

Summary Overview Loan Consolidation

The Students Channel is divided into four main areas: (1) Customer Service and Support Call Centers, (2) Student Aid Awareness, (3) Application Processing, and (4) Student Credit Management. The Students Channel is responsible for providing aid awareness and service to potential, current, and post education borrowers and their families.

Primary Customers:

Student Credit Management - Consolidation

Primary Customer: Borrowers and Families

Internal Partners: DCS, DLSS, other?

External Partners: Lenders, IRS, Credit Bureau, other?

Services Offered:

Student Credit Management - Consolidation

- Consolidation
 - Manage consolidated loan information
 - Process loan consolidation request from borrower
 - Notify borrower of acceptance or denial of consolidation request
 - Receive and process electronic files or images and process paper loan consolidation applications
 - Originate Direct Loan consolidation
 - Receive verification of loan existence and balance from schools (Perkins) and lenders (FFEL)
 - Send disclosure and promissory note to students
 - Generate payment request to lender or school for consolidation
 - Apply the payoff amount for each underlying loan to create one consolidated Direct Loan
 - Create origination record for consolidated Direct Loans
 - Recalculate payoff amounts for borrowers based on overpayment/ underpayment adjustments
 - Run credit check for PLUS loan consolidation

Operating Partner: EDS, Loan Consolidation Center

Contact Name: Denise Leifeste

Contact Phone: (202) 205-4709

Location: Washington, DC

Web site: loanconsolidation.ed.gov

For more information on the individual information centers, hours of operation, phone numbers, fax, email, web sites, contact volumes, and detailed process flows, please reference the CIC Operating Model.

Student Credit Management - Consolidation Process Flow Narrative:

Student Credit Management is responsible for the full range of services to provide students with loan repayment processing, loan consolidation services, collections of defaulted loans, and assistance to borrowers in default.

Consolidation

Consolidation is responsible for managing the flow of information necessary to consolidate a borrower's separate loans and administering the receipt, processing, and certification of loan consolidation requests. Applications are received via web site, phone for Direct Loan express applications, mail, and courier. Express applications can be done over the phone for Direct Loans only.

Complete applications and promissory notes are sent to Loan Consolidation and undergo exam entry for validation. If the Consolidation loan contains a PLUS loan, a credit check request is made to OLNACS. If the credit check fails, the borrower must obtain an eligible endorser.

The system generates the appropriate letters or a request for information for borrowers who need to provide additional information or corrections for their Direct Consolidation loan. Supplemental loans may be added by submitting a request within 180 days after the date the Direct Consolidation was made.

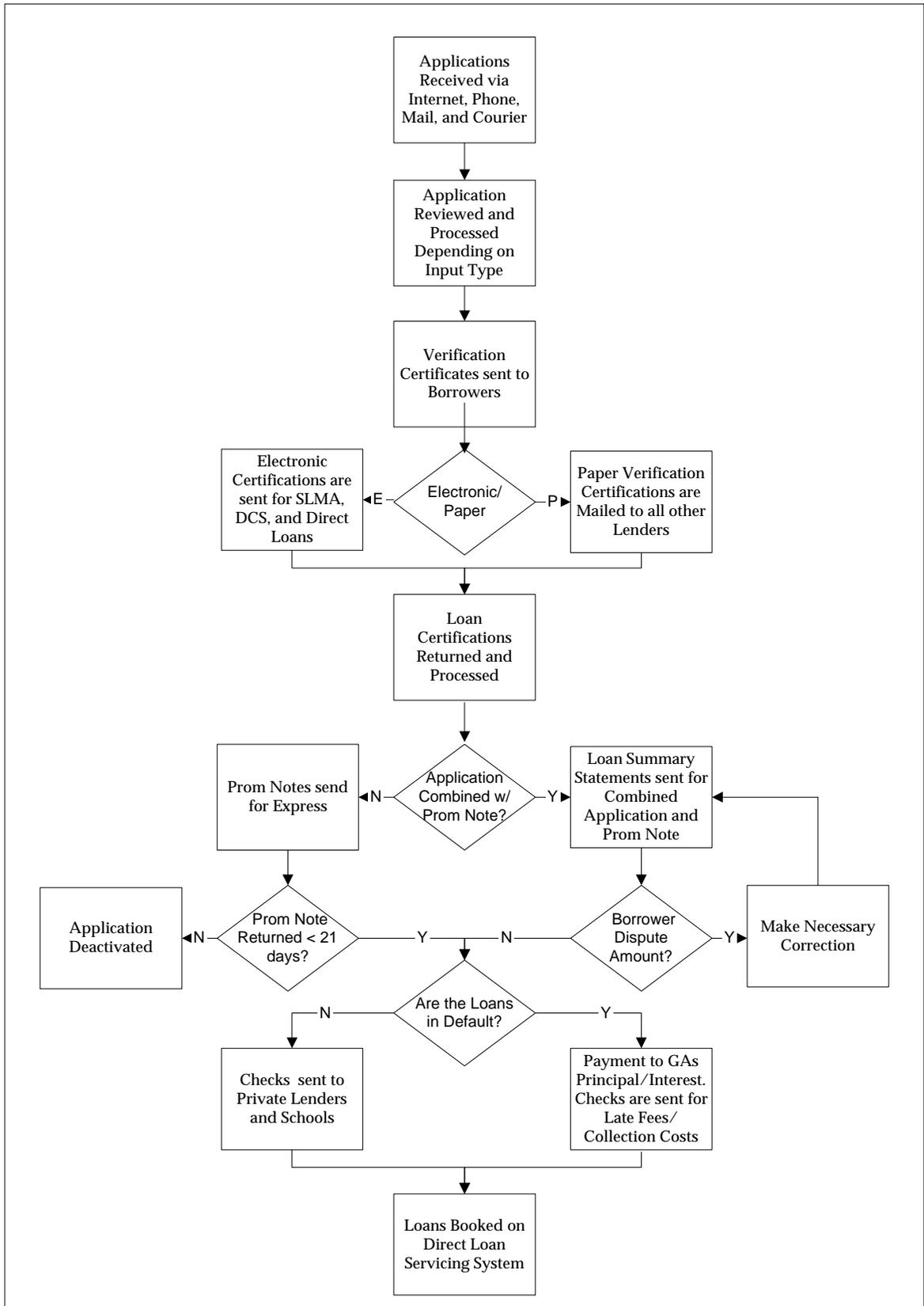
The certification process includes verification of balances and loan types reported on the Consolidation application. Certification of DCS, SLMA, and Direct Loans are processed electronically by the system. Loan holder information can be accessed and researched via an on-line connection to NSLDS.

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 ICR, the standard repayment plan will be assigned to the loan. The ICR plan requires additional information from the IRS.

After the certification process, the consolidation 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. A check is sent to Guarantee Agencies for late fees and collection cost only. Private lenders are paid by electronic deposit. Payoff to loan holders may create an overpayment or underpayment condition.

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 except the system is designed to process the FastTrack forms without stopping to send borrower correspondence.

Consolidation Process Flow



Information Sources:

Common Data Used

- Loan Holders Authorized for Consolidation
- Loan Balances/Payoff Amounts
- Credit Checks

Common Data Sources/Systems

- DLSS
- DMCS
- Credit Bureau
- NSLDS
- FMS
- IRS (ICR)

Data Analysis Tools

- Loan Consolidation System
- NSLDS, loan holder research

Volumes

- Consolidation Volume: approximately 350,000 loan consolidations annually and 35,000 monthly

Key Performance Indicators and Measurements:

- Average of 45 days or less for loan consolidation
- Increase ACSI score by 3.5 from 81
- Improve employee satisfaction on Gallup
- Improve EDS internal employee satisfaction score
- Improve Loan Consolidation team evaluation of working relationship

Current Issues and GAPS:

- None indicated

Future Goals and Objectives:

- Reduce time to consolidate loans
- High quality financial management system
- Customer service standards that make sense
- Integrated systems and portfolio management tools

Employee Information:

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Other:

- Loan Consolidation contract with EDS was just extended until 2002 with possible six month extension to March 2003

- SOO development in progress

Related Projects:

- None indicated

Sources Utilized:

- Contact Center Discovery Sessions
- DLSR IPT Current Environment Document
- Request for Organizational Approval Document
- SFA Management Interviews