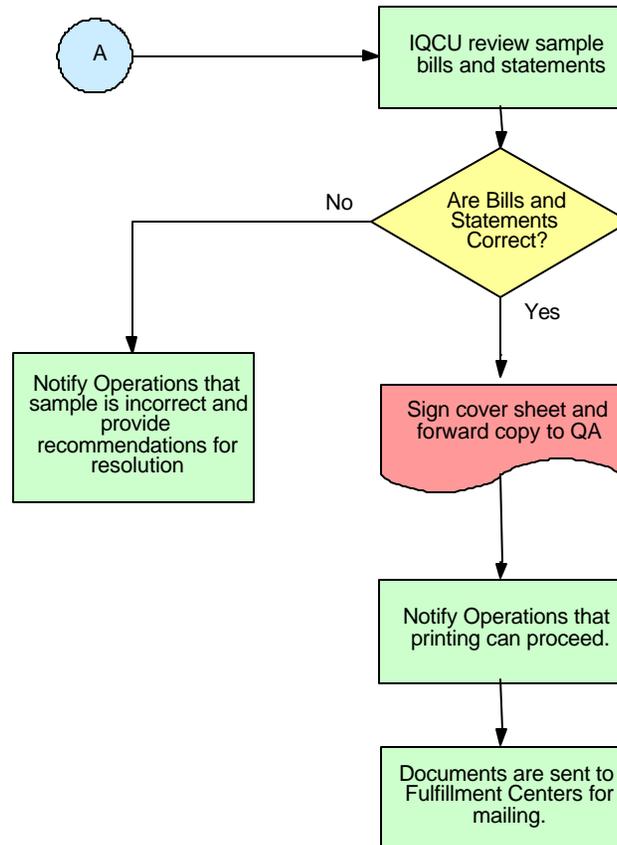
Direct Loan Servicing System (DLSS)

Review Outgoing Bills and Statements



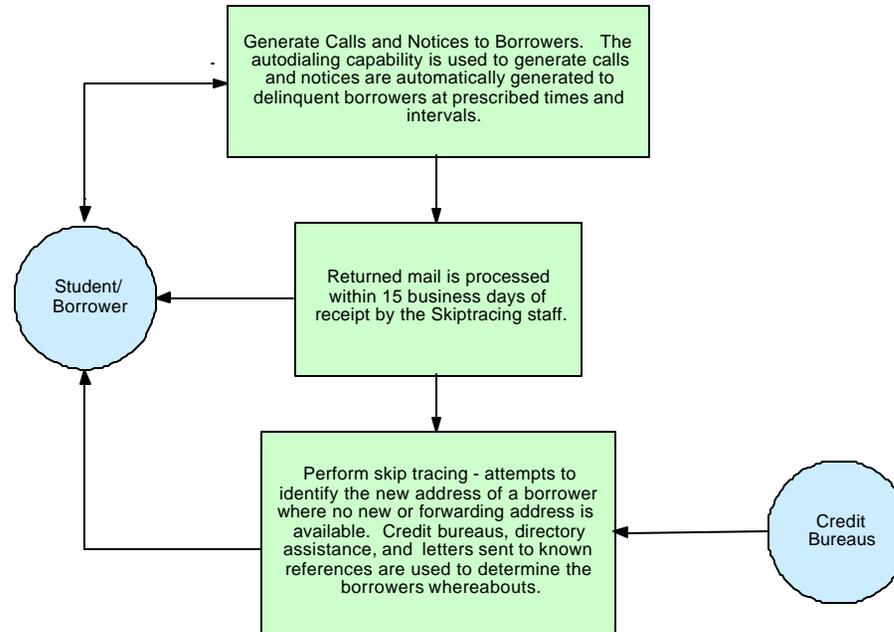
Direct Loan Servicing System (DLSS)

Review Outgoing Bills and Statements



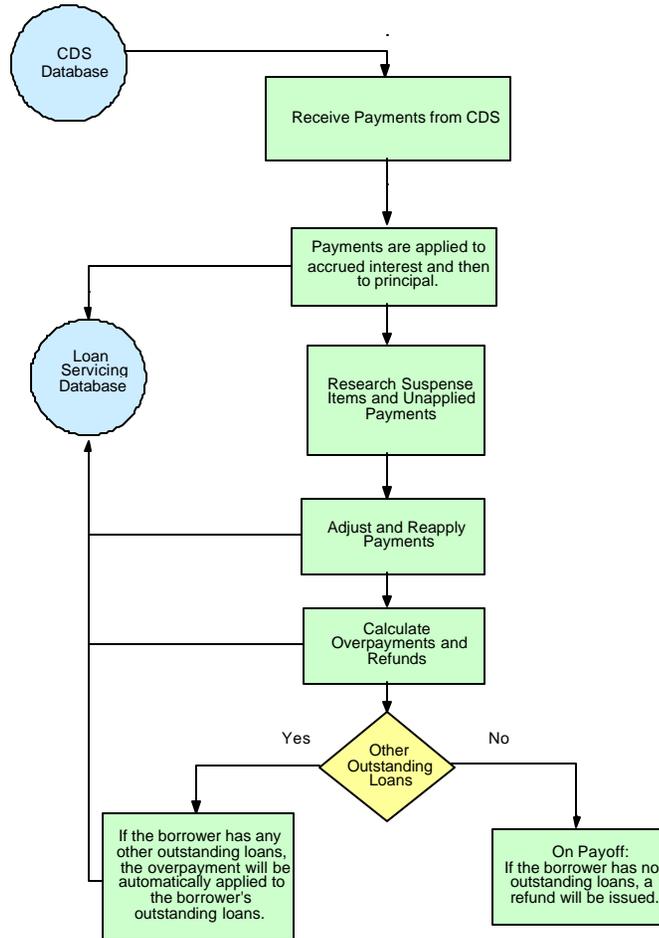
Direct Loan Servicing System (DLSS)

Perform Collections and Skip Tracing



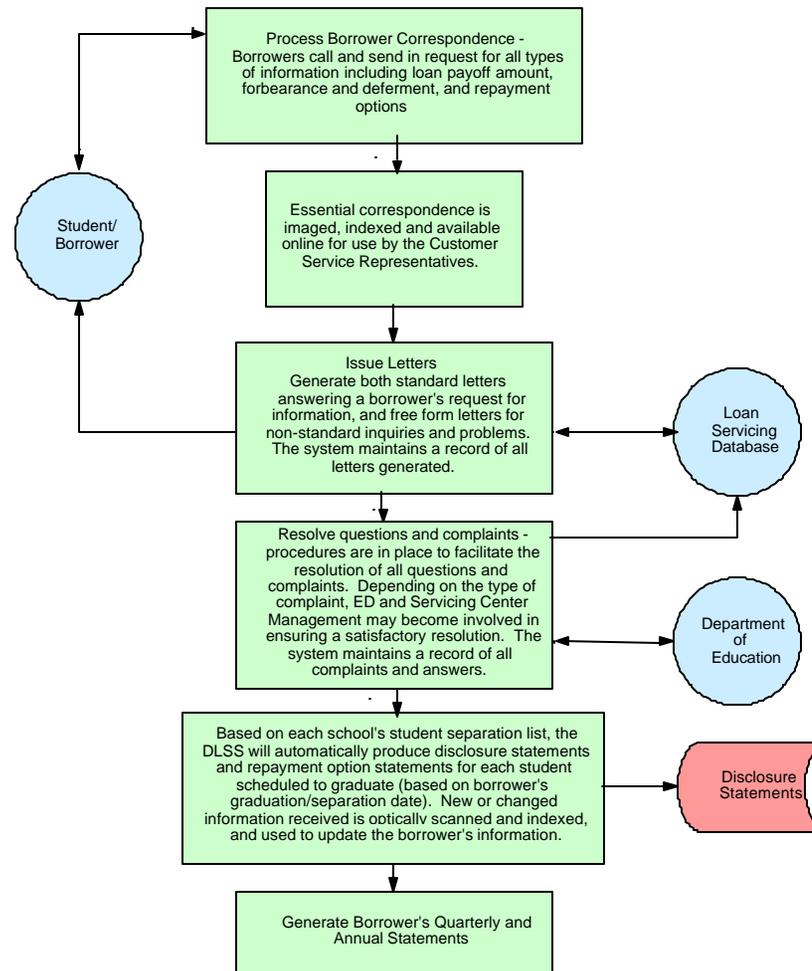
Direct Loan Servicing System (DLSS)

Process Borrower Remittance



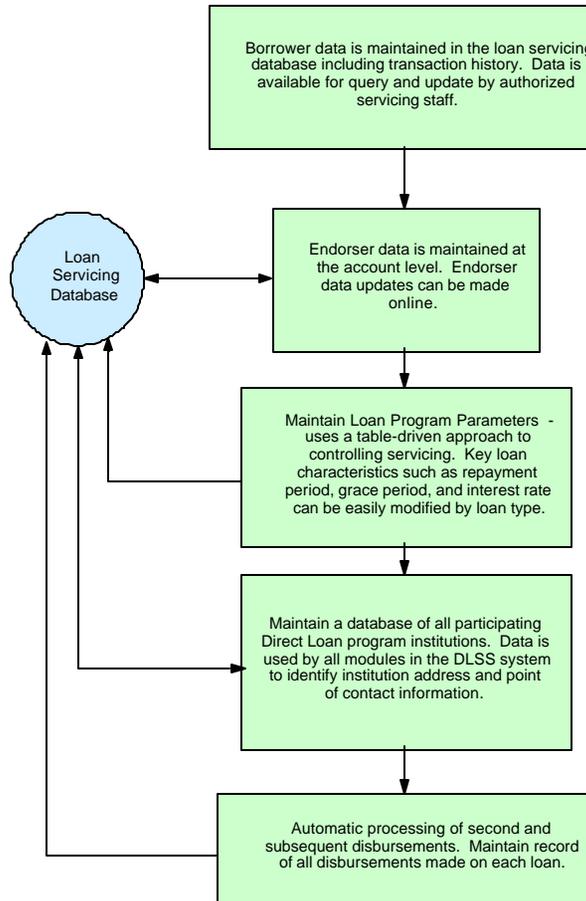
Direct Loan Servicing System (DLSS)

Perform Customer Service



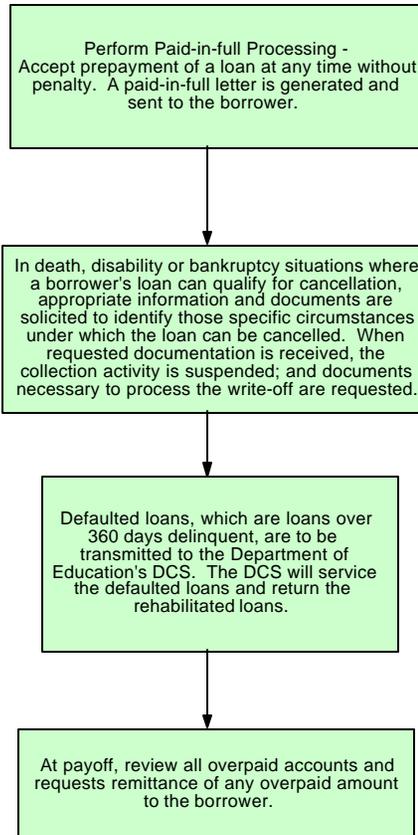
Direct Loan Servicing System (DLSS)

Maintain Data



Direct Loan Servicing System (DLSS)

Terminate Loan Servicing



Direct Loan Servicing System (DLSS)

Generate Reports

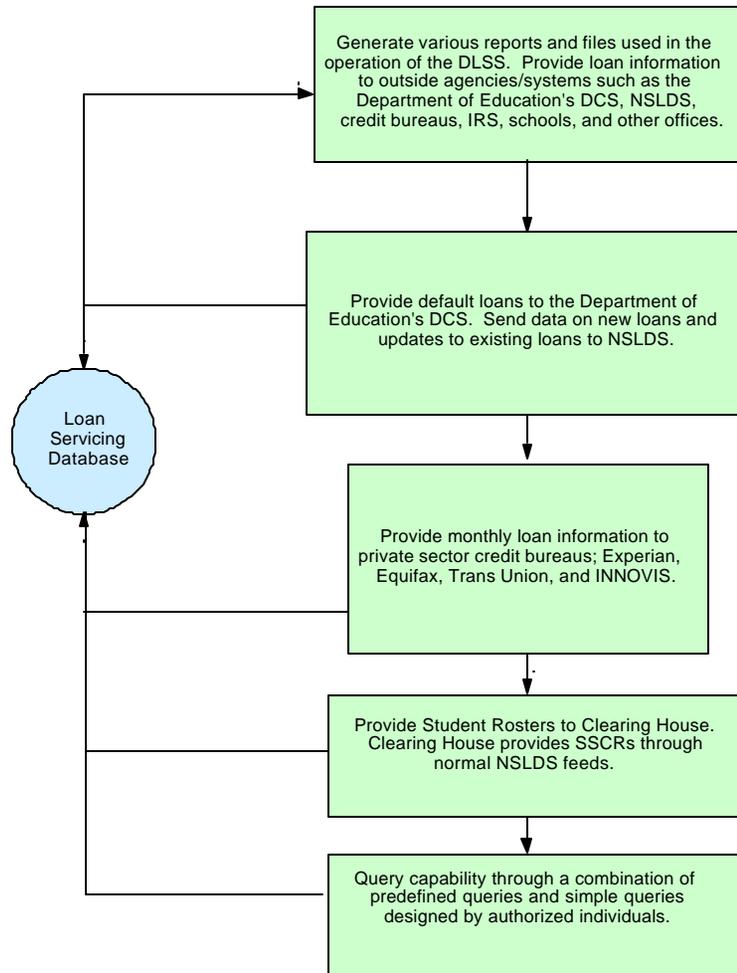




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System Cost and Volume Summary

The information in this section is based on Fiscal Year 1999 and was provided by the Department of Education for Loan Origination, Loan Consolidation, and Loan Servicing.

This section includes a summary listing cost summaries for deliverables, ad hoc information, development, and key personnel.

Additionally, deliverable lists are included with the total units and total expenditures for the year. A unit description is provided.

Total expenditures per deliverable are determined by using the unit pricing schedule for the associated system. The pricing schedule includes a base pricing volume, base volume price, 200% volume price, and an over 200% unit price.

Cost Summary Fiscal Year '99*

System	Deliverables	Ad Hoc	Development	Key Personnel	VDC	Total	Units	Total Unit Cost
Central Processing**	\$31,551,031	Included	Included	Included	\$3,528,268	\$35,079,299	Applications: 9,935,226	\$3.53
Loan Origination	\$27,169,065	\$414,952	\$8,224,374	\$1,916,964	\$334,777	\$38,060,132	Originations: 1,829,502	\$20.80
Loan Consolidation	\$29,879,826	\$0.00	\$4,095,573	\$1,199,594	\$334,777	\$35,509,770	Consolidations: 286,850	\$123.80
Central Database	\$10,780,333	\$347,139	\$7,335,631	\$3,059,541	\$3,846,168	\$25,368,812	Average Loans: 11,319,606	\$2.24
Loan Servicing	\$84,248,485	\$1,877,903	\$17,313,974	\$6,094,365	N/A	\$109,534,727	Average Loans: 11,319,606	\$9.68
Total	\$183,628,740	\$2,639,994	\$36,969,552	\$12,270,464	\$8,043,990	\$243,552,740		

* Cost Summaries are from invoices and not a reflection of accounting summaries

** CPS

• Contract structure for cost and volume is based on 1998-1999 academic year

Central Processing System AY '98-'99

Deliverable Name	Units	Unit Description	Average Unit Cost	Total Expenditure
ADE Startup	56,386		\$1.13	\$63,434
Implementation Plan	1	one approved plan	\$87,705.63	\$87,706
CICS Requirement Definition	1	one accepted spec	\$17,257.58	\$17,258
Implement CICS System	1	one accepted system	\$85,391.21	\$85,391
Test CICS System	1	one lot	\$47,427.81	\$47,428
History Corrections from PIC	1	one system change	\$13,616.43	\$13,616
FAFSA Express Signature Page	0			\$0
CICS - Applications	227,954	one processed application	\$2.05	\$466,345
Processing Original/Corr Apps	23,065	one processed application	\$2.26	\$52,185
CICS History Corrections	25	one processed application	\$1.41	\$35
CICS Renewal Application	262,545	one processed application	\$1.58	\$414,706
Renewal Application 50,000+	2	one processed application	\$1.53	\$3
Initial Storage Preparation	526	one box	\$9.52	\$5,009
Monthly Document Storage	9,206	one box per month	\$0.85	\$7,855
Document Retrieval	519	one retrieval	\$0.97	\$502
Transportation of Documents	14,286	time & material	\$1.12	\$16,072
Processing of Lost Applications	1		\$4,215.22	\$4,215
Implement Process Sys. Specs-Draft	1	one accepted activity	\$103,363.69	\$103,364
Compute Subsystem Test	2	one accepted activity	\$198,020.47	\$396,041
Impl App Process Sys-MDE History Corr	1	one accepted activity	\$149,574.01	\$149,574
Query Capability	1	one accepted activity	\$244,213.39	\$244,213
Convene Focus and Advisory Groups	10	one session	\$19,694.58	\$196,946
Convene Focus and Advisory Groups	3	time & material	\$9,547.06	\$28,641
EDE Requirements and Specs Dev	1	one accepted product	\$194,598.50	\$194,599
EDEExpress Software	8	one software package	\$286,441.29	\$2,291,530
EDEExpress Window User Guide	1	one user guide	\$150,092.01	\$150,092
EDE Technical Reference	1	one technical reference	\$80,574.34	\$80,574
Direct Loan Technical Ref	1	one direct loan technical re	\$9,162.46	\$9,162
EDEExpress Desk Reference Update	90,650	one accepted product	\$3.14	\$284,641
Implement Process Sys Specs-Final	1	one accepted activity	\$36,377.41	\$36,377
Tech Specs - Additions and Updates	2	one accepted product	\$16,940.90	\$33,882
Test Cases - User Dev. Soft. - Draft	2	one accepted product	\$13,912.56	\$27,825
Test Cases - User Dev. Soft. - Final	1	one accepted product	\$2,621.06	\$2,621
Technical Assistance for User Developed	83	one telephone call	\$28.33	\$2,351
Specifications for FAFSA Express	1	one accepted product	\$38,791.87	\$38,792
FAFSA Express Software	2	one software package	\$157,349.85	\$314,700
Dup & Dist FAFSA Express	7,199	one software package	\$3.72	\$26,786
Electronic Statement of Account Print Software	1	one software package	\$20,743.39	\$20,743
SAR Print Specifications - Draft	1	one accepted product	\$12,190.83	\$12,191
SAR Print Specifications - Final	1	one accepted product	\$2,868.48	\$2,868
Renewal App Print Specs - Draft	1	one accepted product	\$13,062.24	\$13,062
Renewal App Print Specs - Final	1	one accepted product	\$2,835.68	\$2,836
Develop Mockups for SAR	1	one accepted product	\$7,869.40	\$7,869
Develop Mockups for Renewal App	1	one accepted product	\$5,020.40	\$5,020
Assistance for Student Aid Doc	1	one accepted product	\$12,506.81	\$12,507
Document Redesign and Research	2	one accepted product	\$173,132.04	\$346,264
FAFSA on the Web Usability Testing	1	one test	\$16,351.70	\$16,352
Document Design Consulting	1	one lot	\$7,664.51	\$7,665
Analysis/Date Element - Draft	1	one accepted product	\$15,338.63	\$15,339
Analysis/Date Element - Final	1	one accepted product	\$4,280.33	\$4,280
Final System Test - Ren. App	2	one accepted product	\$14,311.00	\$28,622
Final System Test - Ren. App	1	one accepted product	\$3,515.60	\$3,516
App Processing & EDE App. And ISIRS - Contract Ce	1	one certification	\$28,417.40	\$28,417
App Processing & EDE App. And ISIRS - System Int	1	one accepted activity	\$8,693.30	\$8,693

Central Processing System AY '98-'99

Deliverable Name	Units	Unit Description	Average Unit Cost	Total Expenditure
MDE History Correction Certification	0	one certification		\$0
MDE History Correction Integration	0	one accepted activity		\$0
Electronic Payment - System Test and Walkthrough	1	one accepted activity	\$3,504.60	\$3,505
LL Other Functions	0	one accepted product		\$0
Update CPS/1/4 Sys Test Plan	5	one accepted product	\$27,991.05	\$139,955
	1		\$65,591.30	\$65,591
Update CPS/1/8 Contractor's Network	1		\$9,006.83	\$9,007
Update CPS/1/9 TIV WAN Connect	1		\$6,338.93	\$6,339
Proc Manual - Rapp User Manual	1	one accepted product	\$22,718.57	\$22,719
Proc Manual - App Processing Chap	1	one accepted product	\$72,424.74	\$72,425
System Documentation	1	one accepted product	\$214,681.93	\$214,682
FTS 2000 Dedicated Telecomm Lines	1	one accepted activity	\$87,958.88	\$87,959
Training Plan - Management Plan	-1		-\$110,787.77	\$110,788
Training Plan - Logistical Support Portion	1		\$23,909.98	\$23,910
Training Plan - Quality Control Portion	1		\$34,418.35	\$34,418
Curriculum Outline	0			\$15,978
Schedule of Delivery of Sys Workshops	2		\$23,587.25	\$47,175
Development of Trainee Guides	1		\$265,273.80	\$265,274
Development of Instructor Guides	1		\$65,880.74	\$65,881
Criteria for Selection of Instructors	-1		\$16.65	-\$17
Reproduction of Trainee and Instr Guides	0			\$7,173
Mailing of Camera Ready Trainee and Instr Guides	0			\$0
Training of Trainers	1		\$100,080.52	\$100,081
Camera Ready Errata and Supplements	1		\$39,571.50	\$39,572
Instructors Packets	2		\$33,044.38	\$66,089
Imple App Process Sys-App File	2	one accepted activity	\$174,813.24	\$349,626
Impl App Process Sys-App Processing	1	one accepted activity	\$505,262.81	\$505,263
Video Conf and Taped Sessions - Script Outline	0			\$3,479
Video Conf and Taped Sessions - Script Develop.	0			\$17,638
Video Conf and Taped Sessions - Schedule	2		\$3,754.40	\$7,509
Video Conf and Taped Sessions - Training Material	0			\$0
Imple of Training - Camera Ready - Training Matls	56,534		\$5.73	\$324,007
Imple of Training - Conduct Training	73,774		\$3.91	\$288,575
Imple of Training - Video Conf	0			\$12,662
Final Report and Evaluation	1		\$296,212.54	\$296,213
FAFSA Application Development	1		\$361,251.87	\$361,252
CPS System Modification	1		\$46,276.61	\$46,277
Acceptance & Integration Test	1		\$135,861.64	\$135,862
Customer Service	1		\$16,888.87	\$16,889
Browser Certification Access	1		\$4,018.94	\$4,019
Browser Regression Testing	10,429		\$1.12	\$11,732
Browser Maintenance	31,845		\$1.17	\$37,303
Operations Management	1		\$28,630.95	\$28,631
EAC Distribution Quality Assurance	13		\$9,875.24	\$128,378
FOTW Application Status Check	1		\$6,672.49	\$6,672
ADA Customer Support Service	1		\$18,629.51	\$18,630
NSLDS Post Screening Development	1		\$41,256.52	\$41,257
Windows Version of FISAP Software	1		\$139,648.15	\$139,648
Title IV List Serv Requirements	1		\$38,861.56	\$38,862
Functional Risk Analysis	0			\$0
Test Plan	-3		\$11,254.55	-\$33,764
Conversion Plan	0			\$0
Test Cases	0			\$0
Test Schedule	0			\$0

Central Processing System AY '98-'99

Deliverable Name	Units	Unit Description	Average Unit Cost	Total Expenditure
Functional Risk Level Assessment	0			\$0
Weekly Status	0			\$0
Functional Risk Level Assessment	1		\$23,473.32	\$23,473
Renovate CPS Mainframe	1		\$110,025.00	\$110,025
Regression Test - MF	1		\$8,101.25	\$8,101
Operational Test - CPS Mainframe	1		\$28,222.30	\$28,222
Validation - CPS Mainframe	1		\$99,365.60	\$99,366
Setup for Real Time Testing CPS Mainframe	1		\$10,194.00	\$10,194
ED-ROM Development	1		\$77,900.00	\$77,900
32 Bit SSCR Development	1	one lot	\$52,433.26	\$52,433
32 Bit SSCR Conversion	1	one lot	\$48,209.29	\$48,209
Processing of Application Records	6,484,425	one application from origin	\$0.08	\$509,334
Processing of Request for Dups	262,427	one request for duplicate re	\$0.05	\$13,358
Processing of EDE Elec Corrections	3,100,291	one correction to applicant	\$0.09	\$271,994
Processing of MDE History Corrections	3,131,012	one history correction to ap	\$0.10	\$322,569
Generate and Print Renewal Applications	12,878,266	one renewal application	\$0.18	\$2,305,210
Create RAD Files for Transmission	1,310	one RAD file	\$5.90	\$7,734
Receive and Process Rapp's	3,450,801	one renewal application rec	\$0.06	\$196,669
Production of Student Aid Reports	16,685,811	one SAR	\$0.29	\$4,837,488
Reprocess Computed Records	413,902	one reprocessed computed	\$0.08	\$33,940
Process Applicant Data Request Forms	3	one request	\$18.60	\$56
Produce Full Records on Magnetic Tape	210	one applicant tape	\$7.17	\$1,506
Produce Full Records on Magnetic Cartridge	101	one applicant cartridge	\$5.32	\$537
Institution Level Summary Data File	34	one file	\$315.88	\$10,740
Sample Data Base Requirement	3	one complete draw	\$20,942.20	\$62,827
Online Application Data - Online Storage of Imaged	1,772,193	one gigabyte day	\$0.80	\$1,421,298
Return Mail Notice	222	1,000 application records ir	\$95.05	\$21,101
Production of EOY Report - Proposed Approach	1	one complete report	\$12,270.50	\$12,271
Production of EOY Report - Test Tables Delivered	1	one complete report	\$33,302.34	\$33,302
Production of EOY Report - Draft Narrative and Ta	1	one complete report	\$31,934.19	\$31,934
Production of EOY Report - Model Sample File Prel	1	one complete report	\$33,826.55	\$33,827
Production of EOY Report - Model Sample File Fina	1	one complete report	\$28,665.86	\$28,666
Production of EOY Report - Final EOY Report Unpub	2	one complete report	\$14,154.84	\$28,310
Production of EOY Report - Merged File	1	one complete report	\$20,629.96	\$20,630
Production of EOY Report - Programming Documenta	0	one complete report		\$0
Eligible Applicant File - Prod Test	4,441,000	1,000 eligible records	\$0.00	\$4,282
Hold File	60	one file	\$62.15	\$3,729
Mailing Services	11,001	1,000 mailed items	\$0.97	\$10,722
Title IV Institution File	145	one file	\$98.84	\$14,332
Title IV Name & Address Confirmation	1	one accepted product	\$23,377.79	\$23,378
EDE Institution Master File	445	one file update	\$31.23	\$13,896
Pre-Prod Test of Processed Appl Record	363	one complete production te	\$40.85	\$14,830
Pre-Prod Test of Correction Submission - Elec HC	881	one complete test review	\$7.42	\$6,540
Elec Data Exchange Appl Submission	2,174,249	one application	\$0.02	\$34,546
Transmission of Processed Appl Records	81,536,889	one processed application r	\$0.01	\$597,559
Handling Corrections to Appl Records	3,585,758	one correction record	\$0.04	\$154,990
Handling Requests for Dups of Processed App Record	90,351	one request for duplicate re	\$0.07	\$5,887
Handling Requests for YTD ISIRS via the Network	1,256,181	1,000 processed application	\$0.04	\$52,445
Handling Requests for YTS ISIRS Data on Tapes or	467,581	1,000 processed application	\$0.05	\$21,495
User Services Support	359,633	one telephone call	\$12.49	\$4,491,816
On-Site Technical Assistance	3	time & material	\$12,040.10	\$36,120
Mailing Enhancements	11,491,163	one renewal application	\$0.02	\$229,831
Fast Forward	632,639	one renewal application	\$0.11	\$69,590
Billing System	20	one file transfer	\$2,322.09	\$46,442

Central Processing System AY '98-'99

Deliverable Name	Units	Unit Description	Average Unit Cost	Total Expenditure
MIS Report	20	one set of reports	\$7,588	\$151,756
Ad Hoc Reports	6		\$3,744	\$22,463
Ad Hoc Reports	0			\$0
Receive MDE Data & Prepare Summ Rpt	8	one accepted product	\$1,816	\$14,525
Inquiry/Update Capability	8,704,163	1,000 accessions	\$0	\$1,424,518
Inquiry/Update Equipment	8,110	one product	\$1	\$9,123
Quality Control Production and Review	6	one calendar quarter	\$75,564	\$453,384
Annual Requirements Analysis	2	one accepted product	\$108,164	\$216,328
Access	1	one accepted product	\$152,832	\$152,832
Dedicated Telecommunication Support	50,989	support for one line for one	\$3	\$149,081
FDR Hold File	4,570	one request	\$0	\$55
Training of Trainers	2		\$2,078	\$4,156
EDE Conference Support 1 1/2 Hour Over	4	labor and curriculum prepa	\$1,998	\$7,993
PC Lab - ED/QA Conf.	1		\$2,724	\$2,724
PC Lab - RMAFSA	1		\$4,562	\$4,562
NSLDS	2		\$0	\$0
Paper Products	954,352	time & material	\$1	\$1,073,646
Curriculum Analysis	3	one analysis	\$4,130	\$12,391
Training Guide	35	one guide	\$4,014	\$140,504
Training Slide Show	35	one slide show	\$1,234	\$43,177
Hands on Exercise	30	one exercise	\$2,189	\$65,671
Presentation Slide Show	24	one slide show	\$5,015	\$120,370
Live Training Presentation	84,566		\$1	\$95,137
Time and Material	176,669		\$1	\$198,753
NSLDS Postscreening	38	one file	\$252	\$9,557
ED-ROM Production	1	one review	\$20,521	\$20,521
SSA Reprocessing	1		\$32,897	\$32,897
Conference Support	193		\$11	\$2,091
Conference Support	0			\$0
Conference Support	0			\$0
Conference Support	0			\$0
Rocky Mountain Conference Support	3,942		\$1	\$4,435
Conference Support T & M	110		\$63	\$6,892
Myrtle Beach, SC	0			\$0
Total				\$31,551,031

Loan Origination System FY'99

Deliverable Name	Units	Unit Description	Average Unit Cost	Total Expenditure
Standard Loan Origination - Level 3	12,885	one loan origination	\$0.90	\$11,604
Option 1 Origination - Alternate - Level 2	71,268	one loan origination	\$0.85	\$60,262
Option 2 Origination - Level 1	1,738,985	one loan origination	\$0.37	\$640,642
Generate and Mail Letters	1,950,393	one letter sent	\$0.02	\$29,997
Image Documents	4,961,663	one page imaged	\$0.08	\$407,452
Reconcile Drawdowns	5,266	one reconciliation batch processed	\$13.16	\$69,300
Maintain School Data File	12	fixed monthly charge	\$994.04	\$11,929
Process Payments	18,875	one payment received	\$0.72	\$13,581
Key Enter PLUS Applications	0	one application key entered	\$0.00	\$0
Process Plus Credit Checks	237,461	one PLUS loan processed	\$2.09	\$495,151
Overprint Envelopes	2,730,000	one envelope overprinted	\$0.03	\$89,271
Storage	13,063	one pallet stored	\$1.83	\$23,914
Mail and Courier Services	12	fixed monthly charge	\$247.53	\$2,970
Disaster Recovery Demo (Annual)	1	annually	\$8,514.98	\$8,515
Documentation Updates (Quarterly)	3	fixed quarterly charge	\$17,180.55	\$51,542
Training	0	one training session	\$0.00	\$0
Document Retrieval	0	one storage document retrieved	\$0.00	\$0
Disposal of Materials	18,477	one pound of materials destroyed	\$0.78	\$14,412
Develop Forms	0	one form developed	\$0.00	\$0
Expedited Shipments	43,216	one shipment sent	\$6.50	\$280,773
Distribute Program Materials (Bulk Shipment)	36,361	one box of materials distributed	\$0.68	\$24,681
Maintain Borrower and Loan Records	31,663,275	one loan booked (maintenance)	\$0.72	\$22,642,603
Accumulated List of Credit Decisions Report	12	one report produced (monthly)	\$29.51	\$354
Loan Origination Summary Report	12	one report produced (monthly)	\$66.08	\$793
Promissory Notes Prepared by Contractor Report	12	one report produced (monthly)	\$29.51	\$354
Promissory Note Tracking Report	12	one report produced (monthly)	\$104.87	\$1,258
Correspondence Tracking Report	12	one report produced (monthly)	\$58.77	\$705
Customer Service Activity Report	12	one report produced (monthly)	\$234.06	\$2,809
Loan Booking Report	245	one report/ file produced (on demand)	\$52.70	\$12,911
Loan Disbursement Summary Report	12	one report produced (monthly)	\$46.27	\$555
Characteristics of Participating Institutions Summary Report	14	one report produced (monthly)	\$30.31	\$424
Government Furnished Material (GFM) Inventory Report	12	one report produced (monthly)	\$234.06	\$2,809
Status of School Reconciliations Report	0	one report produced (monthly)	\$0.00	\$0
Warehouse Duplicate Borrower Records	9	one report produced (monthly)	\$29.38	\$264
Materials Distribution Report	12	one report produced (monthly)	\$560.01	\$6,720
Quality Analysis/Control/Improvement Report	12	one report produced (monthly)	\$1,124.31	\$13,492
System Performance Report	6	one report produced (monthly)	\$29.38	\$176
Generate Additional Production Reports	0	one report produced (on demand)	\$0.00	\$0
Daily Listing of Deposits Report	245	one report/ file produced (daily)	\$29.38	\$7,199

Loan Origination System FY'99

Deliverable Name	Units	Unit Description	Average Unit Cost	Total Expenditure
Listing of Applied/Unapplied Payments Report	12	one report/file produced (monthly)	\$58.64	\$704
Management Control Report	5	one report/file produced (monthly)	\$234.06	\$1,170
Excess Cash Report	8	one report/file produced (monthly)	\$29.38	\$235
Project Status Reporting Report	12	fixed monthly charge	\$1,872.46	\$22,469
Option 3 Experimental Origination	0	per loan originated under title	\$0.00	\$0
Option 3 Experimental Origination FY 98	0	per loan originated under title	\$0.00	\$0
Option 3 Experimental Origination FY 97	38	per loan originated under title	\$0.00	\$0
Option 4 Reimbursement Origination	6,364	per loan originated under title	\$4.60	\$29,283
Option 4 Reimbursement Origination FY 98	9,807	per loan originated under title	\$0.00	\$0
Option 4 Reimbursement Origination Fy 97	1,317	per loan originated under title	\$0.00	\$0
System Balancing	0	one report/file produced (monthly)	\$0.00	\$0
Monthly Cash Statement	10	one report/file produced (monthly)	\$257.02	\$2,570
Committed Loan Volume	12	one report/file produced (monthly)	\$506.70	\$6,080
Loan Booking Detail	12	one report/file produced (monthly)	\$545.27	\$6,543
Disbursement Summary for Unbooked Loans	12	one report/file produced (monthly)	\$454.57	\$5,455
T600	12	one report/file produced (monthly)	\$49,161.98	\$589,944
Linking Promissory Notes	2,757	one promissory note linked	\$33.78	\$93,131
Automated System Balancing - LO On-Going Support	12	fixed monthly charge	\$30,859.93	\$370,319
Daily Summary of Accepted/Rejected Financial Batches Report	246	one report produced (daily)	\$98.04	\$24,118
Monthly Summary of Accepted/Rejected Financial Batches Report	12	one report/file produced (monthly)	\$103.53	\$1,242
Monthly Summary of Financial Transaction Report	12	one report/file produced (monthly)	\$103.53	\$1,242
Monthly Work In Process Report	12	one report/file produced (monthly)	\$103.53	\$1,242
XE Activity Report	45	one report produced (weekly)	\$112.16	\$5,047
XE Financial Report	45	one report produced (weekly)	\$112.16	\$5,047
AFMS Financial Transaction File	11	one CD-ROM (monthly)	\$263.64	\$2,900
Credit Bureau Access and Processing	1,152	one credit inquiry (for manual)	\$14.80	\$17,050
DLSAS CD-ROM	25	one CD-ROM	\$120.71	\$3,018
DLSC Missing Transaction Research	1,059	research for one transaction	\$28.77	\$30,467
732 LOS CD-ROM	52	one CD-ROM	\$391.59	\$20,363
Closeout Support	0	no description	\$0.00	\$0
Additional Deliverables (84-91)				\$1,000,000
Totals				\$27,161,866

Loan Consolidation System FY'99

Deliverable Name	Units	Unit Description	Average Unit Cost	Total Expenditure
Maintain school data file	12	fixed monthly charged	\$994.96	\$11,939
Excess cash payments	248,985	one payment	\$1.68	\$418,651
Consolidated loans	246,595	one borrower's loans consolidated	\$96.87	\$23,888,428
Express applications	40,255	one application	\$47.15	\$1,897,981
Deactivated applications	54,294	one application	\$30.46	\$1,653,887
Loan Consolidations	1	one report/file (annually)	\$39,080.00	\$39,080
Acc List of Credit Dec	22	one report/file (monthly/on demand)	\$17.94	\$395
Correspondence Tracking	12	one report/file (monthly)	\$59.69	\$716
Customer Service Activity	12	one report/file (monthly)	\$234.98	\$2,820
Generate Add Reports	0	one report/file (on demand)	\$0.00	\$0
Daily List of Deposits	246	one report/file (daily)	\$30.29	\$7,452
Check Writing	596,185	one check	\$2.78	\$1,658,857
Committed Loan volume Report	11	one report/file (monthly)	\$507.70	\$5,585
Automated System Balancing Ongoing Support	12	one report/file (monthly)	\$17,946.36	\$215,356
Automated System Balancing	1	one report/file (annually)	\$36,703.23	\$36,703
Daily Sum Batches Schedule A	256	one report/file (daily)	\$98.95	\$25,332
Monthly Sum Batches Schedule A	12	one report/file (monthly)	\$104.45	\$1,253
Monthly Sum Transaction Schedule B	12	one report/file (monthly)	\$104.45	\$1,253
Monthly WIP Schedule C	12	one report/file (monthly)	\$104.45	\$1,253
Weekly XE Activity	45	one report/file (weekly)	\$113.14	\$5,091
Weekly XE Financial	45	one report/file (weekly)	\$113.14	\$5,091
Heal Consolidation Report	5	one diskette (initial and quarterly)	\$85.50	\$428
Travel	1	annually	\$2,273.42	\$2,273
Total				\$29,879,826

Central Data System FY'99

Deliverable Name	Units	Unit Description	Average Unit Cost	Total Expenditure
Maintain Loan Records	344,215,823	one loan record (average per month)	\$0.03	\$8,626,797
Maintain Images (cancelled)	53,693,192	unique image index	\$0.0005	\$28,556
Transfer Images	108,401	unique image/header	\$0.02	\$2,286
Research Unidentified Items	0	cancelled	\$0.00	\$0
Reconcile with Servicers	12	complete daily/monthly =one unit	\$23,560.98	\$282,732
Reconcile with PAS	12	complete monthly - fixed monthly charge	\$13,203.28	\$158,439
Reconcile with LO	12	complete daily/monthly = one unit	\$20,321.95	\$243,863
Disaster Recovery Demonstration	0	fixed charge per test	\$0.00	\$0
Documentation Updates	3	fixed quarterly charge	\$14,478.06	\$43,434
Document Retrieval	0	one document retrieved	\$0.00	\$0
Maintain File	0	no longer active	\$0.00	\$0
Update School File	91,184	one record	\$0.09	\$8,614
Perform Accounting Function	12	fixed monthly charge	\$49,420.07	\$593,041
Support LS Contractors	12	loan servicing system = one unit	\$20,721.13	\$248,654
Support LO Contractors	12	loan origination system = one unit	\$13,516.47	\$162,198
Support other Contractors	12	fixed monthly charge	\$6,311.82	\$75,742
Process Lockbox Payments	12	fixed monthly charge	\$24,585.51	\$295,026
SF 224 Process; distribution and collection	14	each statement produced (monthly)	\$2,565.71	\$35,920
Borrower Delinquency	0	one report (monthly)	\$0.00	\$0
IRS Hardware Maintenance	12	fixed monthly charge	\$1,918.97	\$23,028
IRS Emergency Support	0	each hour technician is after hours	\$0.00	\$0
IRS Software Maintenance	3	each hour technician is after hours	\$166.67	\$500
MIS - Non Federal Collections	17	each report produced (monthly)	\$290.55	\$4,939
EDS Recycle Data	0	fixed charge (weekly)	\$0.00	\$0
Adjustments				(\$53,436)
Totals				\$10,780,333

Loan Servicing System FY'99

Deliverable Name	Units	Unit Description	Average Unit Cost	Total Expenditure
# of Borrowers Served	3,850,206	one borrower (average per month)	\$10.20	\$39,275,439
# of Borrowers in Delinquent Collections	182,350,395	one borrower (average per month)	\$0.05	\$8,413,926
Process Returned SSCRs	6,731,305	one student response processed	\$0.04	\$267,093
Process Returned SSCRs - Manual	775,287	one student response processed	\$2.06	\$1,597,093
Generate and Mail Bills	2,171,501	one bill	\$0.61	\$1,326,658
Generate and Mail Letters	1,419,398	one letter	\$0.53	\$748,252
Generate and Mail Coupon books	0	not applicable	\$0.00	\$0
Generate and Mail Deferment Forms	1,173,833	one deferment form	\$0.30	\$352,158
Generate and Mail Forbearance Forms	1,360,823	one forbearance form	\$0.30	\$408,250
Generate and Mail Preautho Debit Forms	1,401	one debit form	\$0.30	\$425
Generate Repayment Schedules / Disclosures	861,433	one payment schedule/disclosure	\$0.29	\$253,389
Image Documents	5,091,813	one image	\$0.25	\$1,266,277
Process Payments	13,242,311	one payment received	\$0.45	\$5,964,245
Generate Annual / Quarterly Statements	11,644,168	one statement produced	\$0.08	\$931,699
Transfer Loans to DCS / Other Servicers	10,445	one loan transferred to DCS	\$132.57	\$1,384,642
Report to Credit Bureau	96,756,219	one record packet reported per CB	\$0.00	\$204,272
Report to NSLDS	24,366,993	one loan record reported to NSLDS	\$0.01	\$346,434
Issue Borrower Refunds	29,681	Treasury)	\$5.59	\$165,799
Accept Loans from DCS / Other Servicers	2,035	each record received	\$2.38	\$4,849
Overprint Envelopes	78,167,419	one envelope	\$0.05	\$3,581,272
Storage	7,959	one pallet of material stored	\$6.82	\$54,313
Promissory Note Storage	15,419	one box of promissory notes	\$13.80	\$212,737
Courier Services	12	fixed monthly charge	\$2,945.72	\$35,349
Disaster Recovery Demo - Annual	0	one successful test	\$0.00	\$0
Documentation Updates - Quarterly	3	fixed quarterly	\$52,384.85	\$157,155
Training	0	one training session	\$0.00	\$0
Disposal of Materials	270,174	one pound of material disposed	\$0.06	\$17,097
Distribute Program Material	10,506	one package distributed	\$2.22	\$23,335
Account Maintenance	531,863,352	each individual borrower account	\$0.02	\$10,795,370
Generate Exit Repayment Disclosure Statements	530,445	each statement produced for school	\$0.02	\$9,441
Financial Assessments and Calculations	130,229,001	each calculation or each loan (based on transactions)	\$0.00	\$156,196
Accumulated List of Credit Decisions	0	one report generated	\$0.00	\$0
Loan Origination Records Received report	0	one report generated	\$0.00	\$0
Daily Loan Origination Summary Reports	0	one report generated	\$0.00	\$0
Promissory Notes Prepared by Contractor	0	one report generated	\$0.00	\$0
Promissory Note Tracking	0	one report generated	\$0.00	\$0
Collection Activity	11	one report generated	\$18.08	\$199
Correspondence Tracking	10	one report generated	\$347.76	\$3,478
Customer Service Activity	10	one report generated	\$347.76	\$3,478
Deferment and Forbearance Activity	4	one report generated	\$18.69	\$75
Loan Booking	12	one report generated (monthly)	\$579.35	\$6,952
Loan Disbursement Summary	0	one report generated	\$0.00	\$0
Loan Transfers to Another Servicer	0	one report generated	\$0.00	\$0
Skip Tracking Activity	10	one report generated	\$18.70	\$187
SSCR Delinquency	0	one report generated	\$0.00	\$0
Annual Census Report	0	one report generated	\$0.00	\$0
Characteristics of Participating Institutions	11	one report generated	\$19.78	\$218
Government Furnished Material Inventory	13	one report generated	\$383.53	\$4,986
Status of School Reconciliation s	0	one report generated	\$0.00	\$0

Loan Servicing System FY'99

Deliverable Name	Units	Unit Description	Average Unit Cost	Total Expenditure
Warehouse Duplicate borrower Records	0	one report generated	\$0.00	\$0
Materials Distribution	0	one report generated	\$0.00	\$0
Quality Analysis / control / Improvements	13	one report generated	\$347.50	\$4,518
System Performance	12	one report generated	\$18.70	\$224
Drawdown Reconciliation Report	0	one report generated	\$0.00	\$0
Subsidy/ borrowing Report	0	one report generated	\$0.00	\$0
Journal Voucher Reconciliation Reports	0	one report generated	\$0.00	\$0
Schedule 9 Report	0	one report generated	\$0.00	\$0
Daily Listing of Deposits	1	one report generated	\$2,745.64	\$2,746
Listing of Applied/ Underapplied payments	0	one report generated	\$0.00	\$0
Aging of Unapplied Payments	13	one report generated	\$18.25	\$237
Daily Dishonored Payment Listing	245	one report generated (daily)	\$18.70	\$4,580
Unapplied Overpayment Refunds Report	11	one report generated	\$18.17	\$200
Loans Transferred To and From DCS	8	one report generated	\$17.36	\$139
PAS Records	65	one file (weekly/ on request)	\$17.21	\$1,119
ED Form DL 799	0	one report generated	\$0.00	\$0
Loan Activity Report	11	one report generated	\$18.70	\$206
FY Subsidiary Report	15	one report generated	\$859.80	\$12,897
Project Status Reporting	12	fixed monthly charge	\$2,010.30	\$24,124
Consolidate Loans	0	not applicable	\$0.00	\$0
Obligation/ Disbursed Report	14	one report generated	\$36.56	\$512
Excess Cash Tracking	0	one report generated	\$0.00	\$0
Management Control Report	0	one report generated	\$0.00	\$0
Forms Development	12	fixed monthly charge	\$7,909.78	\$94,917
UPS Shipments	10,068	one package distributed	\$11.30	\$113,729
Expedited Shipments from Utica	251	one package distributed (daily)	\$12.83	\$3,219
Fulfillment - Additional Inserts	9,998,139	each additional insert	\$0.02	\$210,866
Fulfillment - Manual matching	270,532	each piece requiring matching	\$0.05	\$14,267
Distribute Program Material (non-bulk)	0	each 9 X 12 envelope mailed	\$0.00	\$0
Create and Affix Labels	0	each label affixed to package	\$0.00	\$0
GFM Bulk Shipment - 2nd Day Delivery	152	each package shipped	\$47.95	\$7,288
GFM Bulk Shipment - Next Day Delivery	158	each package shipped	\$67.06	\$10,595
MCI FAX Broadcast - Peak	44,235	each minute used	\$0.20	\$8,865
MCI FAX Broadcast - Off Peak	137,012	each minute used	\$0.18	\$24,528
Transaction Summary Report	13	one report generated	\$309.65	\$4,025
Loan Volume Report	0	one report generated	\$0.00	\$0
School Reconciliation Aging Report	0	one report generated	\$0.00	\$0
Disbursement Rounding Effect Report	0	one report generated	\$0.00	\$0
Account Manager Support	12	fixed monthly charge	\$28,326.73	\$339,921
Level 3 Origination	0	one report generated	\$0.00	\$11,086
Direct Loan Trending Report	10	one report generated	\$0.00	\$0
Gross Disbursements by Actual Disbursement	14	one report generated	\$345.07	\$4,831
CD ROM Production	0	each image stored on CD-ROM	\$0.00	\$0
Account Managers Report	0	one report submitted	\$0.00	\$0
Pay off check mailing	0	each check mailed overnight	\$0.00	\$0
Level 4 Origination	0	no longer active	\$0.00	\$0
Level 5 Origination	0	no longer active	\$0.00	\$0
Recycle File	0	one report generated	\$0.00	\$376
30 Day Compliance Report	26	one report generated	\$280.33	\$7,289

Loan Servicing System FY'99

Deliverable Name	Units	Unit Description	Average Unit Cost	Total Expenditure
Consolidation 600 Report	14	one report generated	\$34.21	\$479
Clerical Support	0	each hour of effort expended	\$0.00	\$0
Quality Management	0	no longer active	\$0.00	\$0
Fast Track Consolidations	0	no longer active	\$0.00	\$0
Alternate Documentation of Income	29,591	one alternate income loaded	\$4.11	\$121,721
Repayment Plan Selection Processing	57,825	on repay plan selected via mail	\$0.60	\$34,764
Repayment Plan Counseling	0	canceled	\$0.00	\$0
Default Aversion (180-270 default averted)	0	canceled	\$0.00	\$0
Income Contingent Repayment (ICR)	1,114,146	one borrower on ICR status daily	\$0.73	\$817,108
Credit Bureau Reports - Full	1,437	one full credit report requested	\$1.41	\$2,031
Credit Bureau Reports - Partial	102,072	one partial credit report requested	\$1.26	\$128,329
International Calls	7,955	one minute per usage	\$2.85	\$22,654
Find America	0	no description	\$0.00	\$0
MIS Functions	7	per report and ad hoc query	\$35,404.09	\$247,829
FFEL Consolidation Payments	24,086	one payment	\$9.25	\$222,794
		one certification package		
FFEL Consolidation Certification	30,804	completed	\$11.37	\$350,240
Cohort Appeals	105	one package completed	\$3.83	\$402
Closed Schools	462	one borrower app for discharge	\$4.89	\$2,258
Maintain Images	178,765,858	one image received	\$0.00	\$28,984
FFEL Consolidation Reports	10	one report generated	\$467.01	\$4,670
PN Retrieval	82,919	one document requested	\$2.62	\$216,893
Express Refinancing	0	one refinance application	\$0.00	\$0
Express Refinancing Servicing	136,312	one refinance consolidation loan	\$12.94	\$1,764,448
Adjustments				\$1,403,862
Totals				\$8,243,485



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High Level Technical Architecture

This section provides information about the Direct Loan technical architecture. The following slide notes the platform, operating system, database management system and location of the main systems that support the Direct Loan Program.

APPLICATION	PLATFORM	OPERATING SYSTEM	DBMS	LOCATION
CPS	IBM 9672	MVS	DB2/VSAM	VDC
CDS/FARS	IBM ES/9000	OS/390	DB2	VDC
EDExpress	IBM Compatible PC	DOS/Windows 95	MS Access	Schools
LCS	HP-9000 T500	HP-UX	Informix	VDC
LOS	DEC VAX	Open VMS	Informix	VDC
LOS	HP-9000 T600	HP-UX, Netware, OS/2	Informix	VDC
DLSS	DEC Alpha, DEC VAX 7610, RISC 6000, VAX 7000	Open VMS, AIX	RDB/Oracle	Rockville, MD
MDE	PC	Windows NT/95/98, DOS	MS Access	Mt. Vernon, IL
MDE	SUN SPARC20	UNIX, SunOS, Sun Solaris, Novell, Netware	Informix, Oracle	Mt. Vernon, IL
NSLDS	IBM 9672	MVS/ESA	DB2	Meriden, CT
TIVWAN	IBM 9672	MVS/ESA	VSAM/QSAM	Iowa City, IA

High Level Technical Architectural

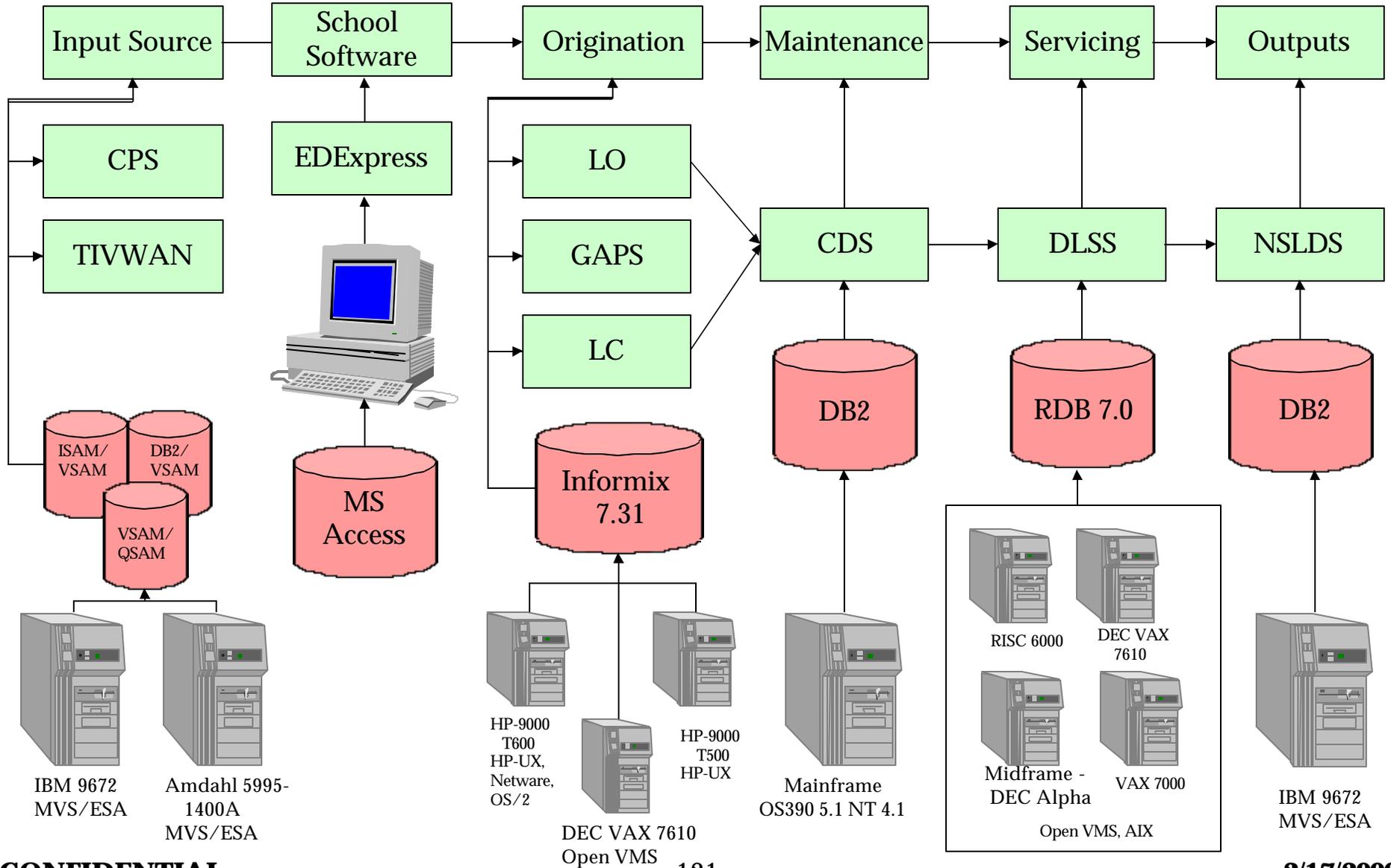




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New Functionality

This section provides information regarding upcoming Loan Consolidation, Central Data, and Loan Servicing development implementations. Loan Consolidation is focussing on Automated Clearing House payments and Electronic Verification Process with Lenders. Central Data and Loan Servicing are adding new functionality regarding disbursements and deferments/forbearances. Loan Servicing is also enhancing eServicing functionality with new tools and more accessible loan information.

New Functionality Loan Consolidation

Upcoming Release (Spring)

- Automated Clearing House Payments to Lenders
- Electronic Verification Certification Process with Lenders
- On-line Application Verification
- New Voice Response Unit Menu Options (customer service)
- Combined Application/Promissory Note Process
- Transfer of ICR Waiver Confirmation Process to Servicing
- Increased Web Functionality

New Functionality

Central Data/Loan Servicing

Year 0001 - Release 3.0 (February)

- Master Promissory Note
- Allow 20 Disbursements
- Subsequent Disbursements (can be processed in any order)
- Automatic Deferment (with In-School or In-Grace status)
- Disbursement Confirmation File (sent to Loan Origination and schools)

eServicing (March)

- Interactive Calculator (with borrower specific data)
- Payment Plan Selection Tools
- Payment Due Date Cycle Changes
- View Loan History Data (provides year of data)
- View Interest Accrual
- Interactive Deferment/Forbearance Tools