

## Summary Overview of Loan Repayment

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 – Loan Repayment

- Primary Customer: Borrowers and Their Families, and Schools
- Internal Partners: NSLDS, Origination, Consolidation, Collections, COD, FMS, PIN server
- External Partners: IRS

Services Offered:

### Student Credit Management – Loan Repayment

- Repayment
  - Maintain participant and loan information
  - Proactively counsel borrowers on selection of repayment plan
  - Process billing information through the Direct Loan Servicing System and handle requests for billing documents and status
    - Calculate payment due and generate billing statements for borrower
    - Send quarterly interest statements to borrower during school attendance and grace period
    - Send disclosure statement prior to end of grace period
    - Prepare and send annual 1098E IRS forms
    - Send annual Graham-Leach-Bliley Act statements
  - Process loan payment
    - Process repayment transactions on all Direct Loans held by Department of Education
    - Refund money to borrowers in case of overpayment
    - Control the process and maintenance of all collection activities
  - Manage aid status
    - Process deferments, forbearances, discharges, and cancellations of Direct Loans
    - Monitor repayment history to update loan status to “delinquency” or “default” and, based on status updates, convert loan to “repayment” status
  - Collect Direct Loans in delinquent status (less than 270 days) – AFSA Loan Servicing
    - Send demand letters
    - Skip trace borrowers
    - Attempt to cure delinquent loans via phone contact with borrower
    - Monitor loan status of delinquent loans and report to credit bureaus
    - Assign default status as necessary
  - Report Direct Loan program information to NSLDS
  - Prepare periodic reports as required by SFA, GAO, IG, and others
  - System functions include

- Establish and Maintain Loans
- Record Participant Information Changes
- Maintain Loan Status
- Prepare Bills and Accept Loan Payment
- Close/Transfer Loans
- Service Income Contingent Repayment (ICR)
- Support Consolidation of Direct Loans
- Other System Functions/Interfaces

Operating Partner: ACS/AFSA;

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Contact Phone: (202) 205 -- 0038

Location: Washington, DC

Web site: [www.ed.gov/Direct Loan](http://www.ed.gov/Direct Loan)

*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.*

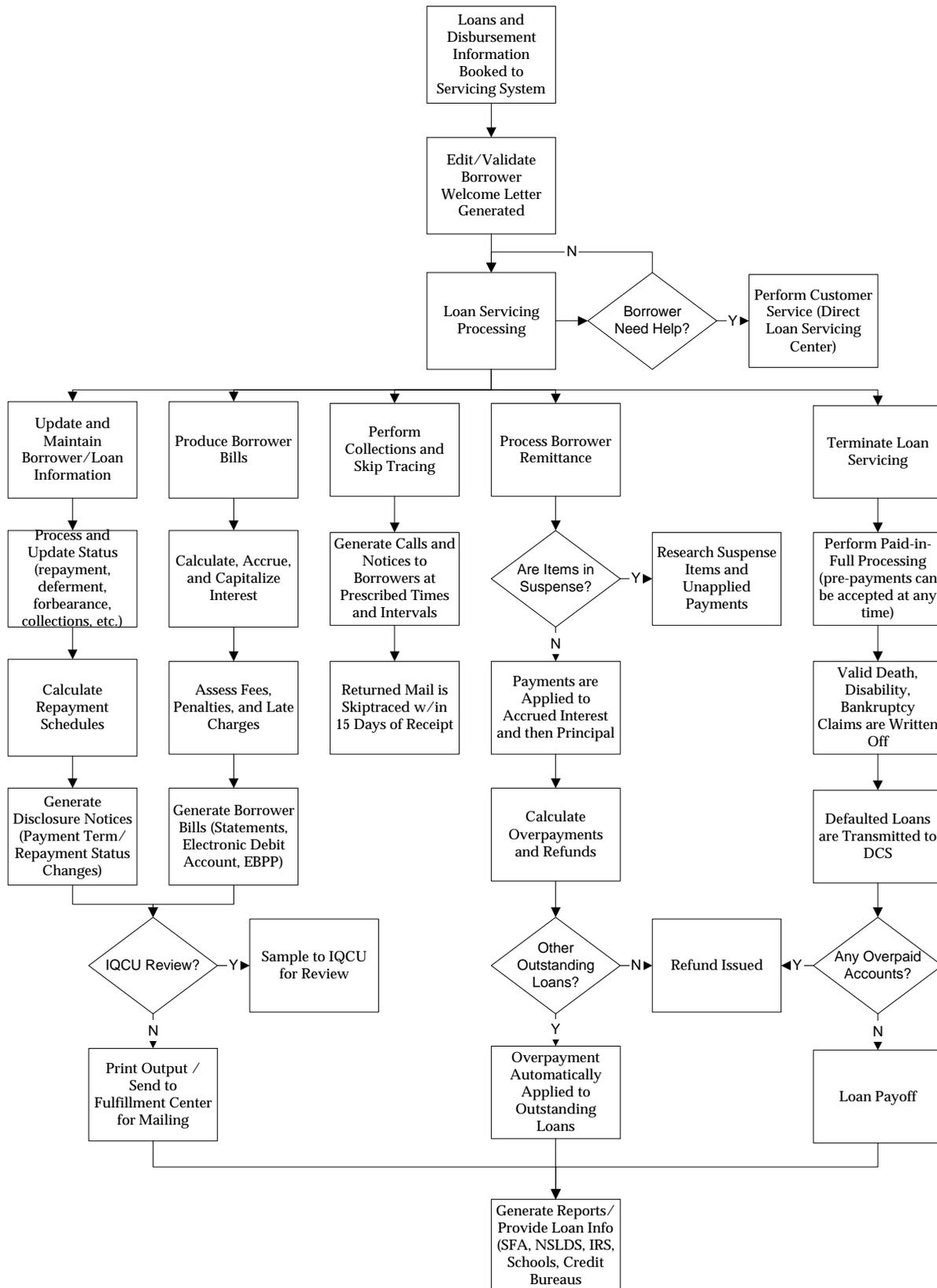
Student Credit Management Process Flow Narrative:

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.

#### Repayment

Repayment is responsible for notifying Direct Loan borrowers of available repayment options, offering advice on repayment options that best suit a borrower, processing billing and repayment information, and monitoring repayment history, loan status, and borrower information.

# Repayment Process Flow



Information Sources:

Common Data Used

- DLSS

Common Data Sources/Systems

- DLSS
- LO
- LC
- DCS
- NSLDS
- FMS

Data Analysis Tools

- DLSS

Volumes

- Approximately 5.1 million borrowers (with approximately 2.5 million in repayment)
- Annual Volume?
- Monthly Volume?

Key Performance Indicators and Measurements:

- Not specified

Current Issues and GAPS:

- No need for two lockboxes

Future Goals and Objectives:

- eServicing Implementation
- Common Servicing

Employee Information:

- Sybil?

Other:

- N/A

Related Projects:

- eServicing

Sources Utilized:

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