

**D R A F T**

**Direct Loan Servicing System  
Detail Design  
Direct Loan Simplification (CDS Retirement)  
Section 2.0 - Requirements**

**Direct  
Loans**

**William D. Ford Federal Direct Loan Program**

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**June 30, 2000**

1 **Direct Loan Servicing System**  
 2 **Detail Design**  
 3 **Direct Loan Simplification (CDS Retirement)**  
 4 **Section 2.0 - Requirements**  
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1 **Direct Loan Servicing System**  
2 **Detail Design**  
3 **Direct Loan Simplification (CDS Retirement)**  
4 **Section 2.0 - Requirements**  
5

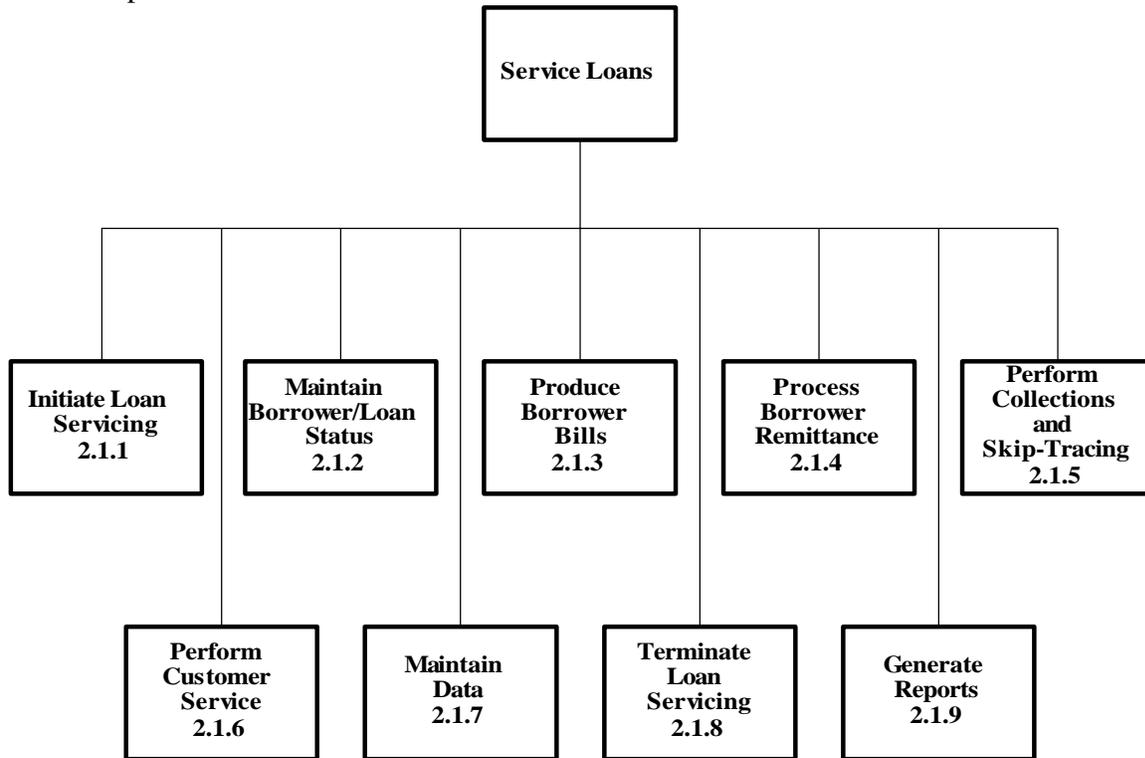
6 **2.0 REQUIREMENTS**  
7

8 The requirements contained in this document address the modifications required to the Loan  
9 Servicing system in support of the Direct Loan Simplification effort.  
10

11 **2.1 Core Functions**  
12

13 This section presents a high-level picture of the processes by which information is currently  
14 handled in the DLSS. The high-level functions and subordinate processes are shown for each  
15 functional area.  
16

17 Loan Servicing's nine functions shown in Figure 2-1 are the core of the DLSS. The Servicing  
18 system tracks loans from booking through the in-school period and through payoff by either the  
19 borrower or the ED (a defaulted loan). A brief description is included for each system function  
20 along with any changes to the requirements that are necessary to support Direct Loan  
21 Simplification.



22 *Figure 2-1. Core DLSS Functions*  
23  
24

1   **2.1.1           Initiate Loan Servicing**

2  
3       The loans and their disbursement information are received from the CDS subsystem. A loan is  
4       booked only when a loan origination record is on file, an actual disbursement is received for the  
5       loan, and a valid signed promissory note is in place.

6  
7       Direct Loan Simplification impacts this functional area in the following manner:

- 8  
9       •       Loan Servicing will receive Loan booking data directly from the Loan Origination and  
10       Loan Consolidation systems  
11  
12       •       Loan Servicing will send confirmation of the actual booking to the originator of the  
13       booking transaction (LO or LC)  
14

15   **2.1.2           Maintain Borrower/ Loan Status**

16  
17       Loan Servicing functions maintain and update the status of borrowers and their loans  
18       throughout the life of the loans. As the status changes, the system provides all necessary  
19       functions to process loans and notify the borrowers of any relevant activities.

20  
21       Direct Loan Simplification impacts this functional area in the following manner:

- 22  
23       •       Changes to borrower information within Loan Origination or Loan Consolidation that  
24       need to be communicated to Loan Servicing will be done by receiving the data directly  
25       from their systems through the use of the transaction layouts originally established by  
26       CDS  
27  
28       •       Detail confirmation for each disbursement adjustment or cancellation applied by Loan  
29       Servicing will be sent to the originator of the adjustment activity (LO and LC)  
30  
31       •       EDA account information will be sent directly to Loan Servicing by the EDA Vendor  
32       using the transaction layouts originally established by CDS  
33  
34       •       Loan Servicing will store and maintain the banking information contained within the  
35       EDA transactions  
36  
37       •       EDA application pre-notification failures and changes will be sent directly to Loan  
38       Servicing by the EDA Vendor using the transaction layouts currently established by  
39       CDS and will, depending on the reason code for the failure, either automatically post  
40       the failure to the borrower's account or write the failure to a report  
41  
42       •       Changes to borrower information within Loan Servicing that need to be communicated  
43       to other Direct Loan Partners will be done by passing the data directly to their systems  
44       through the use of the transaction layouts originally established by CDS  
45  
46       •       Changes to borrower information within Loan Servicing that are currently being  
47       communicated to CDS for the purpose of keeping the two database systems in synch  
48       will no longer be generated or sent

- 1  
2  
3  
4  
5
- Servicing will receive consolidation payoff requests from Loan Consolidation at the borrower level or the loan level. Servicing will return the requested information in loan level transactions, one for each active loan held by the borrower

6 **2.1.3 Produce Borrower Bills**

7  
8 The Servicing Subsystem provides the borrowers with a monthly billing statement. Each bill  
9 contains the regular payment due, past due amounts, and any penalties such as late fees and  
10 dishonored check fees.

11  
12 Direct Loan Simplification impacts this functional area for EDA processing only. EDA  
13 processing is impacted in the following manner:

- 14  
15  
16  
17  
18
- Loan Servicing will generate payment requests using the transaction layouts originally established by CDS, two days prior to the payment due date, and send them to the EDA Vendor one business day before the due date.

19 **2.1.4 Process Borrower Remittances**

20  
21 All payments received are accumulated throughout the day, reconciled to the deposit at the  
22 close of daily payment operations, and applied to borrower accounts overnight.

23  
24 Direct Loan Simplification impacts this functional area for EDA processing only. EDA  
25 processing is impacted in the following manner:

- 26  
27  
28  
29  
30  
31
- External payments will be received by Loan Servicing directly from the EDA Vendor using the same transaction format. Transactions that cannot successfully be processed by Loan Servicing will be maintained in an error table for review and resolution by the Servicer Interface Group.

32 **2.1.5 Perform Collections and Skip Tracing**

33  
34 Collection activities begin when a borrower has not made their scheduled payment and is ten  
35 days late. From this date, additional collection activities occur which include sending letters  
36 and calling the borrower at home and, if necessary, at work. The Servicing system  
37 automatically generates notices and letters if the borrower continues not to make their payment.

38  
39 The Delinquency Report will be generated and sent to the schools (see section 2.2.1.10 for  
40 details).

1   **2.1.6           Perform Customer Service**

2  
3       The Customer Service staff deals directly with borrowers to answer questions, resolve  
4       complaints and process deferments, forbearances, and correspondence. The records of all  
5       actions taken to resolve issues are maintained for each account.

6  
7       Direct Loan Simplification impacts this functional area in the following manner:

- 8  
9       •       Data Integrity staff with high security accesses will have the ability to review and  
10       update banking information pertaining to EDA borrowers.

11  
12   **2.1.7           Maintain Data**

13  
14       Any data relevant to loan servicing activities is maintained. Specifically, the system receives,  
15       processes and stores data regarding the borrower, endorser, loan, institution and disbursement  
16       from various agencies/systems.

17  
18       Direct Loan Simplification impacts this functional area in the following manner:

19  
20       Banking information for EDA borrowers will be stored in the EDA Accounts table. Three new  
21       fields will be added to contain the prior banking information. The CDS Withdrawal table  
22       information will be loaded into the EDA Accounts table during conversion.

- 23  
24       •       Funds transactions which currently flow through CDS to FARS will be received by  
25       Loan Servicing, converted into 'G' records and sent to FARS. System balancing  
26       information will be captured from these transactions and maintained in the current  
27       System Balancing table in the Interface Database.
- 28  
29       •       A new table will be required to track the receipt, acceptance or rejection, and  
30       processing of critical transactions originally sent by Loan Origination, Loan  
31       Consolidation, or the EDA Vendor. This table will be used to research data processing  
32       issues.
- 33  
34       •       A new table will be used to track transactions sent to other Direct Loan Partners that  
35       have been rejected back to Servicing.
- 36  
37       •       A new table will be used to track errors generated by the receipt of transactions from  
38       the EDA Vendor, since they have no mechanism for receiving rejected transactions.
- 39  
40       •       The new tables referenced above will be created in the Interface Database.
- 41  
42       •       Each of the new tables can be accessed through a data translation tool (i.e.  
43       MS/ACCESS) by the Loan Servicing Interface Group to resolve issues and generate ad  
44       hoc reports and queries.
- 45

1 **2.1.8 Terminate Loan Servicing**

2  
3 Loan Servicing activities end when a loan is paid in full, written off, or the originating school is  
4 closed. Defaulted loans are sent to the Debt Collection System (DCS). The appropriate  
5 information and documents are solicited for loans canceled due to death, disability, or  
6 bankruptcy. Any overpaid accounts are reviewed before refunds are generated.  
7

8 Direct Loan Simplification does not impact this functional area.  
9

10 **2.1.9 Generate Reports**

11  
12 The system generates reports and files used in the operation of the DLSS. The system also  
13 provides loan information to outside agencies/systems such as ED's DCS, National Student  
14 Loan Data System (NSLDS), and credit bureaus.  
15

16 Direct Loan Simplification impacts this functional area in the following manner:  
17

- 18 • The timing of processing reports between the Direct Loan Partners supplying or  
19 receiving data from Loan Servicing will be established in order to perform the  
20 appropriate reconciliation.  
21
- 22 • System Balancing reports generated in Loan Servicing will show separate totals for  
23 each Direct Loan Partner supplying data to or receiving data from Loan Servicing.  
24

25 **2.2 Modification Requirements**

26  
27 This section presents the description and functional requirements within Loan Servicing in  
28 support of the Central Data System retirement effort. Based upon the business rules,  
29 assumptions, process flow and exception handling described in Section 1.0, the following  
30 additions and changes must be made to the Servicing system.  
31

32 **2.2.1 System Requirements**

33  
34 **2.2.1.1 Order of Incoming Transactions**

35  
36 The purpose of ordering incoming transactions is to sort and transmit data in an order that will  
37 facilitate efficient processing by the receiving partner.  
38

39 **a. Loan Origination and Loan Consolidation**

40  
41 Servicing will receive separate transmission files from Loan Origination and Loan  
42 Consolidation. LO/LC will sort and group data in a manner consistent with the way CDS  
43 packages data for Loan Servicing today. The basic rules for this packaging are as follows:  
44

- 45 1. Financial data will be segregated into batches of booking, non-booking, and funds  
46 transactions.  
47

- 1 2. Non-financial data will have school file updates segregated into batches separate from all  
2 other non-financial data.  
3
- 4 3. Each financial batch will have an associated general batch of system balancing transactions.  
5
- 6 4. All transactions must carry a borrower social security number unless they are tied to  
7 another transaction containing a borrower social security number.  
8
- 9 5. Initial disbursement transactions must precede all subsequent disbursement transactions for  
10 the same loan in the same transmission file.  
11
- 12 6. Loan adjustment and cancellation transactions in the same transmission file for the same  
13 disbursement must be grouped together and placed in the order that the originator intended  
14 them to be processed.  
15

16 Loan Servicing will make the following changes in regards to receiving and acknowledging  
17 data from Loan Origination and Loan Consolidation:  
18

- 19 1. Loan Servicing will accept, process and acknowledge twelve system balancing transactions  
20 for each financial batch received. These transactions are described in Appendix S. Loan  
21 Servicing currently receives seventeen system balancing transactions from CDS.  
22
- 23 2. Loan Servicing will not reject valid participant transactions that accompany rejected  
24 disbursement transactions. These transactions will be ignored but will be counted as  
25 accepted transactions.  
26
- 27 3. Loan Servicing will pick up and pre-process incoming transmission files at several times  
28 during the day and report any batch or transmission failures to the Servicer Interface  
29 Group, who will notify the sender.  
30
- 31 4. Loan Servicing will be set up to receive funds transactions.  
32
- 33 5. Loan Servicing will send positive transaction level confirmation for all disbursement  
34 activity transactions (disbursements, adjustments and cancellations) on the same day they  
35 are processed into the system.  
36

37 **b. EDA Vendor**  
38

39 Servicing will receive a limited set of financial and non-financial transactions from the EDA  
40 Vendor. The EDA Vendor formats these transactions within transmissions according to the  
41 current CDS specifications.  
42

1 Loan Servicing will make the following changes to receiving data from and sending data to the  
2 EDA Vendor:  
3

- 4 1. Loan Servicing will send financial transmissions to the EDA Vendor to request electronic  
5 withdrawal from borrowers' accounts. The transmission will be sent one business day  
6 prior to the payment due date. Loan Servicing will not create a system balancing batch for  
7 these financial transactions.  
8
- 9 2. Loan Servicing will no longer produce transactions to synch EDA data in CDS with EDA  
10 data in Servicing.  
11
- 12 3. Loan Servicing will process financial batches sent by the EDA Vendor that do not have  
13 accompanying system balancing transactions.  
14
- 15 4. Transactions received from the EDA Vendor that cannot be processed into Servicing will  
16 be placed in a new error table for the purpose of review and resolution by the Servicer  
17 Interface Group (see section 2.2.1.4 for more detail).  
18

19 **c. Image Transmissions**  
20

21 The Servicing Imaging Center will interface directly with the Loan Origination and Loan  
22 Consolidation Imaging Centers. The Loan Consolidation Imaging Center will interface directly  
23 with the Servicing's Loan Consolidation ICR Imaging Center for ICR Waiver processing.  
24

25 **2.2.1.2 Edit Processing**  
26

27 The Central Data System currently performs hundreds of edits on the transactions passing  
28 through the CDS system. The receiving Direct Loan Partner also performs many of these edits  
29 in order to protect the integrity of their databases. In some cases the Direct Loan Partner  
30 performs additional edits that can lead to transactions being rejected back to CDS.  
31

32 **a. Edit Matrices**  
33

34 To ensure that each Direct Loan Partner continues to receive usable data, a major effort has  
35 been undertaken and completed by Loan Origination, Loan Consolidation, and Loan Servicing  
36 to review every edit in their respective systems and compare them to the edits currently being  
37 performed by CDS. The final result has been the creation of edit matrices detailing the edits  
38 that each Direct Loan Partner will perform on the data they receive. These matrices can be  
39 found in Appendix R. Each action item resulting from these tables falls into one of three basic  
40 categories:  
41

- 42 1. Continue to perform an existing edit. In this case, both the Central Data System and the  
43 receiving Direct Loan Partner perform the same edit.  
44

- 1 2. Add the edit. In this case, the Central Data System performs an edit that currently doesn't  
2 exist at the receiving Direct Loan Partner, but it makes good business sense to add the edit.  
3
- 4 3. Eliminate the edit. In this case, the Central Data System performs an edit that is necessary  
5 to update an item on the CDS database or satisfy a required condition within CDS, that is  
6 not used or stored by the receiving Direct Loan Partner.  
7

8 The end result is that Loan Servicing will perform all the edits necessary to successfully book  
9 and update information into the Servicing database without compromising the integrity of the  
10 data.  
11

#### 12 **b. Logistical Errors**

13  
14 Logistical errors occur when Loan Servicing edits transactions that require other transactions to  
15 have processed first. If the prerequisite transaction has yet to be processed, the current  
16 transaction will fail. An example of this would be the attempt to process a disbursement  
17 adjustment transaction prior to booking the disbursement record into the Servicing database. In  
18 order to minimize logistical errors, the following two practices will be put in place:  
19

- 20 1. Loan Servicing will send positive detail level confirmation when a disbursement,  
21 disbursement adjustment or disbursement cancellation has been applied to the Servicing  
22 database. Loan Origination and Loan Consolidation will hold subsequent update  
23 transactions for a disbursement for one business day.  
24
- 25 2. When Loan Consolidation or Loan Origination send multiple adjustment transactions for  
26 the same disbursement on the same day, they will be grouped in the same batch and placed  
27 in the order that the sending Partner wishes them to be processed. Loan Servicing can then  
28 edit and apply the transactions one at a time.  
29

#### 30 **c. Error Management**

31  
32 Inevitably, transactions will be rejected by each of the Direct Loan Partners back to the sending  
33 Partner. Loan Servicing will track both the errors generated by incoming transactions and the  
34 errors returned to Loan Servicing. The Loan Servicing Interface Group will work with their  
35 counterparts in Loan Origination, Loan Consolidation and the EDA Vendor to resolve errors as  
36 quickly as possible. A new tracking table, an EDA error table, and a Servicing Interface  
37 recycle table will be created to support the Interface Group in this effort (see section 2.2.5).  
38

### 39 **2.2.1.3 Data Stores and Transformations**

40  
41 The purpose of data stores is to store the data necessary to perform table-driven edits, queries  
42 and MIS Reports. The purpose of data transformation is to transmit data to a trading partner in  
43 the format conducive to later editing and processing by that partner's system. Servicing will  
44 have to perform the following functions:  
45

- 1 1. Convert the existing bank account information stored in the CDS Withdrawal table and  
2 load it into the Servicing EDA Account table. This will be a one time only event.  
3
- 4 2. Convert the existing FARS information stored in the FARS Transaction Crosswalk and  
5 FARS G Profile tables and load it into a new parameter table to support the creation of G  
6 Records by Servicing. This is a one time only event.  
7
- 8 3. When Servicing receives a Consolidation Notification transaction from Loan Consolidation  
9 requesting loan information for a specific borrower, multiple return transactions, one for  
10 each active loan that borrower has on the system, will be generated.  
11

#### 12 **2.2.1.4 Electronic Debit Accounts (EDA)**

13  
14 Without CDS serving as an intermediary between the Servicing system and the EDA Vendor,  
15 Loan Servicing will take on additional functionality. This functionality includes:  
16

- 17 1. Maintaining banking and other information for each EDA borrower  
18
- 19 2. Processing change transactions sent by the EDA Vendor  
20
- 21 3. Requesting and receiving payment transactions directly from/to the EDA Vendor  
22
- 23 4. Providing an online capability to allow User Representatives in Utica to review and update  
24 banking information  
25
- 26 5. Providing an online utility to the Interface Group to review and update EDA account  
27 information  
28

29 Current procedures and timing regarding the generation and processing of payment requests  
30 will not change.  
31

##### 32 **a. Receiving Non-financial Transactions from the EDA Vendor**

33  
34 The EDA Vendor will send non-financial transactions to set up borrowers on EDA or to  
35 change banking information for current EDA borrowers. All applicable edits currently  
36 performed in CDS on this data will be performed in Loan Servicing (see Appendix L for a list  
37 of EDA edits). All transactions that meet the edit requirements will be accepted and processed  
38 in Loan Servicing. Transactions that fail the edits cannot be accepted in Loan Servicing, nor  
39 can they be rejected back to the Vendor, since the Vendor has no mechanism in place to  
40 receive and resolve errors. Loan Servicing will set up a table to track EDA Vendor rejects.  
41 Aging reports and online access to this table will be made available to the Interface Group in  
42 order to monitor and resolve outstanding issues.  
43

1           **b.       Receiving Financial Transactions from the EDA Vendor**

2  
3           The EDA Vendor will send payment application transactions, non-sufficient funds transactions  
4           and an accounting summary transaction to Servicing in a standard transmission file. All  
5           applicable edits currently performed in CDS on this data will be performed in Servicing (see  
6           Appendix L for a list of EDA edits). Transactions that fail the edits will be sent to the new  
7           EDA Error table mentioned in the previous paragraph. There will be no system balancing  
8           records received with these financial batches.  
9

10          **c.       Sending Financial Transactions to the EDA Vendor**

11  
12          Loan Servicing will send payment request transactions directly to the EDA Vendor. The  
13          transactions will be structured as standard financial batches in a standard transmission file  
14          (complete with headers and trailers) as they are now. The file must be sent to the EDA Vendor  
15          no later than 4pm one-day prior to the debit date. There will be no system balancing records  
16          sent with these financial batches; however, Servicing will still generate entries into the System  
17          Balancing table. Currently, the EDA Vendor cannot send rejected transactions back to  
18          Servicing. Any problems that EDA encounters with the sent transactions will be  
19          communicated to the Interface Group by a telephone call. The Interface Group will have online  
20          capabilities to correct the problem transactions and re-send the transmission file.  
21

22   **2.2.1.5       Transaction Routing**

23  
24          Retiring CDS will result in the direct flow of transactions between the following Direct Loan  
25          partners: Loan Origination and Loan Servicing; Loan Consolidation and Loan Servicing; and  
26          the EDA Vendor and Loan Servicing. In order for Loan Servicing to track the flow of  
27          incoming and outgoing transactions correctly, the following changes will be instituted:  
28

- 29          1. All incoming batches will be logged to the Batch Control table with the Interface ID from  
30          the transmission header of the file containing the batch. This will be used to send batch  
31          acknowledgements to the appropriate partner.  
32
- 33          2. Multiple acknowledgment files will be generated, one for each partner who transmitted the  
34          data to Loan Servicing.  
35
- 36          3. A source id field will be added to the internal tracking tables within Loan Servicing to  
37          appropriately research work in process.  
38
- 39          4. Program logic used to identify Loan Servicing data modifications that need to be sent to a  
40          Direct Loan Partner will be modified to send the data to the appropriate destination in place  
41          of CDS.  
42
- 43          5. Loan Servicing database modifications that are currently sent to CDS to keep Servicing and  
44          CDS in synch will no longer be generated.  
45

1 6. Transactions currently sent to Loan Origination or Loan Consolidation that are not used in  
2 their current processes will no longer be sent. section 3.5 contains a list of which  
3 transactions will be sent to which Direct Loan Partner.  
4

5 7. Image transactions will flow directly between the four Image Centers (Loan Origination,  
6 Loan Consolidation, Loan Servicing, and Servicing's Loan Consolidation ICR).

#### 7 **2.2.1.6 Routing LO/LC Cash and Drawdown Transactions**

8

9 The cash transactions and draw down transactions that currently flow through CDS on their  
10 way to FARS will be sent directly to Loan Servicing from Loan Origination and Loan  
11 Consolidation. The transactions in this category are Institution Drawdown, Institution Excess  
12 Cash, Interagency Transfer, and Document Control. Servicing will be modified to perform the  
13 following functions:  
14

- 15 1. Accept, edit, and report cash transactions and draw down transactions sent directly from  
16 Loan Origination and Loan Consolidation.  
17
- 18 2. Capture financial data from these transactions and store them in the System Balancing  
19 table.  
20
- 21 3. Generate FARS accounting transactions and send them to FARS.  
22

#### 23 **2.2.1.7 School File Maintenance**

24

25 Maintenance of the school file will be turned over to Loan Origination. The school file in Loan  
26 Servicing will be updated through transactions sent by Loan Origination using the new format  
27 defined by LO. Loan Servicing will make the following changes to support this effort:  
28

- 29 1. Replace all fields within the school file with the data passed from Loan Origination except  
30 for the value in the exit interview lead time field, and fields to be truncated to existing  
31 lengths in Loan Servicing.  
32
- 33 2. Allow Utica's School Services personnel update capability to school information through  
34 the School File Maintenance screen.  
35
- 36 3. Pass a complete School File to FARS each time Loan Servicing runs a daily production  
37 cycle.  
38
- 39 4. Provide the Loan Servicing Interface Group with read access capability to the Servicing  
40 School file maintenance screen.  
41
- 42 5. Produce a report for Utica's School Relations staff containing names and addresses  
43 received before truncation.

6. Produce a report for Utica and Servicing Interface Group containing schools for whom a Corrected OPEID was furnished.

### 2.2.1.8 System Balancing

Since Loan Servicing will receive data from multiple sources, system balancing information must be maintained and reported by data source as well as cumulative totals. Formal system balancing involves generating and verifying a series of standard reports that the ED participated in developing with the each of the Direct Loan Partners. These reports, known as schedules, can be produced on a daily, weekly and/or monthly basis. Loan Servicing uses transmission summary reports, schedule worksheets, processing reports and work in process reports to perform system balancing activities within Loan Servicing.

System Balancing Reports	
REPORT	DESCRIPTION
Schedule A	Daily Systems Balancing Report that summarizes the daily financial activity between the various Direct Loan Partners. Loan Servicing also produces a weekly (not required) and monthly (required) Schedule A.
Schedule B	Financial portfolio summary that depicts changes in the portfolio over the course of a month. Loan Servicing produces daily (not required), weekly (not required) and monthly (required) Schedule B reports.
Schedule C	Work in progress report that may impact reconciliation between the various Direct Loan Partners. Loan Servicing produces a monthly (required) Schedule C report.
Schedule E	Produced by the FARS Accounting group and performs monthly reconciliation between the Direct Loan Partners and FARS.
Schedule Worksheets	Loan Servicing generates Schedule Worksheets that tie the system balancing schedules to internal reports depicting processed and work in process items. These are the reports that are used to perform system balancing activities within Loan Servicing.

Changes required to the Servicing system include:

1. Schedule A and Schedule Worksheets will report information separately for loan originators and consolidation, as well as summarize the transactions from all data sources for a given period of time.
2. Funds balancing will be added to the Schedule A.

### 2.2.1.9 Interface Support

The Servicing Interface Group is responsible for monitoring transmissions between Loan Servicing and the other Direct Loan Partners and Vendors. This includes identifying transmission failures, verifying record counts and amounts, researching and resolving rejected

1 batches and transactions, and assisting their interface counterparts at each of the systems with  
2 which Loan Servicing interfaces.

3  
4 The Interface Group is also responsible for monitoring transactions being sent to the EDA  
5 Vendor. With approval, this includes removing and generating EDA debit requests, and  
6 changing the debit amount or the borrower's banking information prior to sending the request  
7 to the Vendor. The Interface Group will also verify debit count and amount totals, perform  
8 reconciliation, and certify debit files prior to transmission to the EDA Vendor. Existing  
9 procedures will be modified to reflect the Loan Servicing environment.

10  
11 The tools to perform these tasks will include online and structured query access to transaction  
12 tracking and error tables, as well as access to Loan Servicing reports.

13  
14 Changes necessary in Loan Servicing to support the Interface Group include:  
15

- 16 1. A table will be developed to maintain a transaction event log in order to research individual  
17 transaction issues and generate ad hoc reports (see section 2.2.5 and Appendix K for detail  
18 information regarding this table).  
19
- 20 2. A table will be developed to store all transactions sent by the EDA Vendor that cannot be  
21 processed. This table will be used to identify and resolve EDA Vendor errors (see section  
22 2.2.5 and Appendix K for detail information regarding this table).  
23
- 24 3. A table will be developed to store all transactions sent by Loan Servicing to Loan  
25 Origination or Loan Consolidation that are subsequently rejected. This table will be used  
26 to identify and resolve Loan Servicing reject items (see section 2.2.5 and Appendix K for  
27 detailed information regarding this table).  
28
- 29 4. Access to the appropriate tables in the Interface database will be made available to the  
30 Interface Group using ODBC and a data translation tool. They will have the ability to  
31 generate queries, filter and sort data, and generate ad hoc reports.  
32

### 33 **2.2.2 Procedural Requirements**

34  
35 New procedures will be required for the Interface Group to research transaction history, and  
36 review and resolve rejected transactions. New procedures will also be required for the Direct  
37 Loan Servicing Center (DLSC) School Services staff to maintain the and Financial Aid Office  
38 contact information in the School File. The new procedures will be documented in the Alpha  
39 Operations Manual, EDA Vendor Interface Manual, and the Servicing Center Procedures.  
40

41 Reconciliation procedures will be modified to support the direct link between Loan Servicing  
42 and each system with which it transfers data. Modifications will take place within Loan  
43 Servicing, Loan Origination, Loan Consolidation and Accounting (FARS).  
44

### 45 **2.2.3 Training Requirements**

1 A new training program will be required for the Interface Group to use the new tools and tables  
2 to support transaction reconciliation. These training requirements are documented in Appendix  
3 F of this document.

#### 4 5 **2.2.4 Data Requirements**

6  
7 The following new tables will be added to the Loan Servicing Interface Databases:

##### 8 9 **2.2.4.1 Transaction Event Log**

10  
11 This table will be used to store information at the transaction/event level for many of the  
12 transactions received from outside sources and some of the transactions sent to outside sources.  
13 Transactions to be tracked will include disbursements, adjustments, cancellations, and  
14 consolidation payoffs. The events to be tracked for items received by Loan Servicing will be  
15 received, rejected, accepted, and processed transactions. The events tracked for items  
16 originating in Loan Servicing will be sent and rejected transactions. The table will contain the  
17 following fields:

- 18
- 19 ● Source ID
- 20 ● Loan ID
- 21 ● Disbursement Number
- 22 ● Disbursement Sequence Number
- 23 ● Borrower Social Security Number
- 24 ● Transaction Type
- 25 ● Batch Date
- 26 ● Batch Time
- 27 ● Batch Number
- 28 ● Batch Sequence Number
- 29 ● Amount 1
- 30 ● Amount 2
- 31 ● Event
- 32 ● Reason Code
- 33 ● Processor Code
- 34 ● Time Stamp
- 35

36 This table will be updated through batch processing once a day. It will be available to the  
37 Interface Group at all other times.

##### 38 39 **2.2.4.2 EDA Error Table**

40  
41 Since the EDA Vendor has no mechanism for receiving rejected transactions, Loan Servicing  
42 will have to store rejects. This table will contain, at a minimum, the following fields:

- 43
- 44 ● Batch Date
- 45 ● Transaction Type
- 46 ● Error Code
- 47 ● Creation Date

- 1 • Borrower SSN
- 2 • Resolution Code
- 3 • Resolution Date
- 4 • Transaction Body

5  
6 This table will be available to the Interface Group for review and resolution.

7  
8 **2.2.4.3 Servicing Interface Recycle Table**

9  
10 Loan Servicing will need to track all transactions sent to other Direct Loan Partners that have  
11 been rejected back to Loan Servicing. This table will contain, at a minimum, the following  
12 fields:

- 13
- 14 • Batch Date
- 15 • Batch Time
- 16 • Batch Number
- 17 • Batch Sequence Number
- 18 • Creation Date
- 19 • Transaction Type
- 20 • Error Code 1
- 21 • Error Code 2
- 22 • Error Code 3
- 23 • Resolution Code
- 24 • Resolution Date
- 25 • Transaction Body

26  
27 This table will be available to the Interface Group for review and resolution.

28  
29 **2.2.4.4 G-Record Crosswalk Table**

30  
31 No FADs from Bank of America -- no G record??

32  
33 This table will be used to convert funds transactions received from Loan Origination and Loan  
34 Consolidation to the 'G' record format required by FARS. This table will contain, at a  
35 minimum, the following fields:

- 36
- 37 • Transaction Type
- 38 • Action Code
- 39 • Sequence Number
- 40 • First Field Value
- 41 • Second Field Value
- 42 • Third Field Value
- 43 • Profile Level
- 44 • Document Type
- 45 • Amount
- 46 • Voucher Number
- 47 • Description

1  
2 **2.2.4.5 EDA Accounts Table**

3  
4 Three fields will be added to the EDA Accounts table, eda\_accounts, to support the  
5 maintenance of banking information within Servicing. The fields to be added are:

- 6  
7
  - 8 • Prior Account Number
  - 9 • Prior Routing Number

10  
11 **2.2.4.6 Tracking Tables**

12  
13 One field will be added to the Disbursement Tracking table, ci\_disbursement\_tracking, the  
14 Disbursement Tracking History Table, ci\_disbursement\_tracking\_hist, and the SSN Tracking  
15 table, ci\_ssn\_tracking, to track the source of incoming transactions. The field to be added to  
16 each of these tables is:

- 17  
18
  - 19 • Transmission Source Code Is this the Originating Interface ID?

20 **2.2.5 Production Control Requirements**

21  
22 Procedures will be developed to accommodate processing transmission files at multiple times  
23 during the day and communicating the results to the originating Direct Loan Partner. These  
24 requirements are detailed in Appendix G and the Alpha Operations Manual.

25  
26 **2.2.6 Operational Requirements**

27  
28 Procedures will be developed for using the tables, after a thorough capacity analysis.

29  
30 **2.2.7 Telecommunications Requirements**

31  
32 Loan Servicing will be set up to send and receive data directly to the Loan Origination, Loan  
33 Consolidation, and the EDA Vendor. These requirements are detailed in the Interface  
34 Manuals.

35  
36 The Data Warehouse will extract delinquency information from Loan Servicing using  
37 ODBC.

38  
39 **2.2.8 Computer Security Requirements**

40  
41 Loan Servicing will allow the other trading partners to place transmission files within a  
42 designated area on the Loan Servicing platform. See the Interface Manuals for details.

43  
44 Loan Servicing will allow ODBC access to its databases by the Data Warehouse.

45  
46 **2.2.9 Capacity Requirements**

1            Loan Servicing will develop and will be storing data in four new tables, and will be generating  
2            a higher volume of system balancing records. Disk storage requirements are detailed in  
3            Appendix J.

4  
5    **2.2.10            MIS Reporting**

6  
7            MIS reporting requires no modifications to Servicing.  
8