Cindy Battle: All right, good morning, everyone. We are in the Federal Loan Servicing Update and I am Cindy Battle from the Department of Education and Federal Student Aid, and I'm gonna take the opportunity today to kinda walk through some of the changes that we've experienced in our multi-servicer environment. So there are two sessions that complement each other. There is this one where I'm gonna spend more time talking about how our not-for–profit servicers fit into the multi-servicer environment and then the other session, which is our servicing panel. We have four of our servicers that are on a panel that can answer all of your direction questions and I believe it's in this room later on this afternoon so if you have any questions that you wanna ask any of the servicing members please attend that session. In addition you can go to Bay Hill 1928.

I get it wrong every time. Go to that room and any of the services are there to answer any of your questions. So today we're gonna talk about landscape. I'm gonna give you a little bit of background for those that are coming into this environment and may not understand how things are set up. We'll talk about who the loan servicers are.

We'll talk a little bit about split servicing and then we'll talk about how we navigate in this environment so I wanna talk to you about some of our oversight and monitoring tools, how we measure performance and how we measure change and then I'll share with you some of the changes that are happening here in the next few months so to start off there were a couple of authorities that changed how we did business so with COSLA, as many you know, that required the department or allowed the department to purchase loans from the FFEL community. We called them put loans and so that provision, at that point in time, we had to purchase a large number of loans from the industry in a very short span of time and the Healthcare and Education and Reconciliation Act or SAFRA that first ended the FFEL program but it also allowed us to expand our portfolio and add not-for-profit so those are our two authorities that began to change how we did business so what are our federal loan services required to do? They are all required to follow and comply with regulatory requirements and any statutory, any laws that come about. All of our servicers are required to follow those rules. They also for our borrowers, they also are gonna educate consistently and inform borrowers about the tools and options in order for them to manage their loans.

They're going to offer all of the available repayment options and there are a number. They are going to provide self-service tools and there may be differences in some of the tools but for the most part our servicers are pretty consistent in how they offer services to your customer. For the schools they all have a dedicated school line and they're going to assist you with any of your school needs or anything that you have around delinquency and default management. We know that schools that's one of the primary reasons in addition to status information that you would probably contact the servicer. So TFAS, so let me draw some distinctions between the types of federal loan servicer.

We have what we consider as a TIFAS that was supposed to be an internal acronym and it just stands for Title 4 Additional Servicers but when we communicate out to schools through RFF announcements, we always state that it's a federal loan servicers but that's just an acronym that we use to describe one set of our federal servicers. And my pretty little chart, what this is supposed to do is to share just the very small differences in how we look at how we seed the portfolio for both the TIVAS and the not-for-profits so, as you know, you interface directly with this COD or the Common and Disbursement System and that's where you handle all of your origination, your disbursement and your booking information. That is then fed through a loan distribution engine, which goes directly through one of the five servicers. Now let me clarify. We have five what we consider TFAS service or direct-loan, FedLoan Servicing, Greg Lakes, NelNet and Sallie Mae. Specifically for the ACS or the direct loan servicing contract, the only new accounts that they would receive would be if a borrower is already on their system but any brand-new borrowers that come in through the school system or come in through the COD system would be allocated just to the four.

So for the not-for-profits, we wanna spend a little time talking about how we seed and how we support the not-for-profits. So first again, the not-for-profit servicers were awarded under SAFRA and again as our loan portfolio grows we will expand and may add additional servicers but whether you have a one servicer or multiple, our goal is still to ensure that borrowers see one and we'll talk about that a little bit so right now we have a number of not-for-profits and there they are listed and when you look in NSLDS you're usually gonna see a distinction that says Department of Education and then the actual servicer name within the NSLDS system so I'm going to go through a series of questions that we receive from schools on a regular basis about the not-for-profits and the first one we get is how many more are you gonna have? And we have a solicitation that's open until 2013. Right now we have 7 in place that will be added as of 2013 so we know that we're gonna bring on an additional 7 but the solicitation remains open and so there is a potential for adding additional not-for-profits. So when are loans assigned to an NFP?

Once an NFP has or any of our servicers for that matter have demonstrated that they are complaint with our requirements, our regulations, then they are qualified and eligible to begin to receive loans and so the second piece because many schools have commented that they see differences in how we operate, do the NFP's perform under the same regulations and guidance as the TFAS? For the most part they are exactly the same. The nuances again are for newly-booked loans. For our TFAS, they interface directly with the COD systems for new loans however for the not-for-profits; we see them from our current portfolio with ACS. How long are the NFP contracts? They're for five years and five additional years, okay? So which loans are transferred to the not-for-profit servicers?

We are currently transferring loans from the ACS Xerox system, the Direct Loan Servicing System, the system that was our only servicer. That contract is coming up and so we are now required to move those loans off of the ACS Xerox system and we are now seeding the NFP's from that portfolio. So the next likely question is how does the borrower know, how does the school know? So once we transfer a loan or identify a loan that is going to be transferred or a batch of loans that are gonna be transferred off of a particular system, in many cases that transferring system will communicate in the best way that they can so they'll notify the borrower via email that we are going to transfer their account to a new servicer. Once that new servicer receives that loan then they, too, are going to communicate out to the borrower to let them know that they now have their loan.

So ACS is going to notify them that it's moving out and then the new servicer is going to notify them usually between one and two days after the loan is appropriately booked, that they have it and give them pertinent information about how to contact them. So here's what it looks like. So loans transferred. The center is of course our ACS system and we are identifying those loans. In most cases those are gonna be older loans that are in repayment that are going out to the not-for-profits based upon volumes and there's usually an agreement between the not-for-profits and the department about how many loans they are able to service. So those accounts are going out to the not-for-profits. When they move from ACS to the not-for-profit, in many cases, those loans are going intact so we have a file format that makes sure that we incorporate all of the borrower's pertinent information so that they don't see a break in their status so if they were in a deferment, if they were in a forbearance on the ACS system we would identify that and they would go over to the not-for-profit in that status as well as if they're already on electronic debit, we are doing everything that we can so that we minimize destruction to the borrower as they're transferred off of the ACS system to a not-for-profit.

There are going to be instances where things may have to change and the not-for-profit will communicate out to the borrower what needs to change and how to contact them in the event that they need to make some changes on the new system. So the next question, some schools were looking in the future, so after ACS is no longer a contractor and we've seated and that contract goes away, how will we see the not-for-profits? How will they receive loans? And so the plan right now is that the volume will come from the TFA and we'll still be able to see the not-for-profits as appropriate. Is it possible for the not-for-profit to receive any new loans?

Currently that is not in our plan. We are just seating the not-for-profits from existing repayment and right now we're not looking at having them interface directly with the common origination and disbursement system. So the example I have here: A student in repayment. The school contacted us and said, "A student in repayment had their loans transferred to a not-for-profit so we moved them off of the ACS system to a not-for-profit." The student then went back to school and we transferred them again.

Can we do anything to simplify that process? Well again because the not-for-profits do not interface directly with COD currently, we have no other choice but to move that borrower to a servicer that can actually interface with COD so there may be some movement of students if they return to school and we've already moved them to a not-for-profit servicer, okay? Clear as mud? Okay so let's talk split servicing just a little bit. So as you know we are always gonna have borrowers moving and in-transition.

So we own both a direct-loan portfolio and we own now a FFBL portfolio, all comprised of our federal loan portfolio so we're gonna have borrowers that may have multiple servicers and we're gonna do everything that we can to get that borrower to one federal loan servicer so we identify them through ongoing processes with NSLDS so that we can get them to one particular servicer and our goal is always gonna be to make sure that that borrower has one servicer for their federally-held debt. So here's my little chart. So say the borrower has a Sallie Mae, has a NelNet and has a Great Lakes loan. We're going to identify that borrower as having multiple servicers. We will based upon certain rules we'll determine which service that we're going to transfer all of those borrowers loans to again to make sure that they have just one. Federally owned and commercial could still be split so if they have a commercial Sally Mae loan, they may still be split between their commercial Sally Mae and the federally-held loans that could be with Great Lakes.

Those could be still separate so consolidation may be their only option to bring those two loans together. We did have a special consolidation program that closed in July and that allows some borrowers with both loan types to take advantage. Some borrowers did but many did not. So let's talk about navigating the environment. So as you know we have some challenges and we've gained some things from having a multi-servicer environment and I was talking to a school last night and as many of you know, I've been around a little while without telling how old I am. I've been around a little while and so I've done these conferences a lot, so I've been around since the inception of direct loan and so I've seen it from one servicer now to multiple and then I'm now a parent and I now see the loan process as a customer.

Very, very different so when schools would say to me, "The borrowers are not getting it," or they're not reading or they're not understanding, I had one of those daughters that went into this financial aid office and said, "I just signed the papers, mom. I didn't read what it said. I just wanted to get registered for class," so I now started to see, as the customer, exactly what some of the schools had been sharing so I feel your pain but I think we're getting both challenges and benefits from a multi-servicer environment and we'll talk about how we continue to get better. Again we are trying to focus on a borrower-centric approach, making sure that borrowers have one servicer and we know that FSA and schools are gonna see many and we always try to compare but we have to keep in mind that the borrowers are seeing one servicer. Where appropriate, we need to make sure that we standardize and make consistent those important areas that we wanna make sure that are consistent but, again, we're gonna have to move through this multi-servicer.

Our contracts are competitive and it does bring some benefits because the servicers are always trying to bring best-in-business service to customers, whether it's borrowers or schools, we're always trying to bring better service. So again you're gonna see many, we're gonna see many, but the borrower, in theory, or if everything works well would see one servicer, and we will continue to make sure that we are handling our servicing as efficiently as possible. So how do we monitor the servicers? We have a number of different ways to ensure that all of our servicers are providing the best attention to our customers, that operational processes, again, where appropriate, are consistent or standardized, they are meeting the requirements in any applicable requirements or regulations they are adhering to. So as part of that we, have ongoing process and operational monitoring to make sure that they're doing things as according to what we have set out at the department.

We have bi-weekly meetings with each one of the servicers. That's their opportunity to let the department what things are going wrong in their system so that we can mitigate and ensure that our customers are handled appropriately. If there is a systemic problem or something that we need to need to notify the community, we will do that, and this is our way of making sure that any issues are escalated quickly to the department and then we communicate out the resolution. We handle program compliance reviews. Call monitoring: We have a team at FSA that listen to the calls that are coming into the Call Center at each one of the servicer branches so they listen in, they evaluate the calls and there's feedback provided about how the service to the borrower was handled so we do have call monitoring.

Internal and financial controls: Making sure the money is where it's supposed to be and then data reconciliation. So when we talk about performance and I know that many of you have participated in some of those Satisfaction Surveys. We have three. In the contracts we have deemed three metrics, three customer service metrics to ensure that our servicers are performing so we have a Borrower Satisfaction Score, we have a School Score, we have an FSA metric and then we have something around default prevention, and all of these metrics or these scores tie into servicer performance and a servicer performance score and that tells us how to allocate new volume to the servicers. So basically the allocations are gonna be based on rankings and what we're seeing is that maybe servicer in a certain quarter was forth and the next quarter, they're gonna be first, and so that volume or those allocations will shift, depending on where that servicer ranks in these scores, and so it's important that when you receive a phone call about satisfaction that you give your honest feedback about how the servicers are performing.

It’s based on survey. It’s gonna the most points for first place and then we just posted the September Quarter Reports so, again, it’s percentage of new loans against percentage of points and that’s how we allocate new volume to the servicers. So there’re three groups: Borrowers, schools and FSA, and, yes, we get to rank them as well. So on a quarterly basis for your borrowers we select 250 students per servicer. We reach out to them from the company called Discovery Research Group. We don’t give any giveaways so if your borrower calls and said they got something free, that wasn’t our survey, and it is a proportion of borrowers in school and in grace and in repayment so we try to balance that portfolio depending on status.

The one exception here is the not-for-profits have a portfolio that is mostly in repayment so they don’t have as many in-school, in-grace borrowers but we try our best to make sure the proportions are the same. So this was kind of an aggregate year-over-year and what it really shows is a progression that the servicers, year-over-year, for just the five, have continued to improve. We’re seeing steady improvement in our customer satisfaction, and not-for-profits, we just began to measure their performance and they’re measuring about the same as the TFAS are. For schools there is a quarterly survey and for the school population we do survey you on the not-for-profits yet so it’s just on the TFAS and so we are gonna call you about federal FedLoan Servicing, Great Lakes, NelNet, Sallie Mae and ACS, and we expect your honest opinions about how they’re doing. Surveyors are gonna call from OLC Global and keep in mind that when you are providing your feedback there are raw numbers that we use in order to place ‘em in our calculation to determine volume but the feedback, if you want to provide any raw data, any comments about how they’re doing, that information is rolled up and passed to the servicer so be as detailed as you possibly can about what you want to see changed because the servicers do respond and they do act upon your feedback that you provide in written form or in comment form so not just the raw score but possibly if you have any comments, about how they’re performing, share that as well.

The information is polled so we will contact you based upon the information in PEPS so if your financial aid director changes please make sure that PEPS is updated so that we get to the right person at your university or school. We will ask you about one servicer and, again, so if we look year-over-year, we’ve had some bumps but, for the most part, we are seeing that it’s either a steady or a increase in satisfaction. As schools are getting used to and to this multi-servicer environment, we’re seeing constant improvements in our customer service and then these were just the aggregate scores for borrowers in schools and where we kinda fell out. So the last measure again was Default Prevention so we want to ensure. So we wanna ensure that our customers are satisfied. Our measures are to ensure that our servicers ensure that our customers are satisfied and that they do not have borrowers going into default.

So our default measure is just account looking at number of borrowers that go into delinquent account, and then the number of dollars, and that's how we're going to measure whether that servicer is performing. So if we look at those numbers, also we wanna see those numbers go down and that's what we're seeing. We're seeing a trend and we're seeing some of the positives that the servicers are doing around the default prevention efforts and then there is the amount. So how do we measure up? We want to look at ourselves in comparison to maybe other banks or credit unions and it seems as though FSA is kind of right in line with some of the larger banks and credit unions as to customer service so we just wanted to look at that.

So if the surveyor calls, please respond. If you are not the person that is responsible for the activities that are related to the servicer, forward that to a colleague that can most answer those questions and remember to base your responses on the experience that you've had with the loan servicer. So how many have been contacted? Good, good, good, very good, okay, and remember those raw data. Your feedback makes a big difference.

Okay so let's talk about managing change. One of the questions that we receive often is how do you ensure that the servicers are consistent? Again there are going to be some differences in how they operate and we want that because of the competitive nature, because of the innovation, because of the best-in-business. We want that kind of – I'll use the word – competition so that we can ensure that we constantly have better products, better tools, however there are going to be a number of things that we want to ensure that are standardized, that are consistent, no matter which servicer and we are continuing to monitor that and make sure that we give servicers requirements for things that must be changed, and the conferences are usually the best place for us to hear from schools where we feel that things are not the same. A couple of years ago schools brought to our attention that in a multi-servicer environment capitalization was not consistent amongst the servicer.

We took that back. We made sure that we gave them requirements that addressed capitalization. Last year we got IBR. That was the big item that schools were most concerned with and how the servicers operated the processing around IBR. We made sure that they had requirements around that. So whether it's process changes, policy updates or just changes to businesses, we ensure that we have a detailed set of requirements that are passed to those servicers.

Now on the right, what I wanted to share in that depiction is that we are really talking about five core systems. Now while we have multiple servicers and recognize that that brings challenges often, we have five core systems that we are managing. So for example the FEA system, on that system, we host Mohela, CornerStone, or/and Aspire so when we make a change to how we do business, a system change. We're making it 5 times not 15 times. So we have NelNet that host a number of our not-for-profits, Sallie Mae does not and Great Lakes does not but there's a new system that we have that's campus partners that have 2 but we do monitor that and we ensure that, before anything is implemented, that all of the servicers have met the requirements, and have provided appropriate artifacts to ensure that they have met the requirements that FSA has provided so I wanted to share that.

So let's talk about some of the things that we get from schools and just remind you that these are the kinds of things that are standard. We have learned a great deal at this conference as well so we've got some new to-do's to take back and walk through so when you go through, if you participate in the panel discussion, if you have any specific questions about a particular loan servicing area, that could be an area to ask. So in our loan booking area, the question we receive a lot is how and when are the servicers assigned so the servicers assign upon booking so once that booking occurs, an origination record links to a P-note, at an accepted disbursement, that is considered a book loan. The new borrowers again are assigned to Great Lakes, FedLoan Servicing, NelNet, and Sallie Mae based upon allocations so if they are already in the system, if a servicer already has them, those loans are going through COD and to the existing servicer. If they are a brand-new borrower, never had a loan, we are gonna look at allocations and then distribute them to the appropriate servicer.

How do borrowers know which servicer is servicing their loans? As soon as the loan is booked, the servicer is going to communicate out to the borrower. In the old direct loan world, there was what we called the Welcome Course piece of correspondence and it just notifies the borrower of the servicer, toll-free website, any pertinent information that the servicer wants the borrower to know, that's housed in what we call a welcome but it's just an initial welcome kind of letter but in the event that the borrower doesn't know, NSLDS is going to be the place that schools should always refer borrowers. They go in with their pen and they would be able to identify their servicer. So while the borrower is in school a lot of conversation this conference about interest statements and quarterly statements so that's one of the areas we're gonna take back and evaluate when we return but the question we receive is what can we expect while the borrower is in school?

So can they make interest payments? So all of the services are gonna allow the borrower to make an interest payment and we know that some of the schools are encouraging borrowers to get in healthy repayment habits and make interest payments. They can always go to the servicer's site, access that and make an interest payment. Some send out quarterly statements automatically, some have to be requested by the borrower, but all of them offer that kind of option. So the thing that we're gonna take back is whether that's something we want to standardize where we push something out or make at least more visible to the borrower about how to do the interest statements so we did hear that loud-and-clear from schools. So there's several key messages that schools can remind borrowers while they are in the in-grace, in-school, period, first thing check NSLDS to identify all of their federal loans so it's important that borrowers know that NSLDS will have all a complete picture of all their loans, to make sure to provide their servicers with updated contact information because if you can facilitate the relationship between the borrower and the servicer, all the better.

Sign up for online account access: We want them to sign up for automatic debit to get that quarter percent and get into a healthy repayment and then remember to call the servicer should they ever get into trouble or to discuss repayment options. The first thing when borrowers go into in-school in-grace period, they're gonna be set up on standard repayment if they choose nothing so we wanna make sure that they call and understand that they do have options to change repayment plans. So during the grace our servicers are establishing or attempting to establish relationships with the borrowers. They're making sure that they understand appropriate status. They are discussing those repayment options.

They are going to promote all of the self-service tools and find out the best method to reach them. They will of course update contact information and, as appropriate, discuss consolidation options. So once they get into repayment then there are a number of tools. There are a number of activities that are going to happen so if life is great then they're going to go into repayment and pay off, in-full, and life is grand but there're going to be opportunities for them or situations where they need to request a deferment and maybe consolidations and options so that's why the earlier that they get into contact with the servicer the better. So we have a host of repayment plans, so many that it gets a little confusing for the borrowers to kind of understand all the different types so we have the basics, which are your standard ten-year repayment.

We have a graduated, which allows the payments to increase over time. We have an extended and then we have what is called an alternative repayment that's only available to direct loans where it's after the servicer has exhausted all other options. If we really cannot find a repayment plan to fit the borrower, an alternative is one that they have at their disposal that they're able to utilize in the cases that the borrower doesn't qualify for anything. We have multiple income-driven repayment plans. There is IBR, income-based.

We have an income contingent that's been around for indirect loans for a number of years. In FFEL they had a comparable repayment plan called income-sensitive and the new one that there was a session on this, at this conference, is the pay-as-you-earn plan, and that's gonna be rolled out later this year. So again just to give you an overview of the income plans, ICR's been around since '94 and we have a number of borrowers that are still on the ICR plans. IBR came on the scene about 2009 and that's available for both FFEL and direct-loan borrowers but pay-as-you-earn is the new repayment plan that's just for direct-loan borrowers. There are some eligibility requirements that they must meet and they must have a partial financial hardship so the highlights of that one is that they must be a direct-loan borrower with eligible loans.

There is a new borrower definition that talks about they must be a new borrower after '07 and received a new loan as of 2011 so not all borrowers will qualify for the pay-as-you-earn plan but will qualify for IBR. Eligible loans for those of you that pulled down the slides, I omitted a little word, so all direct loans are eligible except Parent PLUS loans so if you're looking at the slides, it should have the word, "Except Parent PLUS loans or consolidation loans that repaid Parent PLUS." So under the pay-as-you-earn plan, the borrowers would pay the lesser of 10 percent of discretionary income or what they would've paid under the 10-year standard repayment and, again, there is a whole session and I think Ian is done with his session but if you want information about pay-as-you-earn there is an excellent example of Billy Borrower and how his payments compare against the ICR, IBR and pay-as-you-earn so you were able to pull that down if you weren't able to attend the session. So deferment and forbearances, so while in repayment, borrower always has the option to defer or forebear their payments and it's a temporary postponement so a deferment, 12-month increments, and the borrower, and the interest will be subsidized for those loans that qualify for subsidized loans. For forbearance they will be responsible for all of the interest.

As a general rule, the servicers will be able to take – that was one of the concerns that schools had some time ago was if the borrower provided a FFEL form, would the servicers take that FFEL form versus a direct form and the answer is yes. So regardless of whether it's a FFEL form or direct form, they will take that form and try their best to apply that deferment or forbearance but know that we are combining the forms and I think that will alleviate any confusion about the deferment or forbearance request but you have to understand that deferment and forbearance is not the first option. The servicers are going to try and counsel the borrower on all of the repayment plans, including those income-driven, and try to get them into a healthy behavior before placing 'em on a forbearance or a deferment because that's the easier of postponements but because of the income, because of the sheer nature of the income-driven plans, it may be best for them to go on one of those and so the servicers are gonna work through a process in order to make sure they can repay before postponing their account. So when we talk about communication channels, all of the servicers have basic toll-free numbers, they have IBR's or conversants, they have self-service tools and you will see differences. Your borrowers may see differences. If you're comparing one servicer over the one, you will see some differences in the tool.

Some are very much on social media – Facebook, Twitter, cellphones – whatever they can do in order to catch – to reach – that borrower. Those are areas where you may see some differences in how they service but they all have staff dedicated to assist borrowers and then many other servicers have financial literacy materials or things that schools can leverage if you want to pull them down from their individual sites and share it with your borrowers. So consolidation, always an option, it's free, interest is fixed, it's one monthly payment. That may be a viable option for borrowers.

So just recently we heard from schools about many years actually about how nice it would be if we were to prepopulate the consolidation application because borrowers don't know so that was one of the changes that we did was to prepopulate the application within the consolidation so once they go in, through NSLDS, they'll pull in their loan data, based upon information in NSLDS and populate the application. So we've received some feedback from schools about how it functions so we'll look at that but this is a positive change to help simplify that process. Yay? Okay, so in the event that your students go delinquent, what do the servicers do? They are going to provide a series of targeted outbound call campaigns with inbound call center reps to make sure that the borrowers stay current.

Borrowers again – the servicers are starting. Some are starting Day 1, some start Day 5. Some start Day 30. It doesn't matter. The servicers have that discretion to begin to try and resolve that delinquency as early as possible. They're gonna use any kind of electronic communication such as email, Twitter, Facebook, whatever they have at their disposal in order to keep that account current so, in some cases, the servicers, they have excellent skip trace tools but, in some cases, the servicers will work with schools if they don't have good contact information so work with your servicer about that, and make sure that they will partner with you so, in instances where you are working your Delinquency Report or you need assistance, make sure you reach out to the servicers around your delinquency activities. So one of the things I want to remind schools is that we are, in looking at our statistics, many of the borrowers that defaulted didn't receive their full 6-month grace period and we think that that's attributed, in some way, to enrollment reporting, and it's important that when you know – the first moment that you know – that a student has left campus that you report that information to NSLDS so that we can update the servicers and ensure that we have accurate enrollment reporting because that first contact is going to be key in keeping borrowers out of the default.

Again partner with your servicers. They offer face-to-face meetings with schools as appropriate. We get lots of feedback from various financial aid conferences so, in addition to the one that we host here, we – the servicers – attend many of the state and regional conferences. Other opportunities for you to provide feedback: Proactive phone calls if you wanna just reach out and call your school services rep, please do that and any email communication so it's important that you leverage everything that the servicers have to offer with respect to delinquency and default provision or anything that you need on your campus. In the event that you utilize a third-party servicer, we do allow that.

They have to go through an authorization so we have to ensure that we know who that third party is that is accessing our data before we grant access. So all servicers have a process in place to validate that but they must complete that before you get access to any data that belongs to FSA. Again we talked about reporting so if you need centralized reporting, NSLDS is going to be your first shot so in the event that you're working delinquency and default activities, NSLDS has two great reports. They have a School Portfolio and a delinquency report that would house all of the information that you need about your portfolio regardless of servicer so NSLDS is going to be one-stop shop. That's gonna provide you with that centralized report, all the data relative to your school.

In the event that you are working your portfolio and you feel that you need to change or look at your data differently and you want to look at, say, only the loans that are contained at a particular servicer, they have detailed reports as well that support delinquency default activities. They're more customized but they are going to include only the loans at your institution at that servicer but that's another tool in addition to NSLDS as you're working your delinquency and default prevention activities. So my final before I before I open it up to questions, feedback, when we talk about strategies and future changes, there's just a couple of things that I wanna make you aware. As I mentioned the ACS contract is going to transition off and we are going to move more loans from the ACS system within the next year so we will send out more communications to as that happens but you will see borrowers or borrowers may contact you when they are moving off the ACS system to a new servicer so just reassure them. Make sure that they understand that this is normal process in business and how to get in contact with their servicer in the event that they are moved so they will get a communication, usually, from ACS that says they're moving and then they'll get information from their new servicer so just calm them.

If they don't know, make sure you route them to NSLDS. The second change that we've made recently is, again, because of the transition off of ACS, the consolidation loans, the consolidation process up until this point, we had one consolidator. We have a consolidation system and those loans were booked to the ACS portfolio. Now we have two contractors that are taking new consolidation loans and add a Sallie Mae and FedLoan Servicing so we sent out an IFAP announcement probably about two weeks ago that just let you know that the consolidation process will change so the borrower still sees the same face of consolidation, it's just the consolidator or where they're booked, the servicing unit, are gonna be two different servicers – Sallie Mae and FedLoan Servicing – but the borrower should not be confused by that. So that was a mouthful and I'm tired of talking. So who has questions? There are a couple of mics.

I know there's one here. There's just one here so you get to come close. Who has questions? None?! Uh, okay, come on, bold soul, come on up.

You want me to bring it to you? But you have to speak to the mic.

Audience: Thank you.

Cindy Battle: Uh-huh.

Audience: Regardless of the servicer I thought the student could always check their loans on My Ed Account but the way your presentation *[crosstalk]* --

Cindy Battle: My Ed Account?

Audience: No.

Cindy Battle: No, that's the ACS system so you're talking about the old direct loans so that is one portal they can, yes. They're – NSLDS is the only place where they can see all of them, otherwise they're gonna have to their individual servicer. My Ed Account is one site, one different site.

Audience: Okay and what site would that be applicable for, which loans?

Cindy Battle: We don't have a site that's applicable to all four with the exception of NSLDS. That's where they're gonna see all of their information is in NSLDS.

Audience: All right.

Cindy Battle: Okay?

Audience: Thank you.

Cindy Battle: Uh-huh. Anybody else? I'll pass it around. Any other questions? I don't see any hands.

I'm shocked. Everything is working great? Ah.

Audience: My question is at what time should a student begin the process for consolidation? We were a FFEL school so we have students who have both those put and direct loans now.

Cindy Battle: So the question is the timing of it. I guess it depends. That's very general so it's hard to tell you. We did have the special consolidation where we tried to get 'em but it's gonna – consolidation may not be beneficial for them so that's why we have a unit for them to contact and kind of work through whether consolidation is an option. Do you know why they would wanna consolidate?

They just have FFEL and direct? They have the two and just have the two payments? So usually when they get out of school and all of their loans are disbursed, usually that's gonna be the better time because now we don't have new disbursements that are added to their accounts. Yes, okay, so the question was is does our application say I don't wanna consolidate until my grace period is done, yes, so they have the option of delaying that consolidation until after the grace period is complete. Yes, we will hold that.

Okay, I'm coming.

Audience: I'm sorry it might've been up here and I just couldn't see from back there. On the online consolidation application is there a place for them to outsource? Because if they only wanna consolidate certain loans can they remove loans from that?

Cindy Battles: So the question was is in the consolidation application can they opt out of certain loans and the answer is yes, they would be able to opt out so it's gonna present them with all of the loans and they should be able to check which loans that they do not want to consolidate, yes. Let me just repeat it.

Audience: No problem.

Cindy Battles: Okay.

Audience: As I heard you talk about the changes with the servicer's ACS being sent out to the not-for-profits, all of a sudden I thought, "What a great communication opportunity for us with our students to say, 'Hey, here's who's servicing your loan.'" Are there any good reports on NSLDS that will tell who's currently servicing that loan that we can download easily that you know of so we can communicate that information out to our students better?

Cindy Battles: Who is servicing? So I'm gonna – Eric. Eric's gonna. My buddy Eric from NSLDS is gonna answer that question for me.

Eric: Yes, we have the School Portfolio Report available on NSLDS, which will not only tell you about who is servicing your federally-serviced loans but also who is servicing your – if you have any commercial loans that are still being serviced by a lender or a lender servicer – so the School Portfolio Report is a complete view into all of the loans associated with your school code.

Cindy Battles: Does that help? Okay and then there is – and Eric, you did a presentation on the School Portfolio. Which one did we do a presentation? Where is that housed?

Eric: Yeah, a couple months ago we did a webinar *[crosstalk]* –

Cindy Battles: Webinar.

Eric: on both the School Portfolio Report as well as the Delinquent Borrowers Report. Since then we've actually made a lot of great changes to the School Portfolio Report and made it available on the additional formats and things like that so it's a little outdated at this point but there is a webinar out there. We're also talking about those changes in the NSLDS Update Section.

Cindy Battles: Okay perfect, okay, and you have one today?

Eric: Yes.

Cindy Battles: Okay.

Eric: This afternoon.

Cindy Battles: Any other questions? I see you. I'm coming. I didn't hear you. Would you say it again? Okay what's the answer? What's the question and what's the answer?

Audience: Does the consolidation application address Federal Perkins Loan?

Cindy Battles: Hmm. Oh, sorry. Does the consolidation application address Federal Perkins Loan? Okay I'm looking at consolidation and the answer – shaking heads, so, yes, it does. In what way, it just presents them as optional to converse?

So it's gonna pull from NSLDS. I know it's there so it's gonna pull all of the data from NSLDS and if there is Perkins Loan that's included it would display. Okay, does that answer the question? Okay. I saw another hand before. Okay.

Audience: I understand that the servicers are trying to be competitive with one another but, as a school, it would be nice if it was easier to retrieve information from the different servicers if they were similar so you didn't have to navigate one way with one servicer and a completely entirely different way with another servicer.

Cindy Battles: What kind of information are you talking about retrieving?

Audience: Trying to get information about the student's payments, maybe where something fell off because we go to a Sallie Mae, it's one way, you go to Great Lakes, it's an entirely different way.

Cindy Battles: It's a completely different way.

Audience: It makes it difficult for a small school who doesn't have the staff to navigate all the different sites.

Cindy Battles: Okay, thank you. We got that down. Okay, yes?

Audience: Hi, good morning. You mentioned with the consolidation loans, you know, that now there'll be two servicers, Sallie Mae and *[crosstalk]* –

Cindy Battles: And FedLoan.

Audience: FedLoan.

Cindy Battles: Mmm-hmm.

Audience: I was asked to ask this question. Is Ed doing anything to ensure that there's one loan servicer for borrowers that have the special direct consolidation loan?

Cindy Battles: No, we have multiple so did everyone hear the question? So you're asking for one servicer for the special consolidation? No, that *[crosstalk]* --

Audience: Are they moving towards that or not but the *[crosstalk]* --

Cindy Battles: The special consolidation was just a short period of time from January to June and so it was just to bring borrowers loans that had commercial and federal together and we had all four of our servicers participate in that, and that's over, so there's no – we're not planning to bring those into one servicer, if I'm understanding your question.

Audience: Okay.

Cindy Battles: Okay, anyone else, easy peasy? Okay, well, thank you and enjoy the rest of the conference. *[Applause]*