Federal Student Loans
From Disbursement to Default and everything in between

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Once Upon a Time

“With the help of student loans, I can go to just about any school in the country”
Judge Ed and council decide to eliminate FFEL Program

• Judge Ed lives in a large city on the East Coast

Federal Direct Loan Program

With the new rule, all higher education students in the country will now secure their student loan funding from the program known as The Federal Direct Student Loan.

• Only one lender to repay and one entity to deal with
• One set of rules for deferments, repayment, consolidation
• Up-Front Interest Rebate
• Income Contingent Repayment Plan (in addition to the Income-Based Repayment Plan)
• Public Service Loan Forgiveness Program
• No interest charged (for up to 60 months) during qualifying periods of active duty military service (for loans first disbursed on or after October 1, 2008)
• Easier to track loan balances, etc.

Disbursement of Federal Direct Loans

• Check for student’s continued eligibility
• Disburse the funds as early as 10 days before start of payment period
• Resolve credit balances by 7th day of payment period if funds could have been disbursed 10 day prior to start of period (so that Pell eligible students can buy books)
• Inform student or parent about disbursement and right to cancel
• Report disbursements to COD within 30 days
• Receive Federal funds to cover recent disbursements
Combination FFELP and DL loans

- Students who previously received FFELP loans who remain in school and who continue to need student loan funding will need to deal with a minimum of two entities and will have loans to repay to both their FFELP lenders and DL. These students can combine their loans in a new DL Loan Consolidation which will go a long way to ease the burden on repayment.

School processing Direct Loans all over the country

Six Federal Loan Servicers

<table>
<thead>
<tr>
<th>Servicer Name</th>
<th>NSLDS Name</th>
<th>ED Servicer Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Education Student Loan Servicing Center (ACS)</td>
<td>DEPT OF ED/ACS 577</td>
<td></td>
</tr>
<tr>
<td>Direct Loan Servicing Center (ACS) - Prev. Code = 00100 583 **</td>
<td>DIRECT LOAN SERVICING CENTER (ACS) - Prev. Code = 00100 583 **</td>
<td></td>
</tr>
<tr>
<td>FedLoan Servicing (PHEAA)</td>
<td>DEPT OF ED/FEDLOAN SERVICING (PHEAA) 579</td>
<td></td>
</tr>
<tr>
<td>Great Lakes Educational Loan Services, Inc.</td>
<td>DEPT OF ED/GREAT LAKES 581</td>
<td></td>
</tr>
<tr>
<td>Nelnet</td>
<td>DEPT OF ED/NELNET 580</td>
<td></td>
</tr>
<tr>
<td>Sallie Mae</td>
<td>DEPT OF ED/SALLIE MAE 578</td>
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</tbody>
</table>

More details can be found on NSLDS Newsletter 32
NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)

- https://www.nslds.ed.gov/nslds_FAP/secure/
- logon.jsp

Dorothy Gale comes back to Kansas

NSLDS MENU
Dorothy Gale’s loans in Kansas, Wyoming, Alaska and again in Kansas

Dorothy Gale’s descent into default

<table>
<thead>
<tr>
<th>Last attended Alaska school</th>
<th>End of grace</th>
<th>Repayment start date</th>
<th>Back to School date</th>
<th>Days delinquent</th>
<th>Should Dorothy really be in default?</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/20/09</td>
<td>9/20/09</td>
<td>10/1/09</td>
<td>5/27/10</td>
<td>239</td>
<td>Yes or No?</td>
</tr>
</tbody>
</table>

Dorothy Gale’s Timeline on map

Is Dorothy Gale in default?
Adding a defaulted loan to an existing loan consolidation
From NSLDS, I was able to find:
- If student has a loan in default status
- If a consolidation loan already exists, you can find the Guarantee Agency that paid the claim
- You can then assist the student in creating a new consolidation loan which can take care of the defaulted loan

More NSLDS Details
From the NSLDS website, you can check:
- Individual student loan history for both FFELP and Direct Loans, where you can see:
  - Prior and current lenders
  - Interest rate for each specific loan
  - Loan period for each specific loan
  - Loan servicer’s name, address and phone number
  - If student consolidated prior loans
  - If student has defaulted
  - Current status of each loan
  - If student received Teacher Loan Forgiveness
  - Overpayment list for student who owe a federal required repayment
  - If student completed Exit Loan Counseling
  - Transfer Monitoring

NSLDS Reports
Creating NSLDS reports

- In addition to checking on individual student statuses on NSLDS, you can also create and receive reports which will help you with your required exit counseling tracking as well as delinquent borrower tracking. Under the “ORG” tab, you can create scheduled files to be sent to you for both Exit Counseling and Delinquent borrowers.

Creating NSLDS reports continued

- This can be requested by clicking on the School Profile tab from the “ORG” screen, you can schedule to receive your Exit Interviews on a regular basis. For instance, we have begun to receive our exit interview reports once per week. Once set up, these reports will be sent to your school’s SAIG mailbox to be loaded into your financial aid software system.

Scheduled Reports
Contact NSLDS by phone

NSLDS 800-999-8219

Receiving NSLDS Exit Counseling reports
Once requested from NSLDS
Reports come into school’s SAIG mailbox
Files created are either:
• EXITFFOP.### or
• EXITFMOP.### (You select format)
The File format for these files is located on the NSLDS homepage (shown on slide 12)

Ideas, Suggestions, Questions
Direct Loan Delinquent Borrowers

You can find them by logging on to COD and clicking on:
- Services
- Direct Loan Servicing
- School Reports
- Delinquency Reports

Delinquency Reports

NSLDS Delinquency Reports
Create your own delinquency reports

Delinquency Report selections

Under the report function, you need to select various items:

- Select Report ID (i.e., DELQ01)
- For the “Type,” select Extract (since you want to extract the records)
- You can also define the report by federal loan servicer or cohort year (initially we have chosen all servicers and all cohort years)
- Select your Delinquency range (one per report)
- Select your “Extract type” we use “comma delimited” (since we’re going to import the data into EXCEL and then do a mail merge with WORD)
- Select “Sort by” (either SSN or NAME)
- Click on SUBMIT where you’ll have a chance to review your request
- Click on CONFIRM
- These will come to the SAIG mailbox of the individual requesting the report

What to do with delinquency files?

- Copy the delinquency file into EXCEL
- Use the Text Import where we can manipulate the fields to be more user friendly (like fixing columns with lead zeroes, duplicate records, etc.)
- Create a Mail Merge using both the EXCEL file and WORD
- Print and mail delinquency letters
- Let Marion know if you would like the directions
Federal Direct Loan Consolidation


Website to use when assisting students with Federal Direct Loan Consolidation

Benefits of Loan Consolidation

Borrowers can combine one or more of their Federal education loans into a new loan that offers several advantages.

- One Lender and One Monthly Payment
- Flexible Repayment Options
- No Minimum or Maximum Loan Amounts or Fees
- Varied Deferment Options
- Reduced Monthly Payments
- Retention of Subsidy Benefits
- Temporary In-School Consolidation Authority
When do federal loans go into default?

- On FFELP loans when the guaranty agency pays a default claim to the lender. That process is initiated when the FFELP loan is 270 days delinquent.

- On FFELP loans (now owed by the Department of Education) and Federal Direct loans, default occurs when the loans is 360 days delinquent (this approximates the time that FFEL loans actually hit the default status.)

Be part of the solution