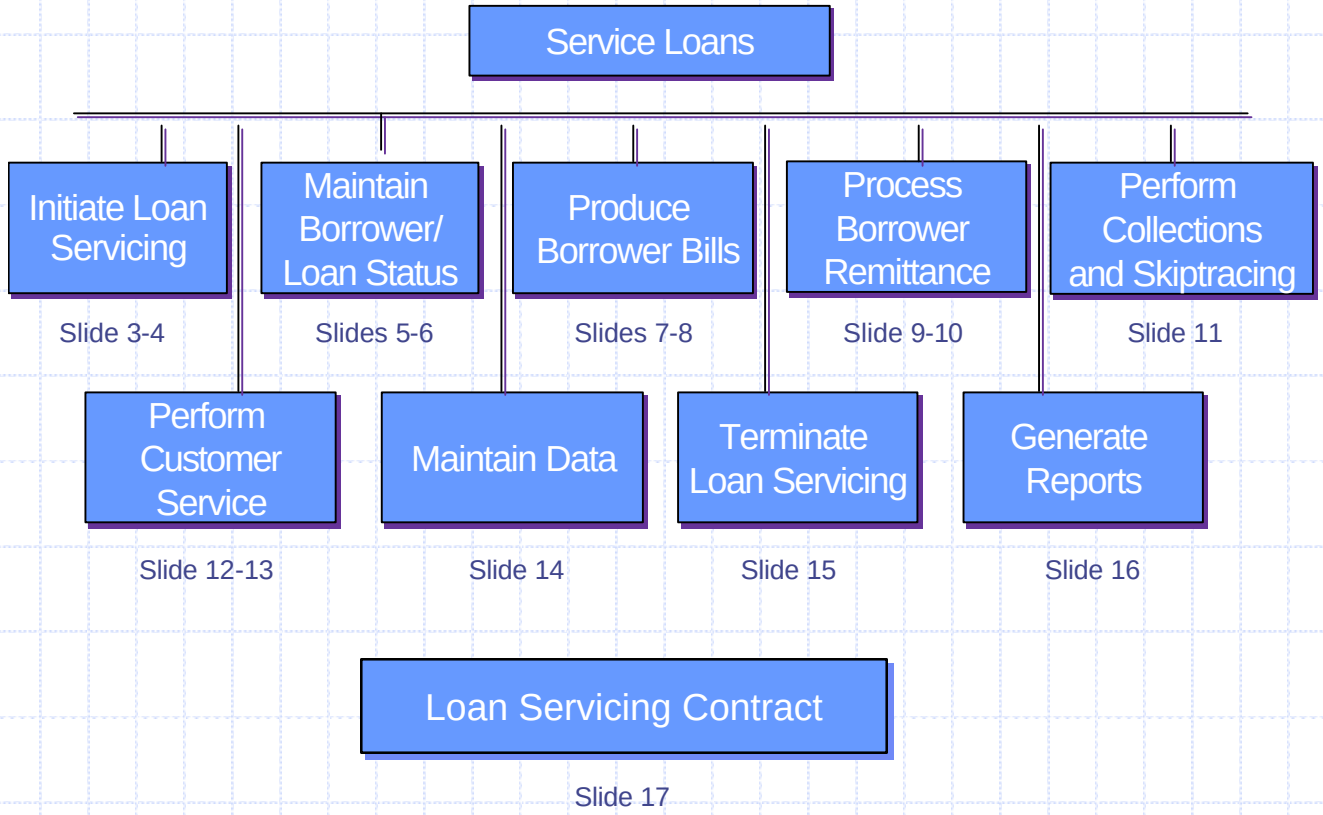
Loan Servicing Black Belt

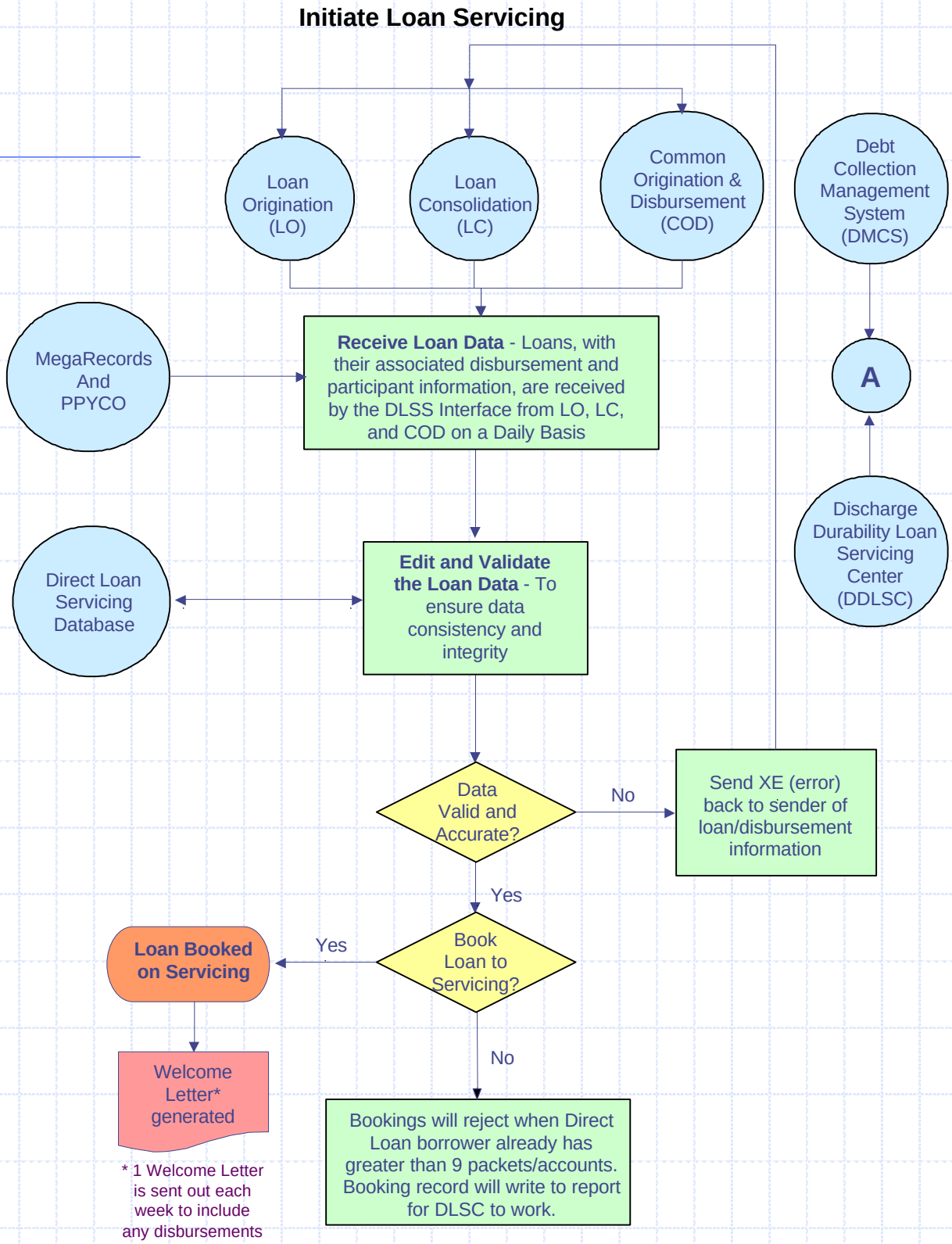
"As Is" Environment

July 12, 2002

Core Loan Servicing Functions



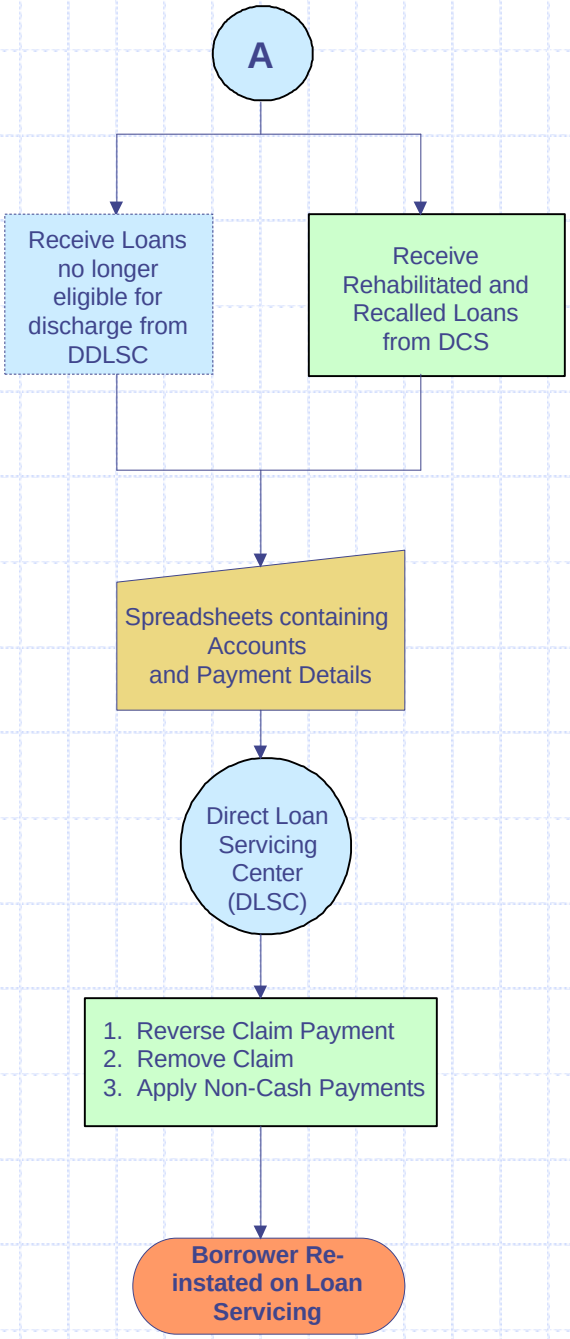
Loan Servicing (LS)



* 1 Welcome Letter is sent out each week to include any disbursements received during that 7 day period

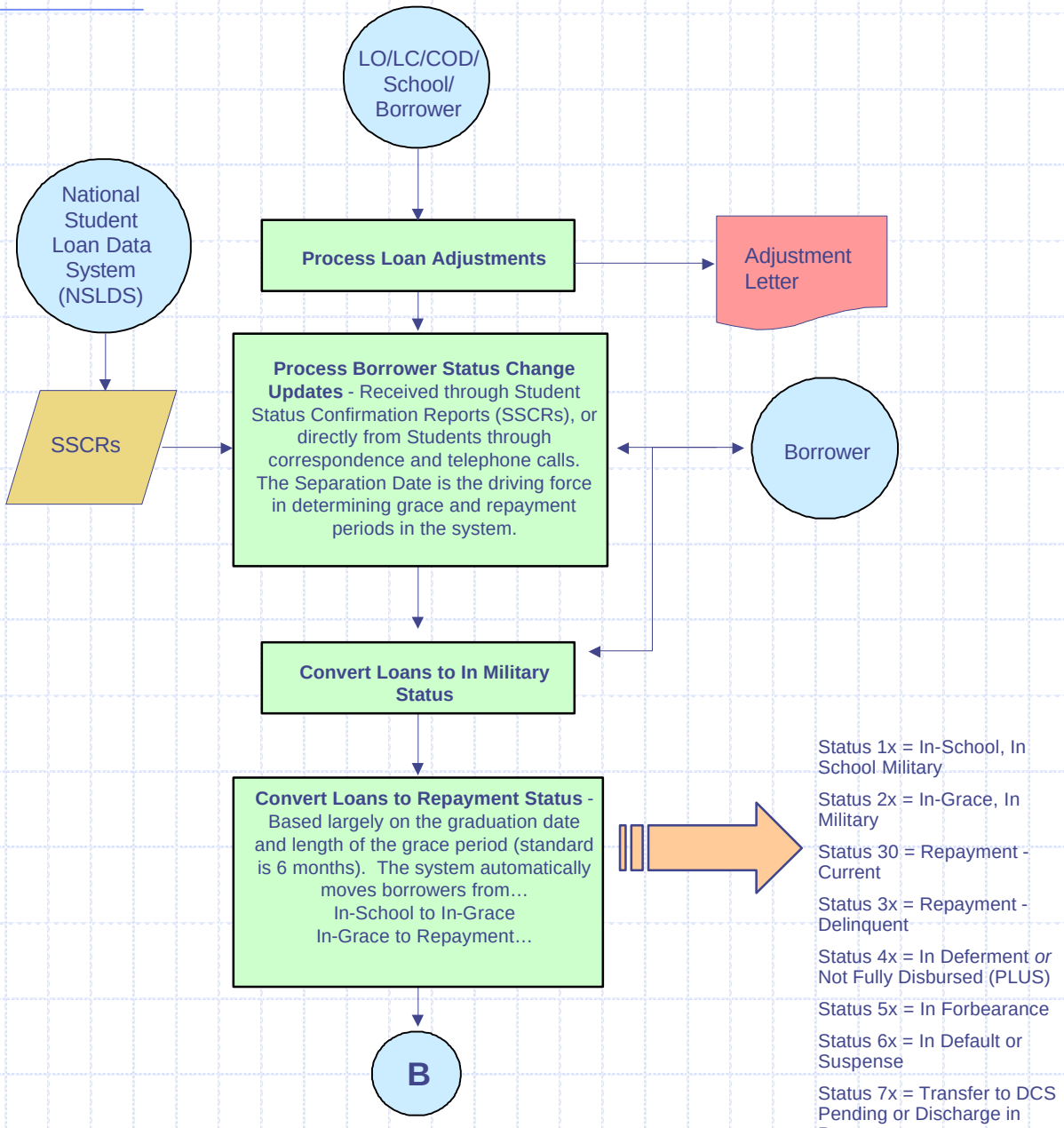
Loan Servicing (LS)

Initiate Loan Servicing
(continued)



Loan Servicing (LS)

Maintain Borrower/Loan Status



Status 1x = In-School, In School Military

Status 2x = In-Grace, In Military

Status 30 = Repayment - Current

Status 3x = Repayment - Delinquent

Status 4x = In Deferment *or* Not Fully Disbursed (PLUS)

Status 5x = In Forbearance

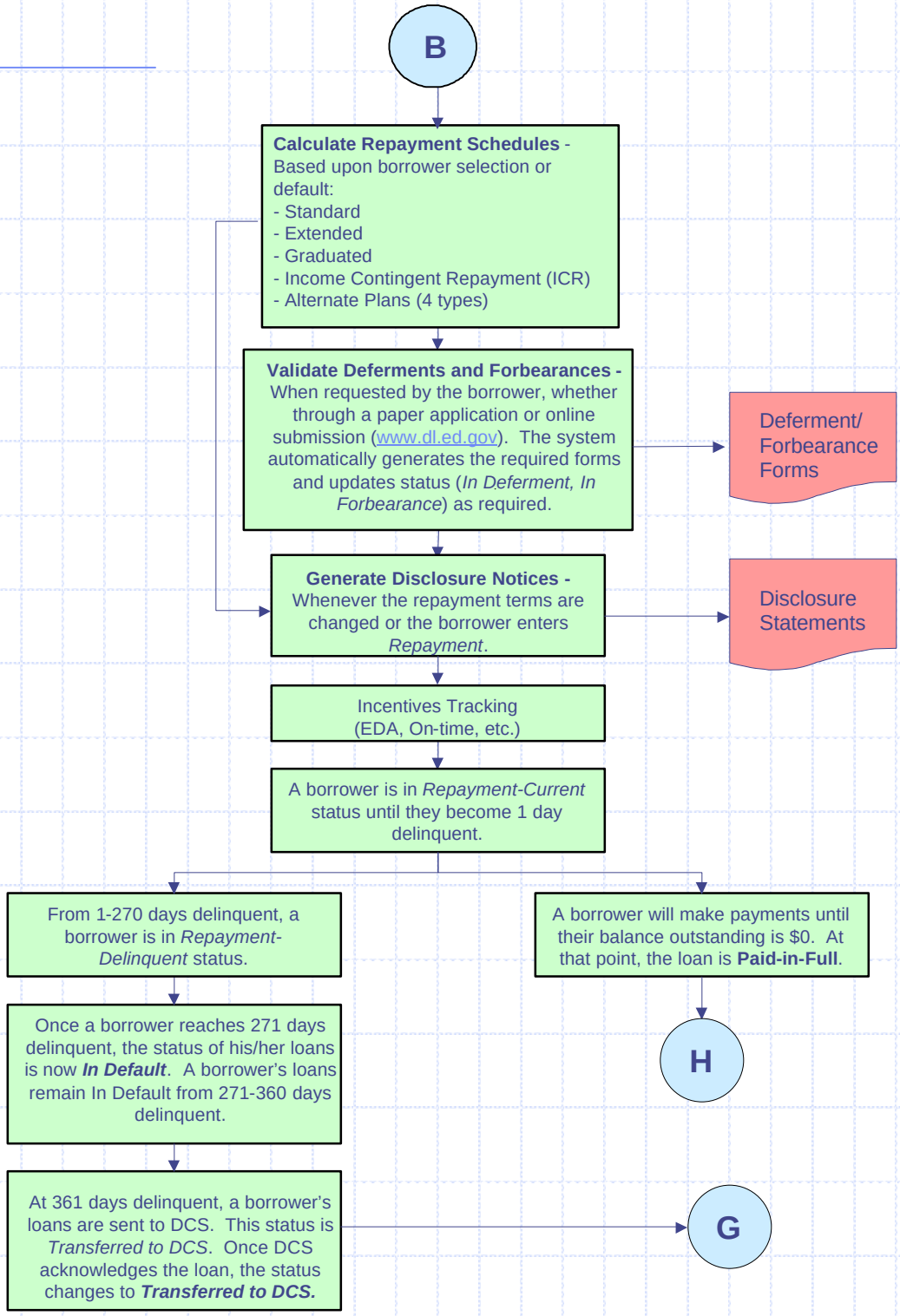
Status 6x = In Default or Suspense

Status 7x = Transfer to DCS Pending or Discharge in Progress

Status 9x = Paid-in-Full, Discharged, Transferred to DDLSC, Transferred to DCS

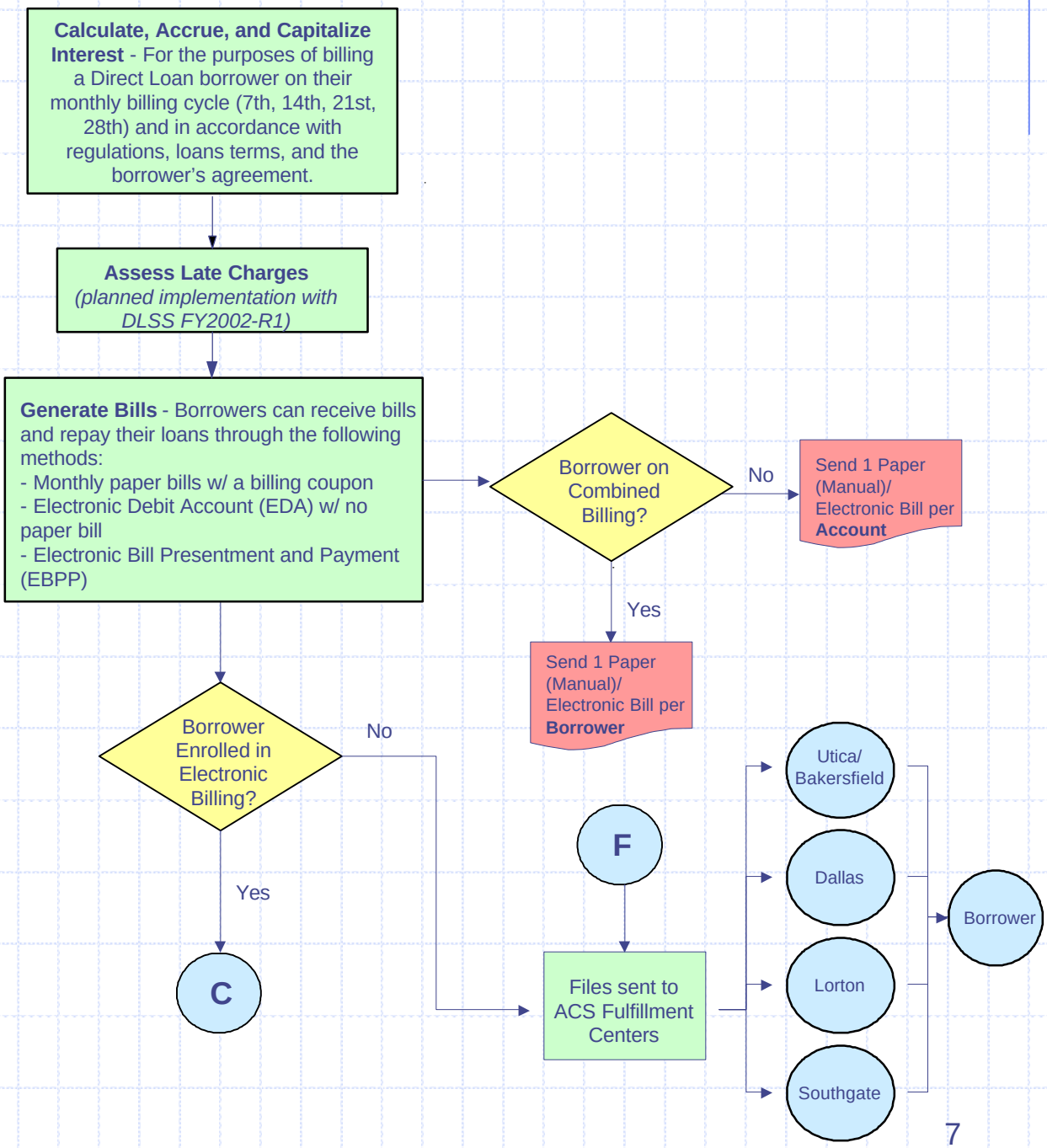
Loan Servicing (LS)

Maintain Borrower/Loan Status
(continued)



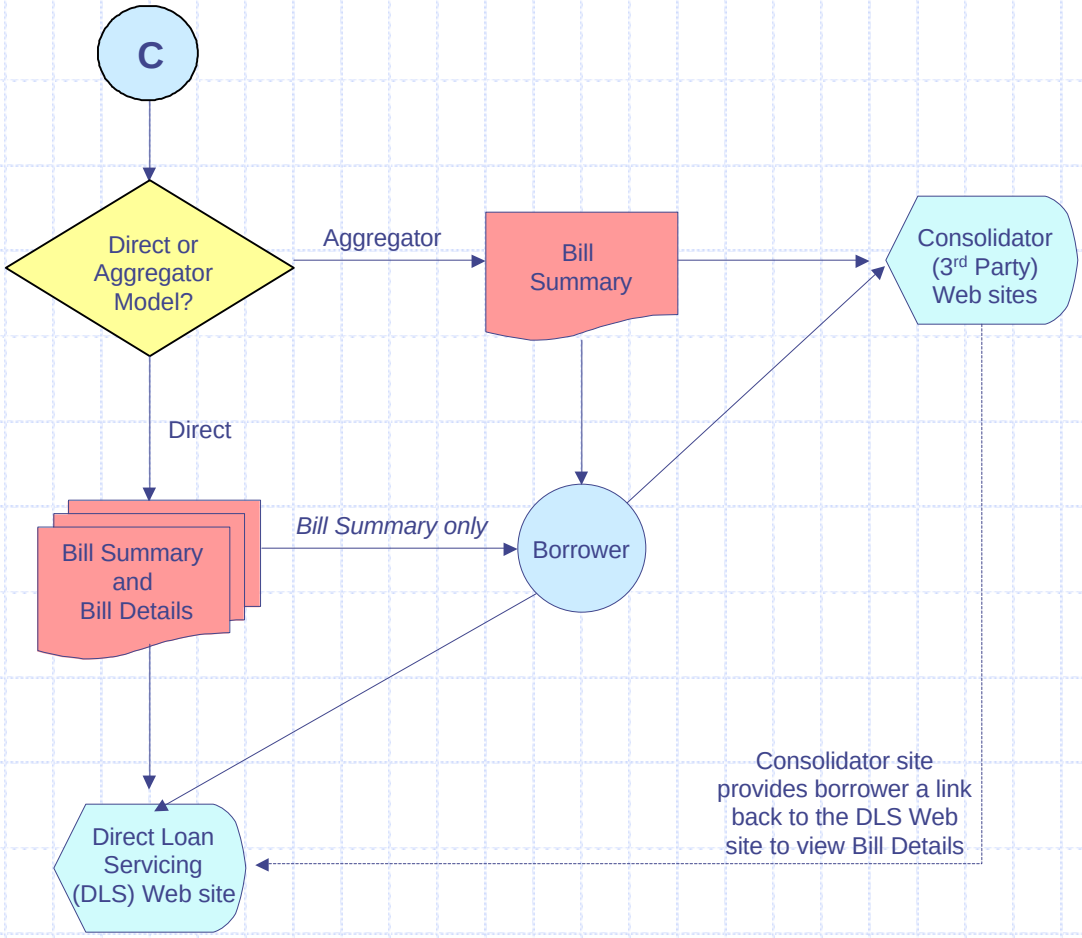
Loan Servicing (LS)

Produce Borrower Bills



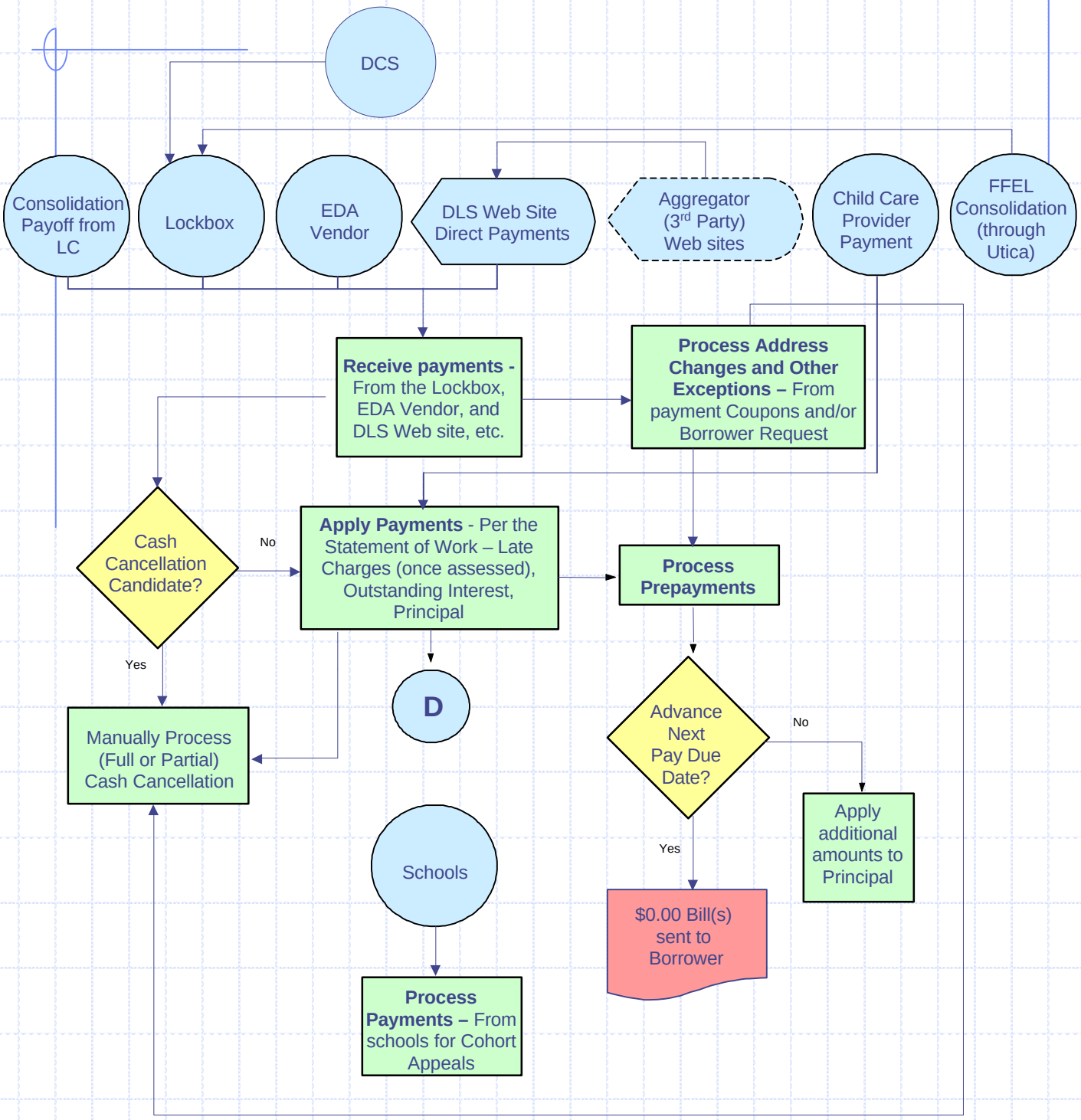
Loan Servicing (LS)

Produce Borrower Bills
(continued)



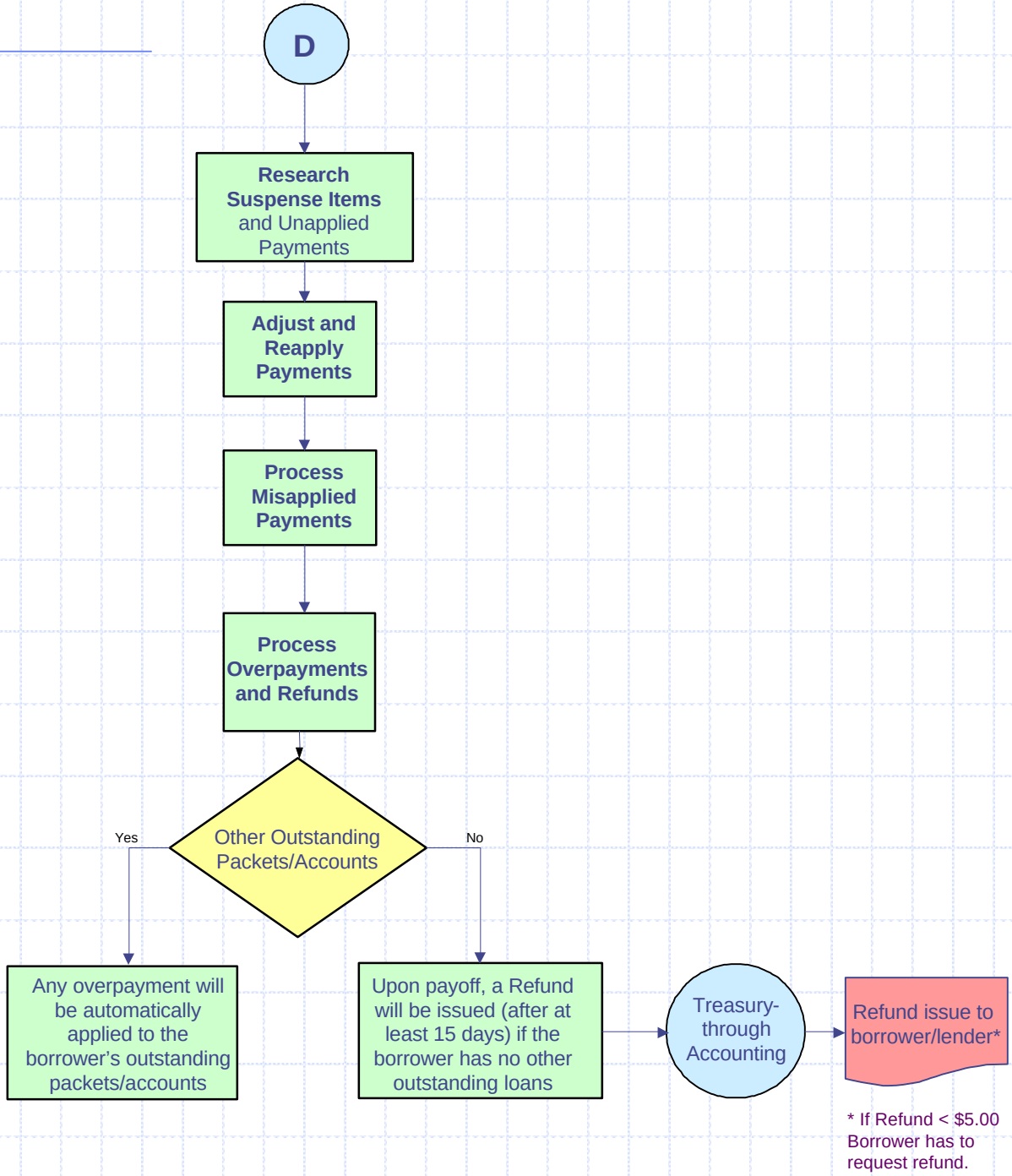
Loan Servicing (LS)

Process Remittances



Loan Servicing (LS)

Process Remittances
(continued)



Loan Servicing (LS)

Perform Collections and Skip Trace

Generate Calls and Notices to Borrowers - The autodialer capability is used to generated outbound calls for due diligence purposes. Notices are automatically generated to delinquent borrowers at prescribed times and intervals.

Calls

– 0 to 3 attempts per call queue

– Call and Make-up Queues established for borrowers 30-180 days delinquent (30-day buckets)

– Default Aversion Queues established for borrowers 181-360 days delinquent (30-day buckets)

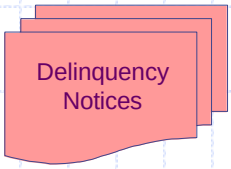
– Queues created for special situations, ex: Promise to Pay, Foreign Address, Bad Phone, In Suspense, Endorser on Account, Busy Phone

Borrower/ Endorser/ Reference/ Co-maker

Contact Schools – Attempt to get schools involved in default aversion and improving cohort default rates.

Schools

Processed Returned Mail – Processed by the DLSC Skiptrace Department. Returned Mail is processed within 15 business days of receipt.



Notices

– BIL2 payment not yet received notice

– PDP2 (30 days)

– PDP4 (60 days) – Reported to Credit Bureaus

– PDP5 (90 days)

– PDP6 (120 days)

– PDP7 (150 days)

– PDP8 (180 days)

– BILL (210 days)

– DEMP (240 days final demand notice before defaulting at 271 days)

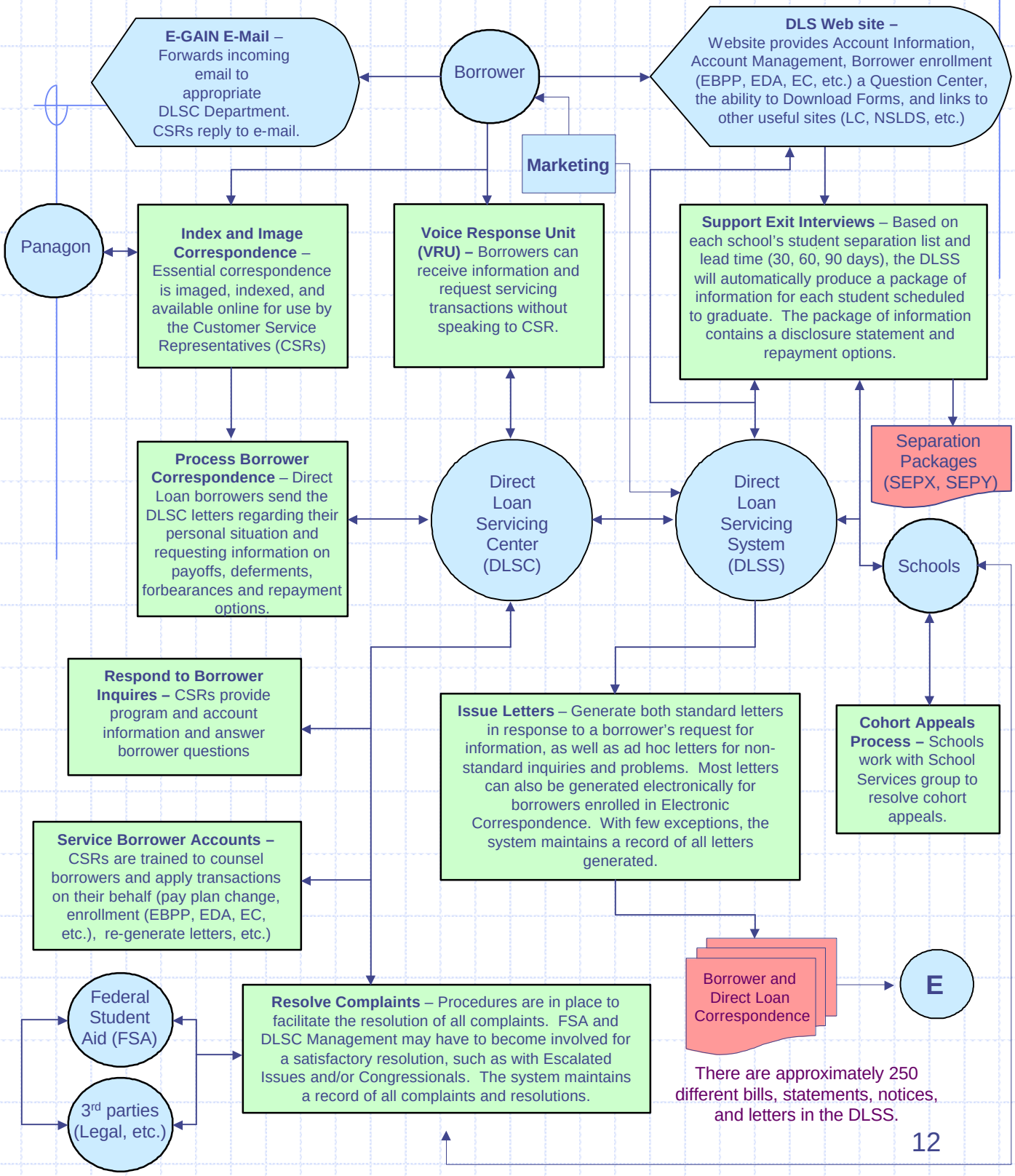
– DFP3 (300 days, final demand notice before transferred to DCS at 361 days delinquent)

Perform Skiptracing Activities - Use of credit bureaus, directory assistance, and letters sent to known references to determine a valid address for a borrower. Commences within 10 days of discovering valid address is not currently available for a borrower on the Loan Servicing System.

Processed Returned E-Mail/Perform E-Mail Skiptracing – All returned e-mail is manually reviewed for errors. Correspondence is sent via paper if e-mail is not valid.

Loan Servicing (LS)

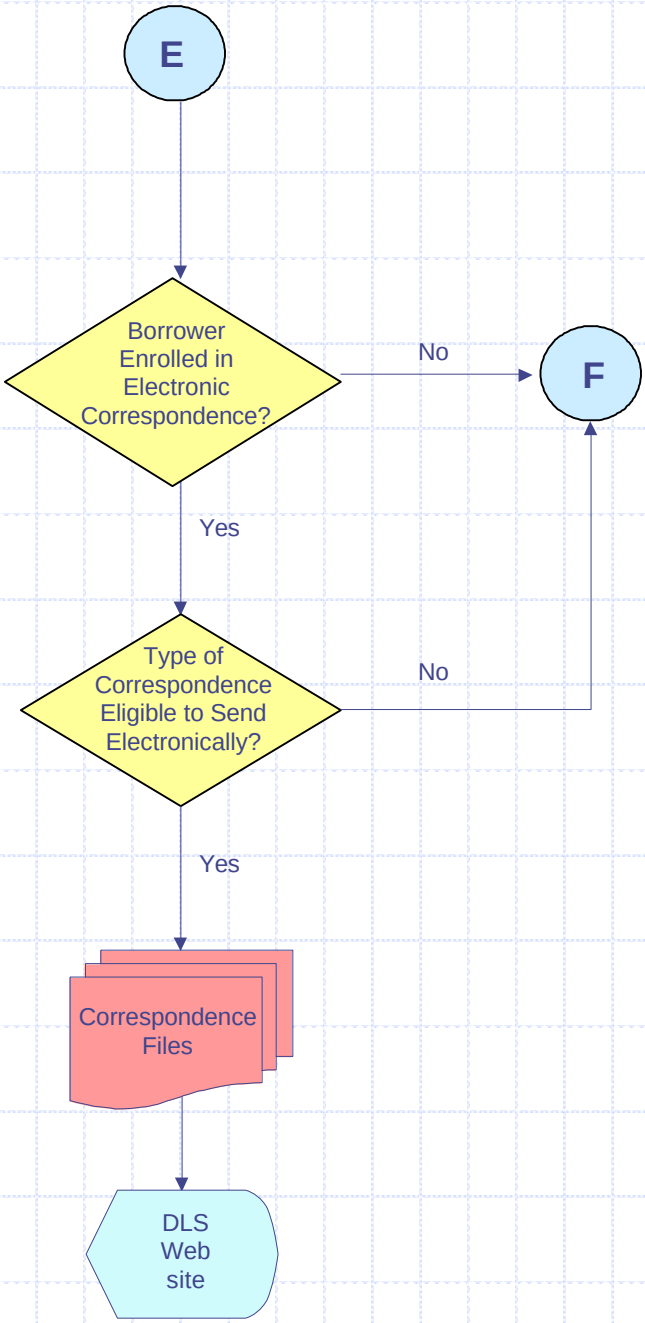
Perform Customer Service/*Perform Customer Relationship Management*



There are approximately 250 different bills, statements, notices, and letters in the DLSS.

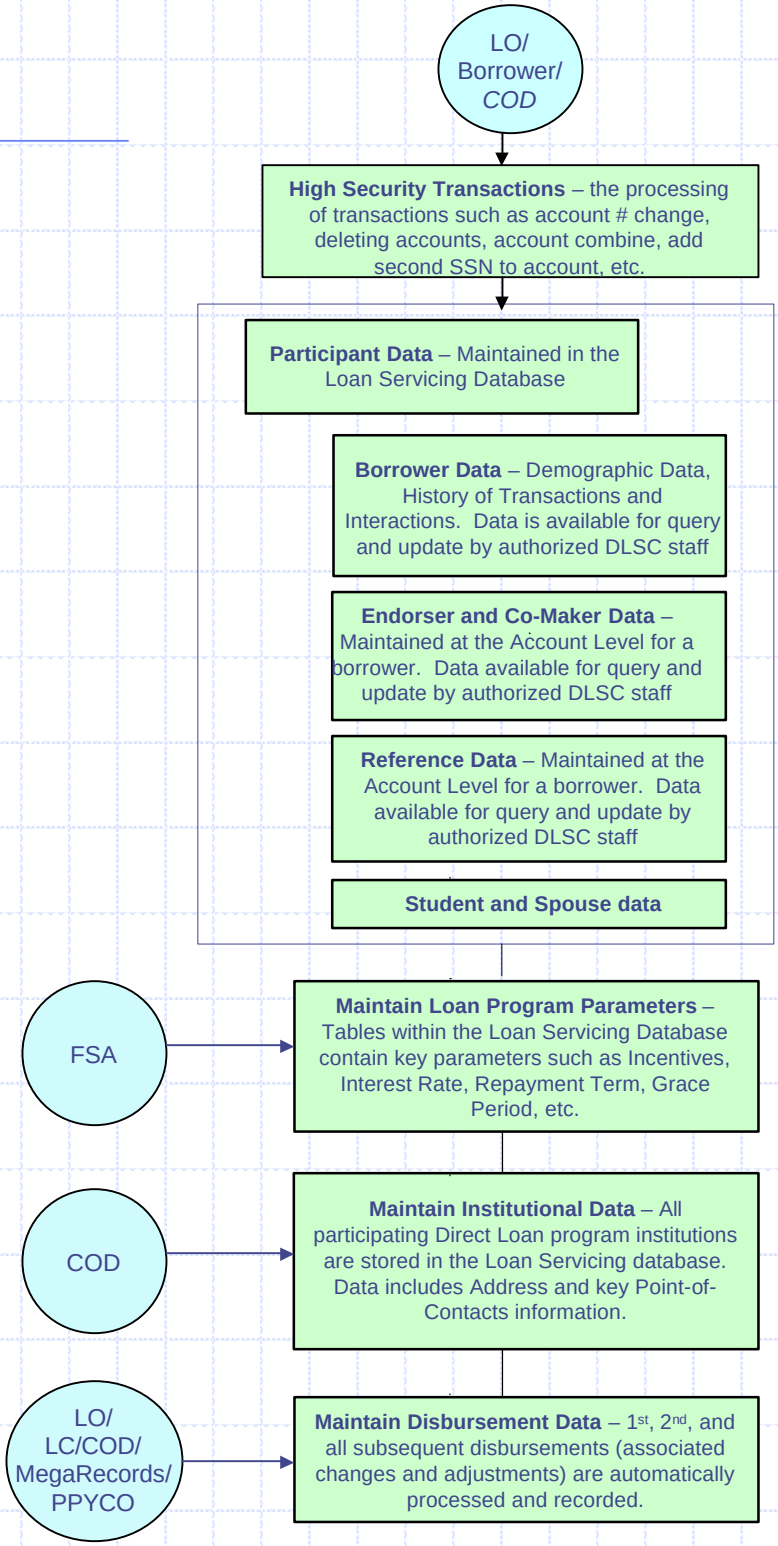
Loan Servicing (LS)

Perform Customer Service/*Perform Customer Relationship Management (continued)*



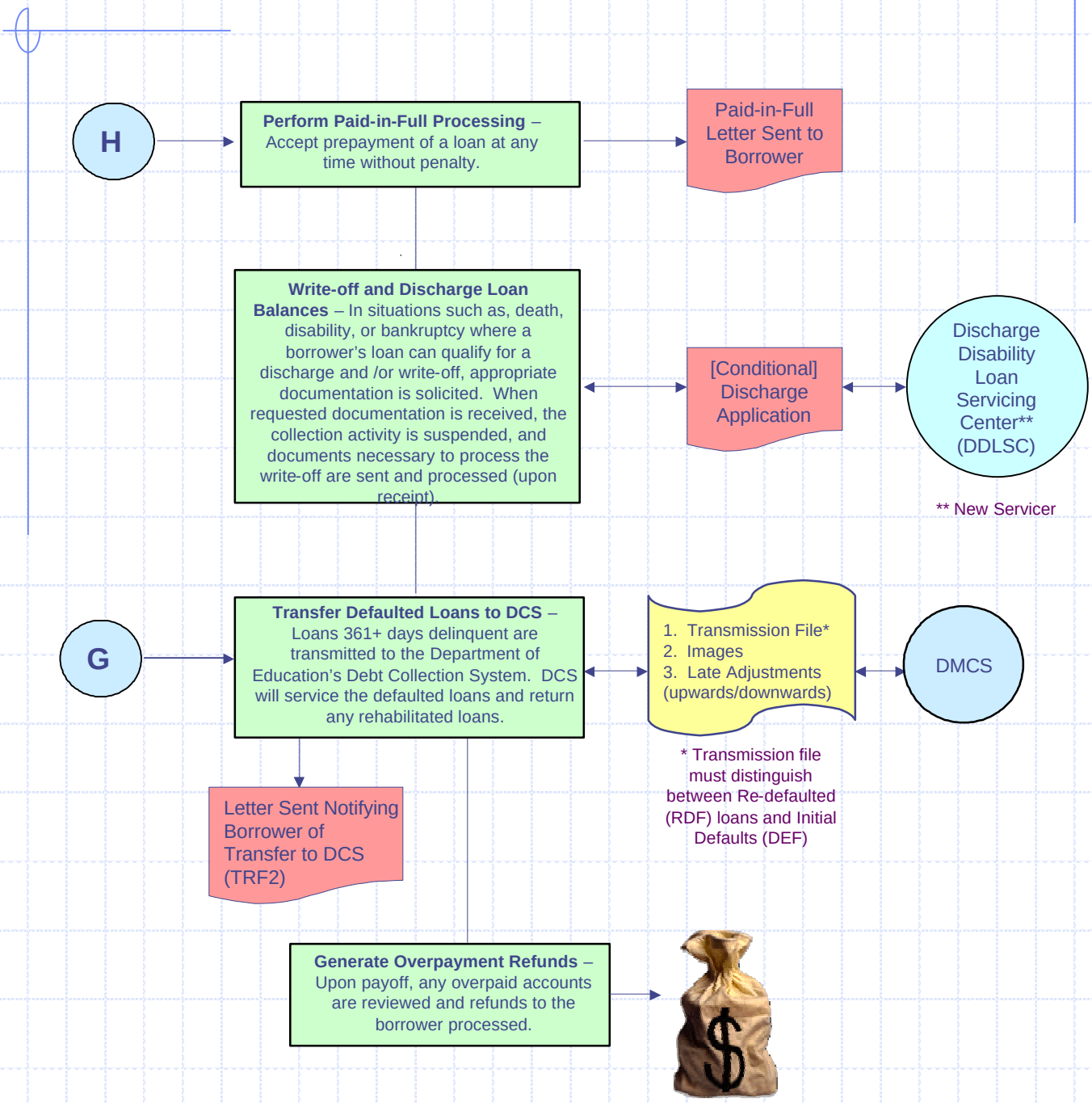
Loan Servicing (LS)

Maintain Data



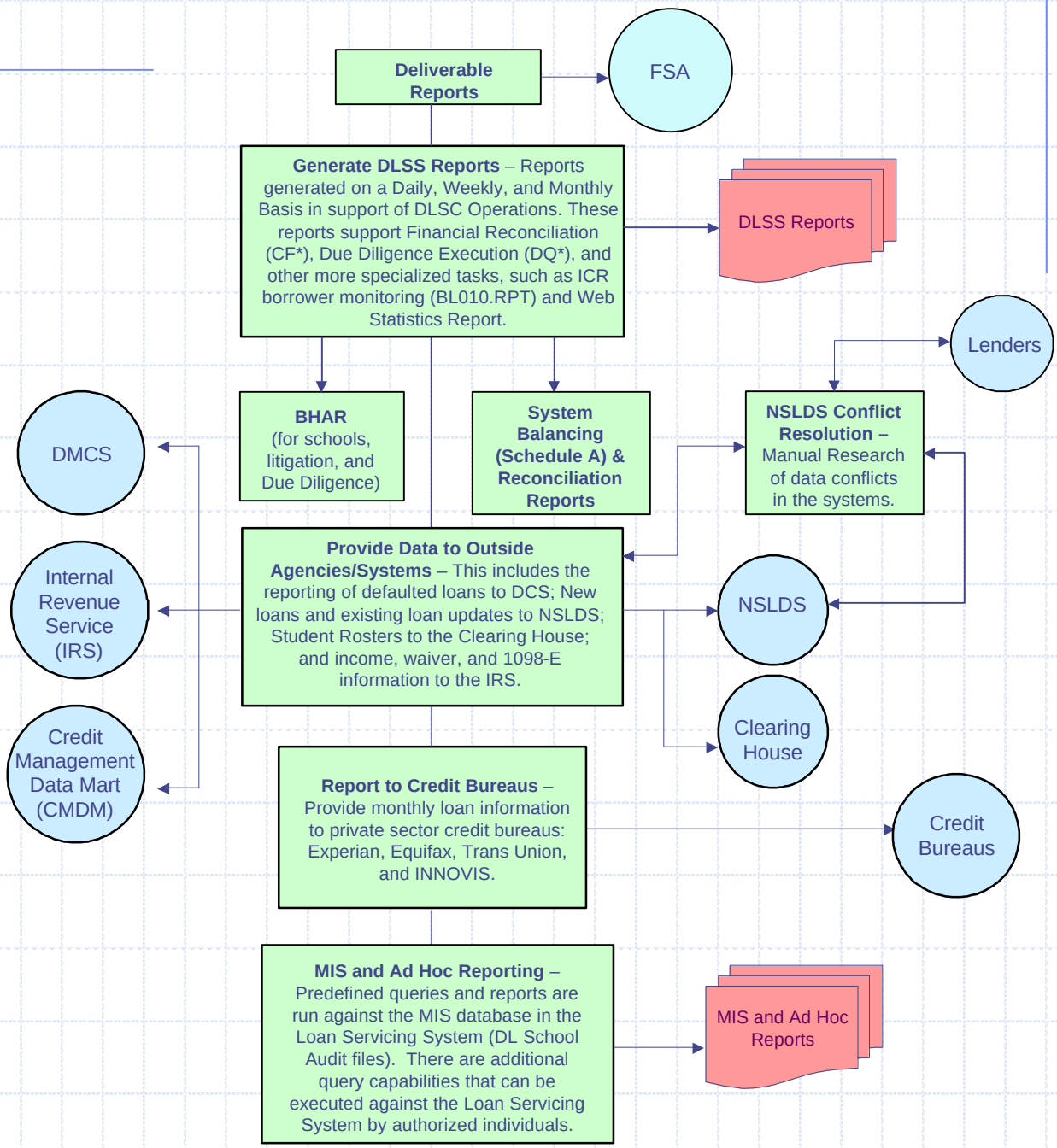
Loan Servicing (LS)

Terminate Loan Servicing



Loan Servicing (LS)

Generate Reports



Contractual Functions supporting Loan Servicing

- Maintain Compliance
- Project Management
- Key Personnel
- Production Support
- Configuration Management
- Software Development
- Quality Control and Quality Assurance
- Security
- Disaster Recovery
- Training
- Documentation Updates